
Tax Code of Ukraine

the words “the central tax authority,” “the central authority of the State Tax Service of Ukraine” in all cases are replaced by “central executive authority responsible for the formation of national financial policy” in the appropriate case;
SECTION I.
GENERAL PROVISIONS

Article 1. The scope of the Tax Code of Ukraine

1.1. The Tax Code of Ukraine regulates relations in the sphere of taxation and duties, in particular, defines an exhaustive list of taxes and duties levied in Ukraine, and the order of administration thereof, payers of taxes and duties, rights and responsibilities, competence of regulatory authorities, powers and duties of their officials in the exercise of fiscal control as well as responsibility for the violation of tax laws.

This Code establishes functions and legal basis for the regulatory authorities specified in Paragraph 41.1 of Article 41 of this Code.

State tax procedure — the scope of activities of regulatory authorities provided by this Code and other legislative acts of Ukraine aimed at the development and implementation of state tax policy for the administration of taxes, duties and fees.

1.2. Rules of taxation for the goods transported across the customs border of Ukraine are defined by this Code, except for the rules of taxation for the goods, which are set by the Customs Code and other laws of Ukraine on customs matters.

1.3. This Code does not regulate the payment of tax obligations or tax debt collection from individuals who are subject to judicial procedures defined by the Law of Ukraine “On Restoring Debtor Solvency or Declaring a Debtor Bankrupt”, from the banks, which are subject to provisions of the Law of Ukraine “On the Guarantee System of Deposits of Natural Persons”, and repayment of the obligation as to single fee for compulsory state social insurance, charges for compulsory state retirement insurance applied to certain types of business transactions.

1.4. The establishment and cancellation of charges for compulsory state retirement insurance applied to certain types of business transactions, their amounts and the mechanisms of conduct are performed in accordance with the Law of Ukraine “On Charges for Compulsory State Retirement Insurance”.

Article 2. Amendments to the Tax Code of Ukraine

2.1. Amendments to the provisions of this Code may be carried out only by amending this Code.

Article 3. The tax legislation of Ukraine

3.1. The tax legislation of Ukraine includes the Constitution of Ukraine, this Code, the Customs Code and other laws on customs matters regarding regulation of legal relations arising in connection with the taxation of transactions on the movement of goods across the customs border of Ukraine (hereinafter — the “laws on customs matters”); applicable international treaties agreed to be bound by the Verkhovna Rada of Ukraine and which regulate the taxation, regulatory and legal instruments adopted on the basis of and in compliance with
General Provisions

This Code and the law on customs matters; decisions of the Verkhovna Rada of the Autonomous Republic of Crimea, local self-government on local taxes and fees received in accordance with the rules established by this Code.

3.2. If an international treaty approved by the Verkhovna Rada of Ukraine stipulates other rules than those provided for in this Code, the rules of the international treaty shall prevail.

Article 4. Basic principles of the tax legislation of Ukraine

4.1. The tax legislation of Ukraine is based on the following principles:

4.1.1. generality of taxation — each person is required to pay taxes and duties established by this Code, laws on customs of which he is the payer under the provisions of this Code;

4.1.2. equality of all taxpayers before the law, prevention of any form of tax discrimination — ensuring equal treatment of all taxpayers regardless of social, racial, national, religious affiliation, form of ownership of a legal entity, citizenship of an individual, place of origin of the capital;

4.1.3. inevitability of the responsibility for violations of tax laws defined by the law;

4.1.4. presumption of legality of decisions of a taxpayer if the rule of law or other legal act adopted on the basis of the law, or if the rules of different laws and different regulations allow mixed (multiple) interpretation of the rights and duties of taxpayers or regulatory authorities, resulting in ability to take a decision in favour of the taxpayer as well as the regulatory authority;

4.1.5. Fiscal competence — establishment of taxes and duties, taking into account the need to achieve a balance between budget expenditures and revenues thereof;

4.1.6. Social justice — establishment of taxes and duties in accordance with taxpayers’ ability to pay;

4.1.7. Efficiency of taxation — establishment of taxes and duties, the revenue from payment of which the budget is significantly higher than the cost of administration thereof;

4.1.8. Neutrality of taxation — establishment of taxes and duties in a manner not affecting the increase or decrease in the competitiveness of a taxpayer;

4.1.9. Stability — changes of any element of taxes and duties cannot be made later than six months before the beginning of the new fiscal period where new rules and rates are to be applied. Taxes and fees, their rates, and tax privileges cannot be changed during the fiscal year;

4.1.10. Uniformity and convenience of payment — established of deadlines for the payment of taxes and fees, based on the need to ensure the timely receipt of the budget revenues for the exercise of budget expenditures and convenience of payment thereof for taxpayers;
4.1.11. Unified approach to the establishment of taxes and fees — legal definition of all mandatory elements of the tax.

4.2. National and local taxes and fees which are not envisaged by this Code, shall not be payable.

4.3. Fiscal periods and deadlines for the payment of taxes and fees are established based on the need to ensure the timely receipt of the budget funds, taking into account the convenience of the payer of the tax obligations and reduction of the cost of administration of taxes and fees.

4.4. The establishment and abolition of taxes and fees, as well as the privileges of the tax payers are carried out in accordance with this Code by the Verkhovna Rada of Ukraine and the Verkhovna Rada of the Autonomous Republic of Crimea, village, town and city councils within their competence established by the Constitution of Ukraine and laws of Ukraine.

4.5. When establishing or extending existing tax privileges, such privileges apply as of the next fiscal year.

**Article 5. The correlation of tax legislation and other laws**

5.1. The definitions, rules and provisions established by this Code and laws on customs matters apply only to regulate the relations specified in Article 1 of this Code.

5.2. If the definitions, terms, rules and provisions of other legal acts contradict the definitions, terms, rules and provisions of this Code, for the purposes of regulation of the taxation relations the definitions, terms, rules and provisions of this Code shall be applied.

5.3. Other terms used in this Code, and not defined thereby, shall have the meaning established by other laws.

**Article 6. Definition of the tax and duty**

6.1. The tax is a mandatory, unconditional payment to the appropriate budget, collected from the taxpayer in accordance with this Code.

6.2. The duty (payment, contribution) is a compulsory payment to the appropriate budget, collected from the payers of fees, provided they receive a special privilege, including as a result of legal actions exercised in favour of such persons by state and local self-government authorities as well as by other authorised agencies.

6.3. The set of state and local taxes and fees levied in accordance with procedure established by this Code represents the tax system of Ukraine.

**Article 7. General principles for the establishment of taxes and fees**

7.1. In establishing the tax the following elements shall be necessarily required:
7.1.1. taxpayers;
7.1.2. taxable item;
7.1.3. the tax base;
7.1.4. tax rate;
7.1.5. tax calculation procedure;
7.1.6. the tax period;
7.1.7. tax payment period and procedure;
7.1.8. period and procedure for filing tax calculation and payment reporting.

7.2. In establishing the tax, tax privileges and application thereof may be provided.

7.3. Any tax matters shall be regulated by this Code and cannot be determined or changed by other laws of Ukraine, except for laws containing only provisions regarding changes to the Code and / or the provisions establishing liability for violation of tax laws.

7.4. Elements of the tax, as defined in paragraph 7.1 of this Article, the grounds for granting tax exemptions and application thereof are determined by this Code only.

**Article 8. Types of taxes and fees**

8.1. There are national and local taxes and fees established in Ukraine.

8.2. National taxes include taxes and fees established by this Code and required to be paid on the entire territory of Ukraine, except as provided herein.

8.3. The local taxes and fees established in accordance with the list and within the limits of the rates determined by this Code, decisions of the village, town and city councils within their competence, and are required to be paid in the territory of the respective local communities.

**Article 9. National taxes and duties**

9.1. National taxes and duties include the following:

9.1.1. corporate income tax;
9.1.2. individual income tax;
9.1.3. value added tax;
9.1.4. excise tax;
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9.1.5. first vehicle registration fee;

9.1.6. environmental tax;

9.1.7. rental payment for the transportation of oil and oil products through main oil and oil product pipelines, the transit transportation of natural gas through natural gas and ammonia pipelines on the territory of Ukraine;

9.1.8. excluded;

9.1.9. fee for the use of mineral resources;

9.1.10. land fees;

9.1.11. fee for the use of radio frequency resource of Ukraine;

9.1.12. fee for the special water use;

9.1.13. fee for special use of forest resources;

9.1.14. fixed agricultural tax;

9.1.15. fee for the development of wine growing, horticulture and hop growing;

9.1.16. customs duty;

9.1.17. fee in the form of an additional levy to the current tariff for electricity and thermal energy except for electricity generated by qualified co-generation plants;

9.1.18. fee in the form of an additional levy to the current tariff for natural gas for consumers of all forms of ownership.

9.2. Relations associated with the establishment and collection of customs duties are governed by the customs legislation, unless otherwise provided in this Code.

9.3. Remittance of national taxes and duties to the state and local budgets shall be carried out in accordance with the Budget Code of Ukraine.

9.4. Establishment of national taxes and duties not covered by this Code, shall be prohibited.

Article 10. Local taxes and duties include the following

10.1. Local taxes include:

10.1.1. tax on real estate, other than land;

10.1.2. single tax.
10.2. The local duties include:

10.2.1. fee for the certain business activities;
10.2.2. fee for parking of vehicles;
10.2.3. tourist tax.

10.3. Local councils are required to establish the taxes on real estate other than land, a single tax and the fee for the certain business activities.

10.4. Local councils within the competence defined in this Code, shall decide on matters in accordance with the requirements of this Code to establish the fee for parking of vehicles and tourist tax.

10.5. Establishment of local taxes and fees not covered by this Code, shall be prohibited.

10.6. Remittance of local taxes and duties to the respective local budgets shall be carried out in accordance with the Budget Code of Ukraine.

**Article 11. Special tax regimes**

11.1. Special tax regimes shall be established and applied in the cases and in the manner determined solely by this Code.

11.2. The special tax regime is a system of activities that determines the special taxation of certain categories of business entities.

11.3. Special tax regime may provide a special procedure for determining the elements of the tax and fee as well as exemption from certain taxes and fees.

11.4. Special tax regimes not defined as such herein shall not be recognised.

**Article 12. The competence of the Verkhovna Rada of Ukraine, the Verkhovna Rada of the Autonomous Republic of Crimea, village, town and city councils on taxes and fees**

12.1. The Verkhovna Rada of Ukraine establishes the taxes and fees on the territory of Ukraine and also determines:

12.1.1. the list of state taxes and fees;

12.1.2. list of local taxes and fees establishment of which is the responsibility of village, town and city councils;

12.1.3. provisions set out in clauses 7.1 and 7.2 of Article 7 of the Code concerning state taxes and fees;
12.1.4. provisions set out in clauses 7.1 and 7.2 of Article 7 of the Code concerning local taxes and fees.

12.2. The competence of the Verkhovna Rada of the Autonomous Republic of Crimea include:

12.2.1. establishment on the territory of the Autonomous Republic of Crimea of national fee as specified in sub-clause 9.1.9 of the clause 9.1 of Article 9 of this Code (except for the royalty payment for the extraction of minerals of national importance), within the rates determined by this Code;

12.2.2. changing the rates of the fee envisaged under sub-clause 12.2.1 of the clause 12.2 of this Article, within the rates determined in this Code, in the manner prescribed by this Code;

12.2.3. determining the amount and provision of additional tax privileges within the amounts received by the budget of the Autonomous Republic of Crimea in accordance with Article 69 of the Budget Code of Ukraine.

12.3. Village, town and city councils shall within their competence make the decisions as to establishment of local taxes and fees.

12.3.1. Establishment of local taxes and fees shall be carried out as specified in this Code.

12.3.2. The decision on the establishment of local taxes and fees shall necessarily define the taxable item, tax payer, tax rate, the tax period and other required elements specified in Section 7 of this Code, subject to the criteria established in Section XII of this Code for the relevant local tax or fee.

12.3.3. A copy of the decision on the establishment of local taxes or fees shall be sent within ten days from the date of its publication to the regulatory authority with which respective payers of local taxes and fees are registered.

12.3.4. The decision on the establishment of local taxes and fees shall be officially promulgated by the relevant local self-government authority by July 15 of the year preceding the budget period in which the established local taxes or changes are planned to be applied (planning period). Otherwise, the rules of the respective decisions shall be applied not earlier than beginning of the budget period following the planning period.

12.3.5. If the village, settlement or city council did not taken a decision on the establishment of appropriate local taxes and fees that are required according to provisions of the Code, such taxes and fees shall be collected on the basis of the requirements of this Code with application of the minimum rate of local taxes and fees.

12.3.6. Central executive authority responsible for the formation and implementation of national tax and customs policy shall approve the forms of tax declarations (settlements) on local taxes and fees in accordance with the procedure established by this Code and, if necessary, provides guidelines on how to fill them.
12.3.7. Village, town and city councils are prohibited to establish individual preferential rates of local taxes and fees for certain legal entities and individual entrepreneurs and individuals or exempt them from payment of such taxes and fees.

12.4. The competence of the village, town and city councils on taxes and duties include:

12.4.1. establishing single tax rates within the rates determined by the legislative acts;

12.4.2. determination of the list of tax agents in accordance with Article 268 of this Code;

12.4.3. prior to the next budget period, taking decision on the establishment of local taxes and fees, changing the rates thereof, the taxable item, procedure for levying or providing tax privileges, which entails a change in the tax responsibility of taxpayers effective from the beginning of the budget period.

12.5. Officially announced decision to establish local taxes and fees is a regulatory instrument on establishment of local fees and taxes, which shall enter into force subject to the terms provided in sub-clause 12.3.4 of this Article.

Article 13. Elimination of double taxation

13.1. Income obtained by a resident of Ukraine (except for individuals) and derived from sources outside Ukraine shall be taken into account in determining the taxable item and / or tax base in full.

13.2. In determining the taxable item and / or tax base, the expenditures made by a resident of Ukraine (except for individuals) related to the receipt of the income from sources outside of Ukraine shall be taken into account in the manner and in the amount established by this Code.

13.3. Income obtained by an individual, a resident, and derived from sources outside Ukraine shall be included to the total annual taxable income, other than income not subject to taxation in Ukraine in accordance with the provisions of this Code or the international agreement approved by the Verkhovna Rada of Ukraine.

13.4. The amount of taxes and fees paid outside Ukraine, shall be settled during calculation of taxes and fees in Ukraine under the rules established by this Code.

13.5. In order to carry in taxes and fees paid outside Ukraine, the payer is required to obtain from a public authority of the country where he received such income (profit) and which is authorised to collect such a tax, a certificate for amount of the tax and fee paid and collected, as well as the certificate regarding the tax base of / or taxable item. The certificate mentioned shall be legalised in the country, relevant foreign diplomatic institution of Ukraine, unless otherwise required by applicable international treaties of Ukraine.

Article 14. Definition of terms

14.1. Terms and definitions are used in this Code in the following meaning:
14.1.1. surety of a bill is a guarantee of a bill where the bank assumes the responsibility to the note holder for the payment by the bill drawer of the tax bill, which is exercised by putting par aval note by the bank on each copy of the tax bill;

14.1.1. administration of taxes, fees, customs duties, a single fee for obligatory state social insurance (hereinafter — the “single fee”) and other payments in accordance with the law enforcement of which is the responsibility of the regulatory authorities (hereinafter — the “taxes, fees and duties”) is a set of decisions and procedures of regulatory authorities and actions of their officials, defining the institutional structure of the tax and customs relations, organizing the identification and registration of taxpayers and payers of the single tax and taxable items, ensuring provision of services to taxpayers, organizing and controlling payment of taxes, fees and duties in accordance with the procedure established by law;

14.1.2. assets are used in the meaning provided in the Law of Ukraine “On Accounting and Financial Reporting in Ukraine”;

14.1.3. Depreciation is a systematic allocation of the cost of fixed assets and other non-negotiable and intangible assets, which are depreciated over their estimated useful lives (terms of transaction);

14.1.4. Excise tax is an indirect tax on consumption of certain types of goods (products) as defined in this Code as excise good (products), which is included into the price of such goods (products), as well as special tax on transactions for the disposal of securities and transactions with derivatives;

14.1.5. alcoholic beverages are the products obtained by the alcoholic fermentation of sugar-containing materials or made on the basis of food with alcohol content of ethyl alcohol of more than 1.2 percent by volume of units that are referred to in commodity headings 2204, 2205, 2206 and 2208 according to the UCCFEA (Ukrainian Commodity Classification for Foreign Economic Activity);

14.1.6. excise warehouse is specially equipped premises in a limited area (hereinafter — the “premises”) located in the customs territory of Ukraine, where, under the supervision of the permanent representatives of the regulatory authority, the excise warehouse manager carries out its business activities on the manufacture, procession, blending, bottling, packaging, packing, storage, preparation or issuance of ethyl alcohol, vodka and liquor products.

Premises of the separate subdivisions of the excise warehouse manager used by him only for packaging, packing, storage, preparation or issuance of vodka and liquor products marked with excise duty and shipped from an excise warehouse, as well as for wholesale and / or retail trade in accordance with the excise warehouse license received by the manager shall not be considered as an excise warehouse;

14.1.7. appeal of decisions of regulatory authorities is the appeal of the taxpayer of the tax decision notice — a decision determining the amount of the responsibility of the taxpayer or of any decision of the regulatory authority in the manner and within the timeframe established by this Code in accordance with procedures for administrative appeal or in court;
14.1.8. auction (public bidding) is a method of selling public assets in order to maximize revenue from the sale of assets in a defined time and place;

14.1.9. book value of fixed assets and other non-negotiable and intangible assets is the amount of the residual value of such assets, which is defined as the difference between the historical cost, taking into account the revaluation, and the amount of accumulated depreciation;

14.1.10. barter (goods exchange) transaction is a business transaction providing for payment for goods (works, services) in-kind under a single contract;

14.1.11. Bad debts are the debts that corresponds to one of the following criteria:

a) debt under obligations for which the limitation period has expired;

b) past-due debt of natural person or legal entity that was not paid due to insufficient property of such a natural person or legal entity provided that the creditor’s actions aimed at enforced recovery of property of the debtor have failed to result in full repayment of the debt;

c) the debt of business entities declared bankrupts in accordance with the law or terminated as a legal entity in connection with the liquidation thereof;

d) the debt was unpaid due to insufficient funds received after the creditor’s enforced security over the pledged property in accordance with the law and the contract, provided that other actions of the creditor for the enforced recovery of other property of the debtor determined by regulatory instruments, did not lead to full coverage of indebtedness;

e) the debt recovery of which has become impossible due to force majeure or acts of God (force — majeure), confirmed in the manner provided by law;

f) overdue debt of deceased individuals, as well as of those that are declared missing, incapacitated or deceased by the court, as well as overdue debt of individuals sentenced to deprivation of liberty;

14.1.12. basic freight rate is the amount of the freight, including the costs of loading, unloading, handling and warehousing (storage) of goods, increased by the amount of expenses for the passage of a ship or other vehicle, payable (recoverable) by the charterer according to the signed charter contract;

14.1.13. donated goods, works and services:

a) goods that are provided under a gift contract, other contracts which do not provide monetary or other compensation for the cost of such goods or refund thereof, or with none of such contracts concluded;

b) works (services) that are performed (provided) without requirement for compensation of their value;
c) goods transferred to a legal entity or natural person for secure storage and used by them;

14.1.14. bioethanol is dehydrated ethyl alcohol produced from biomass for the use as a biofuel and refers to commodity heading 2207 according to the UCCFEA;

14.1.15. buildings refer to land improvements, consisting of bearing and protecting or connected (load-bearing and envelope) structures that form the surface or underground premises intended for residence or stay of people, location of property, animals, plants, or storage of the other tangible assets, carrying out economic activities;

14.1.16. production subsidy from the budget refers to financial assistance from the state provided to the business entity on non-repayable terms in order to improve its financial and economic status and / or for the production of goods, performance of works and provision of services;

14.1.17. budgetary institution has the meaning provided in the Budget Code of Ukraine;

14.1.18. budgetary compensation is a compensation of negative value of the value added tax on the basis of confirmation of the legality of budget refund amounts of value added tax upon the audit of the payer, including automatic budgetary compensation in the manner and according to the criteria specified in Section V of this Code;

14.1.19. the value of fixed assets and other non-negotiable intangible assets, which is depreciated, refers to original or revalued price of fixed assets and other non-negotiable intangible assets, net of their residual values;

14.1.20. cost of low value non-negotiable tangible assets, which is depreciated, refers the original low value or revalued price of non-negotiable tangible assets;

14.1.21. goods for the purposes of Section IX refer to natural gas, oil and products of procession thereof (oil products), and ammonia;

14.1.21¹. The import of goods into the customs territory of Ukraine, the export of goods outside the customs territory of Ukraine refer to a set of actions associated with the movement of goods across the customs border of Ukraine in any manner in a particular direction, according to the Customs Code of Ukraine;

14.1.22. the bill drawer for the purposes of section VI of this Code is a business entity, the manufacturer which receives:

ethyl alcohol from an excise warehouse for the production of alcoholic beverages as defined in Article 225, as well as for the production of certain products as defined in clause 229.1 of Article 229 of Section VI of this Code;

from the refinery or imports oil products into the customs territory of Ukraine to use them as a raw material for the production of goods defined in clauses 229.2–229.5 of Article 229 of Section VI of this Code;
14.1.23. the note holder, for purposes of Section VI, is a regulatory authority at the place of registration of the bill drawer;

14.1.24. major taxpayer is a legal entity the volume of income of which from all activities during the last four consecutive tax (fiscal) quarters exceeds five million hryvnias or whose total amount paid to the State Budget of Ukraine as tax payments, which is monitored by regulatory agencies for the same period, is over twelve million hryvnias;

14.1.25. excluded;

14.1.26. wine production refers to natural grape wines, natural strong wines, champagne, sparkling, carbonated, vermouth, brandy, grape must and other wine materials, cognacs and other spirits from grapes, fruits and berries;

14.1.27. costs refer to the amount of any expenses of the taxpayer in cash, in kind or in non-material forms, carried out for the economic activities of the taxpayer, resulting in the decrease of economic benefits in the form of a disposal of assets or increase in liabilities, resulting in a decrease in equity (other than change in equity due to its withdrawal or distribution by the owner);

14.1.28. manufactured product is the total volume of products manufactures in accordance with production sharing agreement and delivered to the measurement point;

14.1.29. renewable sources of energy include wind power, solar, geothermal, wave and tidal, hydropower and biomass energy as well landfill gas, sewage gas, energy from water treatment plants, and biogas;

14.1.30. separate subdivisions refer to the meaning defined in the Civil Code of Ukraine and the Law of Ukraine “On state registration of legal entities and individual entrepreneurs.” For the purposes of Section IV of this Code — in the definition provided in the Commercial Code of Ukraine;

14.1.31. disposal of property refers to any transactions of the taxpayer as a result of which a taxpayer shall in the manner provided by law forfeit the right to property belonged to such a taxpayer, or the right to use, particularly natural resources, in a manner provided by law for the use;

14.1.32. secure storage refers to business transaction conducted by the taxpayer which provides for the transfer of the contractual protection of valuables deposited with another individual or legal entity without the right to use them in the economic turnover of such person with subsequent return of such valuables to the taxpayer without change in any qualitative or quantitative characteristics;

14.1.33. appropriate route is a way of transportation (moving) of the cargo determined by the type of cargo transport services during its transit through the pipelines, in particular:

between border points of reception (dispatch) and destination or transit centre of the cargo received from the territory of other states, and is intended for consumers outside Ukraine;
through main pipelines including the provision of services for temporary storage or processing of the cargo on the territory of Ukraine with further movement thereof outside of Ukrainian territory;

14.1.34. land owners refer to legal entities and individuals (residents and non-residents), who, in accordance with the law, have acquired the ownership over the land in Ukraine, as well as territorial communities and the state in relation to community and state property, respectively;

14.1.35. hydrocarbon material refers to oil, natural gas (including oil (associated) gas, coal mining natural gas (methane), slate rock mass gas, gas of central basin type, dense gas reservoir rocks), gas from dense rock reservoirs, which is a marketable product;

14.1.36. economic activities refer to activities of the person associated with the production (manufacturing) and / or the sale of goods, performance of work, provision of services, aimed at generating income and conducted by the person independently and / or through its subdivisions, as well as through any other person acting in favour of the former, in particular, under commission or agency agreements;

14.1.37. economic activities of mining companies in mining transactions for the purposes of Section XI of this Code refer to the activities of the mining company, which covers the processes of extraction and primary processing of minerals;

14.1.371. excluded;

14.1.38. monetary obligation in international legal relations is obligation of a taxpayer to pay to the budget of the foreign state the appropriate amount of funds in the manner and time specified by the legislation of that state;

14.1.39. monetary obligation of the taxpayer is the amount of funds that a taxpayer must pay to the appropriate budget as a tax duty and / or punitive (financial) penalty levied on the taxpayer due to violation of the requirements of the tax laws and other legislation, enforcement of which is responsibility of the regulatory authorities, as well as penalties for violation of legislation in the sphere of foreign economic activity;

14.1.40. goodwill (value of business reputation) is an intangible asset the value of which is determined as the difference between the market price and the book value of assets of the company as an integral property complex, as a result of the use of best management qualities, dominant position on the market of goods, services and new technologies etc. The goodwill is not depreciated and is not taken into account when determining expenses of the taxpayer as to the assets of which such goodwill exists;

14.1.41. supplied raw materials refer to raw materials, semi-finished products, components, energy resources owned by a single entity (the customer) and transferred to another business entity (the manufacturer) for the production of finished products, with subsequent transfer or return of such products or part thereof to the owner or to another person on the instruction of the former.
14.1.42. data of the state land cadastre refer to a set of documents and information on the location and legal regime of the land plots, their estimation, classification of land, the quantitative and qualitative characteristics of the distribution of land among land owners and land users, prepared in accordance with the law;

14.1.43. debtor is a person who as a result of past events, has a debt to another persons in the form of a certain amount of funds, equivalents thereof or other assets;

14.1.44. deposit (s) refers to the funds transferred by individuals or legal entities resident in trust to the resident determined by the financial institution in accordance with the laws of Ukraine, or non-resident for a period or at the request and at interest on condition of return thereof on demand or after a certain time period specified in the contract. Attraction of deposit may be carried out in the form of issue (emission) of savings (deposit) certificates. Terms of deposit transactions are established: for bank deposits — by the National Bank of Ukraine in accordance with the law, for deposits (contributions) to other financial institutions — by public authority as defined by law;

14.1.45. derivative is a standard document certifying the right and / or obligation to purchase or sell in the future securities, tangible or intangible assets, as well as the funds under the conditions contain therein. Standard (model) form of derivatives and the order of issuance and circulation thereof are established by law.

Derivatives include:

14.1.45.1. swap is a civil law agreement on the exchange of payment flows (cash or non-cash), or other assets, calculated on the basis of the price (quotation) of the underlying asset within the amount determined by the contract for a specific date of payment (settlement date) during the term of the contract;

14.1.45.2. option is a civil law contract where one party to a contract has the right to purchase (sell) the underlying asset, and the other party accepts the unconditional obligation to sell (buy) the underlying asset in the future during the term of the option or on a specified date (exercise date) for a price of the underlying asset defined at the conclusion of such contract. Under the terms of the option, the buyer pays the seller an option premium;

14.1.45.3. forward contract is a civil law contract where the seller agrees to transfer in a specified date in the future the underlying asset to the buyer, under certain conditions, and the buyer shall accept within the prescribed period such underlying asset and pay for it at the price defined in this contract.

All terms and conditions are determined by the parties in forward contract at its conclusion.

Conclusion of forward contracts and circulation thereof are carried out by the trade operator in standardized fixed-term contracts;

14.1.45.4. futures contract (futures) is a standardized fixed-term contract where the seller agrees within the time specified in the future (due date under the futures contract) to trans-
fer the ownership over the underlying asset to the buyer under certain conditions defined in specification, and the buyer agrees to accept the underlying asset and pay the price thereof determined by parties to the contract on the date of its conclusion.

A futures contract is executed according to its specifications by delivery of the underlying asset and payment thereof or through cash settlement between the parties to the contract without delivery of the underlying asset.

Performance of obligations under the futures is secured by the creation of appropriate conditions by the trade operator of standardized fixed-term contracts;

14.1.46. entertainment activities refer to economic activity of legal entities and individual entrepreneurs as to conducting lotteries and entertainment games participation in which does not provide for the participants thereof to receive cash or property prizes (wins), including billiards, skittle alley, bowling, table games, video games for children, etc.;

14.1.47. additional benefits refer to money, tangible or intangible values, services, and other forms of income paid (provided) to the taxpayer by a tax agent, if such income does not constitute the salary and is not related to the employment duties or is not the reward under civil contracts (agreements) concluded with the taxpayer (except as otherwise expressly provided by provisions of Section IV of the Code);

14.1.48. salary for the purposes of Section IV of the Code means the basic and additional wages, and other incentive compensation paid (provided) to the taxpayer due to his employment in accordance with the law;

14.1.49. Dividends refer to payment made by a company, the issuer of equity rights or investment certificates issued in favour of the owner of such equity rights, investment certificates and other securities certifying the ownership of the investor over the share (equity interest) in the property (assets) of the Issuer in connection with the distribution of its profit calculated according to the rules of accounting.

Dividends also include the payment exercised by the public, commercial or state-owned or municipal enterprise in favour of the state, respectively, or local self-government authority in connection with the distribution of the profits of such enterprise; the payment paid to the owner of the certificate of a real estate transactions fund as a result of the distribution of income to the fund. In this case, a positive or negative value of the taxable item, calculated in accordance with Section III of the Code does not affect the procedure for distribution of dividends;

14.1.50. bioethanol-based additives refer to bio components of motor fuels obtained by synthesis with the use of bio-ethanol or through mixing bio-ethanol with organic compounds and hydrocarbons derived fuel, in which the content of bioethanol meets requirements of the regulations and which relate to biofuels;

14.1.51. mining transactions refer to a set of manufacturing transactions for the extraction, including from deposits of the beds, and moving them, including for temporary storage, to the surface of a part of resources (rock, ore, etc.), which contain minerals;
14.1.52. A long-term life insurance contract is a life insurance contract for a term of five years or more, providing for an insurance payment in the form of a lump sum or an annuity if the insured person has lived up to the expiry of the insurance contract or to events specified in the insurance contract, or has attained the age specified by the contract. Such a contract may not provide for partial payments during the first five years of its transaction, except for those which are exercised in case of insurance claims related to death or illness of the insured person or an accident, which led to the assignment of the insured person to the disability group I or II, or the determination of disability of a person under eighteen years of age. In such case, the taxpayer, an employer cannot be a beneficiary under such life insurance contracts;

14.1.53. A document of a foreign state, under which the collection of the tax debt amount is carried out in international legal relations refers to the decision of the competent authority of a foreign state as to the calculation of the tax debt to the budget of such state, which at the request of a specified competent authority in accordance with the international agreement of Ukraine shall be enforceable in the territory of Ukraine;

14.1.54. Income originating from Ukraine is any income earned by residents or non-residents, including those from any of their activities on the territory of Ukraine (including payment (accrual) of reward by foreign employers), its continental shelf and in the exclusive (maritime) economic zone including, but not exclusively, income in the form of:

a) interest, dividends, royalties, and any other passive (investment) income paid by the residents of Ukraine;

b) income received by residents or non-residents from assigning the property, located in Ukraine, for rent (use) including rolling stock of transport assigned to the ports located in Ukraine;

c) income from the sale of movable and immovable property, income from the alienation of equity rights, securities, including shares of Ukrainian issuers;

d) income received in the form of contributions and premiums for risk insurance and reinsurance on the territory of Ukraine;

e) income of underwriters — residents from risk insurance policy holders — residents, outside Ukraine;

f) income from other activities, including those related to the full or partial assignment of rights and obligations under the production sharing agreements in the customs territory of Ukraine or in the territories under the control of regulatory authorities (customs control zones for specialized licensed bonded warehouses, etc.);

g) inheritance, gifts, awards and prizes;

h) salary, benefits and other remuneration paid in accordance with the terms of the employment and civil law contract;
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i) income from business activities and independent professional activities;

14.1.55. income derived from sources outside of Ukraine is any income earned by residents, including from any of their activities outside the customs territory of Ukraine, including interest, dividends, royalties, and any other types of passive income, inheritances, gifts, prizes, awards, the proceeds of performance of works (rendering services) under civil law and employment contracts, from the residents’ property assigned for rent (use), including rolling stock of transport assigned to the ports located in Ukraine, the proceeds from the sale of property, located outside Ukraine; income from the disposal of investment assets, including the equity rights, securities, etc., other income from any activity outside the customs territory of Ukraine or territories outside the control of regulatory agencies;

14.1.56. incomes refer to a total income of the taxpayer from all activities received (accrued) during the period in cash, tangible or intangible forms in Ukraine, its continental shelf and the exclusive (maritime) economic zone and beyond;

14.1.57. environmental tax is a national compulsory duty levied on the actual volume of emissions into the air, discharges of polluting substances into water bodies, waste disposal, the actual volume of radioactive waste stored temporarily by their producers, the actual volume of radioactive waste produced and actual volume of radioactive waste accumulated before April 1, 2009;

14.1.58. share premium is the excess amount of the proceeds received by the issuer from the issue (emission) of his own shares (other equity rights) and investment certificates, over the nominal value of such shares (other equity rights) and investment certificates (during initial public offering thereof), or over the repurchase price during subsequent placements of shares and investment certificates of investment funds;

14.1.59. housing and utility companies refer to business entities that directly produce, create and / or provide utility services (applicable to Section XVI of this Code);

14.1.60. Unified Register of Tax Invoices is the data registry on tax invoices and offset calculations, which is maintained by central executive authority responsible for the formation and implementation of national tax and customs policy in electronic form in accordance with electronic documents provided by VAT payers;

14.1.61. non-tariff measures:

1 — licensing and quotas for foreign economic transactions;

2 — application of special measures for the import of goods into Ukraine;

3 — registration procedure for foreign economic contracts;

4 — license issuing procedure for the import and export of alcohol, spirits and tobacco products;

5 — licensing system of export control service;

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6 — certification of goods imported to Ukraine;

7 — licensing system of public authorities carrying out sanitary and epidemiological, veterinary, phytosanitary, environmental and other types of control;

8 — registration of medicinal products, medical devices, immunological products and food additives;

9 — application of state assay control;

14.1.62. duty, taxation, a duty payer refer to the duty for the use of radio frequency resource of Ukraine, collecting the duty for the use of radio frequency resource of Ukraine, the payer of the duty for use of the radio frequency resource of Ukraine (applies to Section XV of this Code);

14.1.63. duty, taxation, a duty payer refer to the duty for special use of water, collecting the duty for special use of water, the payer of the duty for special use of water (applies to Section XVI of this Code);

14.1.64. duty, taxation, a duty payer refer to the duty for the special use of forest resources, collecting the duty for special use of forest resources, the payer of the duty for special use of forest resources (applies to Section XVII of this Code);

14.1.65. duty for special use of forest resources is a national fee, which is charged as a fee for special use of forest resources (applies to Section XVII of this Code);

14.1.66. duty for the use of radio frequency resource of Ukraine is a national fee, which is charged as a fee for the use of radio frequency resource of Ukraine (applies to Section XV of this Code);

14.1.67. duty for special use of water is a national duty (applies to Section XVI of this Code) charged for the special:

a) use of water bodies;

b) use of water obtained from other water users;

c) use of water without its removal from water bodies for hydropower and water transport needs;

d) use of water for the fishery;

14.1.68. duty for the exercise of certain types of business activity for the purposes of Section XII of this Code is the amount of funds paid for the purchase and use of a trade patent;

14.1.69. excluded;

14.1.70. excluded;
14.1.71. regular price is the price of goods (works, services) determined by parties to the contract, unless otherwise provided in this Code. It is believed that such regular price corresponds to the market price unless proved otherwise.

If the price (mark-up) for goods (works, services) is subject to regulation under the state law, the usual price is established according to the rules of this regulation. This provision does not apply to cases where the minimum selling price or indicative price is fixed. In that case, the ordinary transaction price is determined in accordance with Article 39 of this Code, but cannot be less than the minimum or the indicative price.

If during performance of the transaction evaluation is required, the value of the object of evaluation is the basis for determining regular price for tax purposes, provided that it is impossible to apply the methods specified in sub-clause 39.3.1 of clause 39.3 of Article 39 of this Code.

During the auction (public bidding), the price is deemed to be regular when established as a result of the auction (public bidding) required to be conducted by law.

If the supply of goods (works, services) is carried out on the basis of forward or futures contract, regular price is the price that corresponds to the market price at the time of signing of the contract.

If the sale (alienation) of goods, including assets transferred as a mortgage by the borrower to ensure the lender’s requirements, is compulsory under the law, the regular price is the price formed by such a sale;

14.1.72. Land tax is a compulsory payment levied on owners of land plots and land shares (stocks) as well as permanent land users (hereinafter — tax for the purposes of section XIII of this Code);

14.1.73. land users are legal entities and natural persons (residents and non-residents), which in accordance with the law are provided with land plots of state and communal property for use, for the lease;

14.1.74. land is a part of the earth's surface defined by the determined boundaries, certain location, the target (economic) purpose thereof and with certain rights attached to it;

14.1.75. Land improvement refers to the results of any actions that lead to a change in the quality characteristics of the land and its value. Land improvements are tangible objects that are located within the land, which are impossible to be moved without change of their purposes and depreciation, as well as results of economic activities or of a particular type of works (changes in topography, soil improvement, placing crops, perennial plantings, engineering infrastructure etc.);

14.1.76. Agricultural lands refer to the lands allocated for the production of agricultural products, the implementation of research and training activities in agriculture, construction
of appropriate industrial infrastructure, including infrastructure of wholesale markets for agricultural products, or designated for such purpose;

14.1.77. agricultural lands for the purposes of Chapter 2 of Section XIV of this Code refer to the lands allocated for agricultural production;

14.1.78. lands for residential and public buildings refer to the lands within residential areas used for residential development, public buildings and other public facilities.

14.1.781. Railway lands refer to the right-of-way lands under the railroad track and its equipment, stations with all the buildings and facilities of power, locomotive, wagon, track, freight and passenger facilities, alarms and communications, water supply, and sewerage; as well as under protective and restorative plantings, service, cultural and community buildings and other structures required for the transaction of railway transport;

14.1.79. significant reserves of minerals refer to mineral resources that are major and not minor reserves of the minerals;

14.1.80. identical goods (works, services) refer to the goods (works, services) sharing similar basic characteristics.

Identical goods refer to the products having the same characteristics with the evaluated products, including:

physical characteristics;

quality and reputation in the market;

country of production (origin);

manufacturer;

14.1.81. investment refers to business transactions involving acquisition of fixed assets, intangible assets, equity rights and / or securities in exchange for money or property. Investments are divided into:

a) capital investment — business transactions involving the acquisition of buildings, facilities, and other objects of immovable property, other permanent assets and intangible assets subject to depreciation in accordance with provisions of the Code;

b) financial investments — business transactions involving the acquisition of equity rights, securities, derivatives, and / or other financial instruments. Financial investments are divided into:

direct investment — business transactions, providing for contribution of the funds or property in exchange for equity rights issued by a legal entity if they are placed by such an entity;
portfolio investment — business transactions involving the acquisition of securities, derivatives and other financial assets in the stock market or stock exchange market;

c) the reinvestment — business transactions, providing for exercising capital or financial investment at the expense of the profits from investment transactions;

14.1.82. investment component refers to the funds provided for in the tariff for generation, transmission and supply of electrical energy, generation, transportation and supply of thermal energy, as well as transportation, storage and supply of natural gas of a licensee as part of the profits retained by the economic entity for target financing of the costs related to restoration, reconstruction and modernization of the fixed assets (including measures to improve safety and environmental compliance) and construction of new facilities at enterprises of fuel and energy complex, the list of which is determined by the Cabinet of Ministers of Ukraine;

14.1.83. The term “investor” for the purposes of taxation under Section XVIII of the Code has the meaning defined in the Law of Ukraine “On Production Sharing Agreements”.

At the conclusion of a multilateral agreement investors establishes operator of the agreement (hereinafter — the investor (operator), which is entrusted with the functions provided by the Law of Ukraine “On Production Sharing Agreements”, including the accounting and payment of tax liabilities in the manner specified by the agreement.

In the case if an investor — a non-resident, established permanent representative office in the territory of Ukraine for the implementation of the agreement, such representative office is regarded as an investor or investor (operator) for the purpose of taxation.

The Articles of the Code that govern the calculation and payment of taxes by the investor or investors when performing unilateral or multilateral agreements on the distribution of products, the term “investor (operator)” is used;

14.1.84. Other terms for the purposes of section III, shall be referred to in the meanings defined by the Law of Ukraine “On Accounting and Financial Reporting in Ukraine” and national and international regulations (standards) of financial reporting regulations (standards) of accounting;

14.1.85. engineering refers to provision of services (performance of works) on the development of technical specifications, project proposals, research and technical and economic surveys, performance engineering and exploration works on construction of facilities, development of technical documentation, design and engineering studies of the equipment and technology facilities, advising and supervising during installation and commissioning, as well as providing consulting related to such services (works);

14.1.86. collective investment institutions (hereinafter — the CII) refer to investment funds and mutual funds, investment companies, corporate investment funds and mutual funds, established in accordance with the law;
14.1.87. mortgage home loans refer to the financial loan granted to an individual by a bank or other financial institution under the law for not less than five full calendar years for the financing of the acquisition of apartments (rooms) or a residential building (or part thereof) or the construction of a residential house (part thereof), transferred to the borrower's ownership, with the acceptance by the creditor of such a housing (lands under such a house, including the infield) as a mortgage;

14.1.88. mortgage certificate (including mortgage participation certificate and fixed-income mortgage certificates) is a mortgage security secured by the mortgage assets or mortgage in accordance with the law;

14.1.89. consolidated mortgage debt refers to liabilities under the mortgage reformed by the creditor in accordance with the law;

14.1.89. The term “co-operative payments” has the meaning defined in the Law of Ukraine “On Cooperation”;

14.1.90. equity rights are the rights of a person the share of which is determined in the share capital (assets) of a business organization, including the entitlement of that person to participate in the management of a business organization, receiving certain share of the profit (dividends) and the organization’s assets in case of liquidation of the latter in accordance with the law, and other powers provided by law and constituent instruments;

14.1.91. mineral resources refer to natural mineral formations of organic and inorganic origin in the sub-soil, including any underground water, as well as man-made mineral formations in waste disposal sites and waste products of mineral raw materials, which can be used in material production and consumption, either directly or after primary processing;

14.1.92. Short-term trade patent for the purposes of Section XII of this Code is a trade patent for the implementation of trading activity, the validity of which does not exceed 15 calendar days;

14.1.93. funds refer to hryvnia (UAH) or foreign currency;

14.1.94. Cost production is a part of manufactured products, which is transferred to the ownership of the investor as a compensation for his costs and expenses;

14.1.95. creditor is a legal entity or natural person who has the requirements for financial obligations to the debtor confirmed in due course, including the payment of arrears of wages of the debtor, as well as regulating authorities — on tax and fees related matters;

14.1.96. Bodies used for vehicles defined in commodity heading 8703 according to the UC-CFEA refer to bodies that has already been installed in vehicles or from the date of production of which more than one year elapsed;

14.1.97. leasing (rental) transaction is an economic transaction (except for transactions in freight (charter) of ships and other vehicles) of a natural person or legal entity (the lessor)
which envisages provision of the fixed assets in use to other persons or entities (the lessees) for a fee and for a certain term.

Leasing (rental) transactions are carried out in the form of operating lease (rent), financial leasing (rent), leaseback, residential lease with a purchase option, land lease and rental of buildings, including residential areas.

Leasing transactions are divided into:

a) operating lease (rent) is a business transaction exercised by a natural person or legal entity providing for transfer to the lessee of the main fund, acquired or manufactured by the lessor on terms other than those provided by financial leasing (rent);

b) financial leasing (rent) is a business transaction exercised by a natural person or legal entity which includes transfer to the lessee of the property, which constitutes a fixed asset in accordance with this Code purchased or manufactured by the lessor, as well as of all risks and rewards related to ownership over the leasing facility and use thereof.

A lease (rent) is considered to be financial one, if leasing (rental) agreement contains one of the following conditions:

leasing facility is transferred for the period during which it is depreciated by at least 75 per cent of its original value, and under the lease agreement and during the period of its transaction, the lessee is obliged to acquire the leasing facility, followed by the transfer of ownership from the lessor to the lessee at the price specified in such lease agreement;

balance (depreciation) value of the leasing facility at the end of the lease agreement, provided by such agreement is not more than 25 per cent of the original price of the leasing facility applicable at the beginning of the term of the lease agreement;

amount of the lease (rent) payments from the beginning of the term of lease is equal to the original price of the leasing facility or exceeds it;

property transferred to financial leasing, manufactured under the order of the lessee (tenant) and upon the end of the lease agreement cannot be used by persons other than the lessee (tenant), based on its technological and qualitative characteristics.

The term “period of financial leasing” means a term established by a lease agreement which begins on the date of transfer of the risks associated with the storage or use of the property, or the right to receive any benefits or rewards associated with its use, or any other rights following the rights of ownership, use or disposal of such property, to the lessee (tenant) and ends at the end of the lease term of the agreement, including any period during which the lessee is entitled to decide on extending the term of the lease in accordance with the terms of the contract.

Regardless of whether a business transaction is regulated by provisions of this sub-clause or not, the parties to agreement may, at the conclusion of the agreement (contract) define such
a transaction as operating lease without the right for subsequent changes in the status of the transaction before the end of the agreement;

c) lease-back is a business transaction, which is carried out by either an individual or a legal entity and provides for a sale of fixed assets of a financial institution with receipt in return by such person or legal entity of such assets for transactional or financial leasing;

d) residential property lease is a transaction which involves provision of a residential house, apartment or part thereof by its owner for use by the lessee for a specified period for the intended use in exchange to the lease payment;

e) residential lease with a purchase option is a business transaction of a legal entity, which under the agreement for lease with a purchase option provides transfer to the other party, an individual (the lessee), of the property rights to real estate, construction of which has not been completed and / or a residence in exchange of the long-term payments (up to 30 years), after which, or prior to the established maturity date, provided that all rent payments are paid in full and no other encumbrances and restrictions for such residence exist whatsoever, such residence becomes the property of the lessee. Residential lease with a purchase option may include assignment of claims for payments under the agreement for lease with a purchase option;

14.1.98. Forest lands refer to the land plots where the forest areas are located;

14.1.99. license is referred to in the meaning defined in the Commercial Code of Ukraine;

14.1.100. Lombard transaction is a transaction exercised by a natural person or legal entity to obtain funds from a legal entity — financial institution, according to Ukrainian legislation, on the security of goods or currency assets. Lombard transactions are a form of the secured loan;

14.1.101. Lottery is a mass-scale game, regardless of its name, the terms of which provide for drawing of the prize (winning) pool among its players, where the prize winning is random and the territory where it is conducted is not limited to one location (building). The lottery activities are regulated by a special law. The games which are conducted by legal entities and individual entrepreneurs on a free basis intending to promote their products (paid service) and stimulate the sales (delivery), are not considered to be lottery games provided that the organizers spend their profits (income) for organization of such games;

14.1.102. duty free shop a merchandising outlet placed under the customs regime of a duty-free trade in accordance with Chapters 22 and 60 of the Customs Code of Ukraine;

14.1.103. parent companies refer to legal entities who are the owners of other legal entities or exercise control over such entities as related parties;

14.1.104. paid parking lots refer to an area (land plot) owned by a territorial community or state, which, in accordance with the decision of the local self-government authority, is allocated to paid parking of vehicles;
14.1.105. property is referred in the meaning defined in the Civil Code of Ukraine;

14.1.106. maximum retail prices refer to the sales prices fixed for the excisable goods (products) with account to all kinds of taxes (fees) which cannot be exceeded in respect to the excisable goods (products). Maximum retail prices of the excisable goods (products) are set by manufacturers or importers of goods (products) by declaring such prices in the manner prescribed by this Code;

14.1.107. excise tax marking is a special sign for marking alcoholic beverages and tobacco products which is considered to be a limited-issue document and which confirms the payment of the excise tax and legality of the importation and sale in the territory of Ukraine of the relevant items;

14.1.108. marketing services (marketing) refer to services that ensure the functioning of the taxpayer in the field of market research, sales promotion of products (works, services), pricing policies, organization and management of the movement of goods (works, services) to the consumer and post-sale customer service within the economic activities of the taxpayer. Marketing services include, in particular: services on placement of the taxpayer's products at points of sale, services on research, study and analysis of consumer demand, introduction of the taxpayer's products (works, services) in the sales data base, services on the collection and distribution of information on the products (works, services);

14.1.109. labelling of spirits and tobacco products refers to stamping of excise tax mark on a bottle (package) of alcoholic beverage or a pack (package) of tobacco products in the manner specified by the Cabinet of Ministers of Ukraine for the production, storage and sale of excise duty stamps;

14.1.110. transportation route for the purposes of Section IX of this Code is the transport (transfer) route of cargo between the points of reception (dispatch) and destination determined by the parties in the essential terms of the contract for the provision of transport services;

14.1.111. tangible assets refer to the fixed assets and current assets in any form (including electricity, heat and other energy, gas and water) other than funds, securities, derivatives and intangible assets;

14.1.112. mineral raw materials refer to the commercial product of a mining company, which is a result of its economic activities in mining, including through the implementation of economic agreements on supplied raw materials services, and in terms of quality, complies with the standards established by law or contract requirements.

Paragraph Two excluded;

14.1.113. customs duties refers to taxes, which in accordance with this Code or the customs laws are to be collected when moving or in connection with the movement of goods across the customs border of Ukraine and control over which is vested on the regulatory authorities;
14.1.113–1. customs regimes have the meaning defined in the Customs Code of Ukraine;

14.1.113–2. international mail, international express mail, non-accompanied baggage, personal items, hand luggage, accompanied baggage have the meanings defined in the Customs Code of Ukraine;

14.1.114. the minimum excise tax liability is the minimum amount of tax liability for the excise tax on cigarettes defined as a fixed amount per 1,000 cigarettes of a single product item sold in the customs territory of Ukraine or imported into the customs territory of Ukraine;

14.1.1141. provision of electronic signature services is registration of applicants, provision of digital signature for the use, provision of assistance on generation of public and private keys, maintaining key certificates (creation, distribution, cancellation, storing, blocking and recovery of the key), providing information on effective, cancelled and blocked key certificates, providing services to time registration, consulting and other services as defined by the Law of Ukraine “On electronic digital signature”;

14.1.115. overpaid liabilities refer to the amount of funds credited to the appropriate budget specific date in excess of the liabilities accrued, the maturity date for which occurred on such date;

14.1.116. Non-state pension provision refers to the pension benefits provided by non-state pension funds, insurance companies and banks in accordance with the Law of Ukraine “On Non-State Pension Provision”;

14.1.117. separate gambling place for purposes of Section XII of this Code refers to the following:

place at the table for multiple players to simultaneously participate in games that are not related to each other and do not interfere with other players;

space for a game machine equipped with individual monitors, slots for coins, slugs or bills, keyboards or other means of controlling such a machine, which allows multiple players to simultaneously participate in the games. In this situation developing during the game of one of the players does not depend on the situations involving other players;

14.1.118. small reserves of minerals refer to mineral resources defined according to the criteria established by the Cabinet of Ministers of Ukraine;

14.1.119. non-forest lands refer to the lands with shrubs, communications, agricultural lands, waters and swamps, unproductive lands, etc.;

14.1.120. intangible assets refer to ownership over intellectual property, including industrial property rights and other similar rights recognised as a property (intellectual property), the right to use the taxpayer’s property and property rights in accordance with the legislation, including the right to use natural resources, property and proprietary rights acquired in the manner provided by law;
14.1.121. non-profit enterprises, institutions and organizations refer to enterprises, institutions and organizations, the primary purpose of which is not the receipt of profit but carrying out charity and philanthropy as well as other activities provided for by law;

14.1.122. Non-residents refer to:

a) foreign company, organization, established in accordance with the laws of other states and their (accredited or legalized) branches, representative offices and other separate units located on the territory of Ukraine and registered in accordance with the laws of Ukraine;

b) diplomatic missions, consular offices and other official representations of other states and international organizations in Ukraine;

c) natural persons, not the residents of Ukraine;

14.1.123. non-agricultural land refers to farm road and runs, shelter belts and other protective plants, other than those assigned to the lands of the forest fund, land for economic buildings and yards, lands for infrastructure, wholesale markets of agricultural products, temporary abandoned lands, etc.;

14.1.124. new vehicle is a vehicle without any state registration documents issued by the competent authorities, including foreign ones, which give the right to operate the equipment;

14.1.125. normative monetary evaluation of lands for the purposes of Section XIII, Chapter 2, Section XIV of this Code refers to capitalized rental income received from the land, determined in accordance with the laws of the central executive body implementing state policy in the sphere of land relations;

14.1.126. volume of produced hydrocarbon material:

a) for the purposes of Section IX, the amount of oil, natural gas (including associated (petroleum) gas), gas condensate bears the meaning defined in sub-clause 14.1.128 of this Article, i.e. is accounted for directly upon facilities of its processing with the application of the means of practical accounting following the procedure defined in the regulations of hydrocarbon production;

b) for the purposes of Section XVIII, manufactured products bear the meaning defined in the Law of Ukraine “On Production Sharing Agreements”. Where manufactured products are accounted for and used by investors as fuel or raw materials, the amount of hydrocarbon produced is determined following the procedure provided for by sub-clause “a” of this clause;

14.1.127. cargo volume is the volume of goods determined in the contract between the carrier and the consignor, to be transported (transferred) by the pipeline transport according to the essential terms (volume, time and appropriate routes) of the relevant contract on transport services;
14.1.128. the volume of extracted mineral raw materials (minerals) is the volume of com-
mercial product of the mining company which in accordance with the Accounting Regu-
lation (standard) No. 9 “Reserves” is accounted as stocks of a mining company, the assets the
value of which can be accurately measured and which are feasible to be extracted by their
owner, business entity of economic benefits associated with their use, and which consist of:
the raw materials intended for the production service, including through implementa-
tion of economic agreements on supplied raw materials services and administrative needs;
finished products manufactured by the mining company, including through implementa-
tion of economic agreements on supplied raw materials services intended for sale and
which satisfy technical and quality specifications provided by contract or other regulatory
instrument;

14.1.129. residential real estate refers to buildings classified as residential properties by law
as well as summer houses and garden cottages. Residential real estate is divided into the fol-
lowing types:

a) residential building is the building of a permanent type built in compliance with the re-
quirements established by law and other regulatory instruments and designed for permanent
accommodation therein. Residential buildings are divided into residential manors and apart-
ment type building with different number of storeys;

b) residential manor refers to detached house, located on a separate land plot, which consists
of residential and ancillary (non-residential) premises;

c) residential house extension is part of the house located outside its outlined permanent
exterior walls, and which has one (or more) party wall with the main part of the house;

d) apartment refers an isolated premises in a building that is designed and suitable for per-
manent residence therein;

e) cottage is one, one and half storey building of a small living space for permanent or tem-
porary residence with a garden plot;

f) rooms in multifamily (shared) apartments refer to isolated premises in the apartment with
two or more tenants living there;

g) garden cottage is a house for the summer (seasonal) use, which does not meet the stand-
ards established for residential buildings in terms of regulation of the building area, external
facilities and engineering equipment;

h) summer house is a residential house for use during the year to a country vacations;

14.1.130. Unit area of the taxable land:

within the populated location refers to one (1) square meter (sq. m);

outside the populated location refers to one (1) hectare (ha);
14.1.131. homogeneous (similar) goods (works, services) refer to the goods (works, services), which are not identical but have similar characteristics and consist of similar components, resulting in the same function as compared with the evaluated goods, and are considered commercially interchangeable.

To determine the homogeneous (similar) goods, the following characteristics are taken into account:

- quality and business reputation in the market;
- existence of the brand;
- country of production (origin);
- manufacturer;
- year of production;
- used or new products;
- best before date;

14.1.132. separate gambling place for the purposes of Section XII of this Code refers to the slot machines, gaming / pool table, another table, designed for gaming entertainment, gaming trough (lane) for bowling or bowling alley. Separate gambling site may include separate gambling places;

14.1.133. Transaction (bank) day is a part of the working day during which the documents are accepted for the transfer and for revocation thereof and, if technically possible, are processed, the transmitted and executed;

14.1.134. transaction with the supplied raw materials refers to transaction on procession (treatment, enrichment or use) of raw material (regardless of the number of customers and contractors, as well as stages (transactions)) in order to obtain the finished product for a fee. Transactions with the supplied raw materials are the transactions where the customer’s raw material at a particular stage of its procession makes at least 20 percent of the total cost of the finished product;

14.1.135. taxation for the purposes of Section IX of this Code refers taxation in the form of a rental fee for the transit natural gas transportation by the pipelines on the territory of Ukraine, the taxation in the form of a rental fee for the transportation of crude oil by the main pipelines on the territory of Ukraine, the taxation in the form of a rental fee for transportation of oil products by the main pipelines on the territory of Ukraine, taxation in the form of a rental fee for the transit transportation of ammonia by the pipelines on the territory of Ukraine;

14.1.136. rental fee for the land plots of state and communal property refers to compulsory payment that a lessee pays to the lessor for the use of land (referred to in Section XIII as rental payment);
14.1.137. Tax recovery agency is a public body authorised to take actions to ensure payment of the tax debt within the competence determined in this Code and other laws of Ukraine;

14.1.138. fixed assets refer to tangible assets, including mineral reserves of the subsoil block provided for use (excluding the cost of land, unfinished capital investment, public roads, library and archive collections, tangible assets, the value of which does not exceed 2,500 hryvni, non-business fixed assets and intangible assets), which are assigned by the taxpayer to be used in the economic activity of the taxpayer, the value of which exceeds 2,500 hryvnias and gradually decreases due to physical or moral depreciation and the expected useful service (use) of which from the date of commissioning is more than one year (or operating cycle, if the duration thereof is more than a year);

14.1.139. a person for the purposes of section V of this Code is any of the following persons:

a) a legal entity established in accordance with the law in any legal form, including foreign investment enterprise which is:

either a payer of taxes and fees established by this Code, except for a single tax;

or a single tax payer at the rate which provides for the payment of value added tax;

or a single tax payer at the rate which incorporates value-added tax in the single tax, and voluntarily switches to the single tax rate established by this Code that provides for the payment of value added tax;

b) an individual entrepreneur which is:

either a payer of taxes and fees established by this Code, except for a single tax;

or a single tax payer at the rate which provides for the payment of value added tax;

or a single tax payer at the rate which incorporates value-added tax in the single tax, and voluntarily switches to the single tax rate established by this Code that provides for the payment of value added tax;

c) a legal person, a natural person, an individual entrepreneur importing the goods into the customs territory of Ukraine;

d) a permanent establishment;

e) the investor and / or investor (the operator), who in accordance with the Production Sharing Agreement is responsible for tax accounting on the value added tax under the production sharing agreement.

For tax purposes, two or more persons engaged in joint activities without establishment of a legal entity are to be considered a separate entity within the framework of such activities.
Analysis of results of joint activities is conducted by the taxpayer authorised by the other parties under the terms of the contract, separately from accounting of economic results of such taxpayer.

For tax purposes, economic relations between the parties of joint economic activity are treated as the relations on the basis of individual civil law contracts.

The order of tax accounting and reporting of the results of joint activities is established by the central executive authority responsible for the formation and implementation of national tax and customs policy;

14.1.140. official exchange rate (the exchange rate) has the meaning defined in the Law of Ukraine “On the National Bank of Ukraine”;

14.1.141. mixed motor fuel refers to types of fuel derived from mixing the fuel derived from crude oil, bioethanol and additives on the basis of bioethanol, biodiesel or other biological components, the content of which meets the requirements of regulations on the mixed motor fuel;

14.1.142. mobile pollution source is a vehicle movement of which is accompanied by the release of polluting substances into the atmosphere;

14.1.143. transmission devices refer to land improvement, created to perform specific functions for the transfer of energy, matter, signal, information, etc. of any type or origin in the distance (power lines, pipelines, water pipes, heat and gas supply networks, communications, etc.);

14.1.144. beer is a frothy beverage rich of carbon dioxide produced during the fermentation of the hopped wort of the brewing yeast, which is specified in the commodity heading 2203 according to the UCCFEA;

14.1.145. excisable goods (products) refer to products by UCCFEA codes according to which this Code establishes the rates of excise duty;

14.1.146. preferential trade patent for the purposes of Section XII of this Code is a commercial patent on the trading activity in certain types of goods specified in Section 267 of this Code;

14.1.147. land use fee is a national tax levied in the form of land tax and a rental fee for the land plots of the state and communal property;

14.1.148. payment for excise duty stamps is a fee payable by domestic producers and importers of alcoholic beverages and tobacco products for the costs of production, storage and sale of excise duty stamps. The fee for the excise duty stamps is established by the Cabinet of Ministers of Ukraine;

14.1.149. payer of the rent for the purposes of Section IX of this Code refers to payer of the rental fee for the transit natural gas transportation by the pipelines on the territory of
Ukraine, payer of the rental fee for the transportation of crude oil by the main pipelines on the territory of Ukraine, payer of the rental fee for transportation of oil products by the main pipelines on the territory of Ukraine, payer of the rental fee for the transit transportation of ammonia by the pipelines on the territory of Ukraine;

14.1.150. primary processing (enrichment) of mineral raw materials as a form of economic activity of the mining enterprise includes a set of operations for collecting, crushing or grinding, drying, classifying (sorting), briquetting, agglomerating and enriching by physicochemical methods and can also include processing technologies, which are the special types of works on mining of mineral resources (underground gasification and melting, chemical and bacterial desalinization, dredging and hydraulic development of placer deposits, hydraulic transportation of rock deposits from water beds);

14.1.151. fee-based services for the purposes of Section XII of this Code refer to activities associated with the provision of public services to meet the personal needs of the customer on a cash basis, as well as using other forms of payment, including payment cards. The list of paid services the provision of which required a trade patent is established by the Cabinet of Ministers of Ukraine;

14.1.152. tax debt redemption is reduction of the absolute value of the debt amount confirmed by the appropriate document;

14.1.153. tax order is a written request of the regulatory authority to the taxpayer to recover the amount of the tax debt;

14.1.154. tax debt in international legal relations is a financial commitment with the punitive penalties, interest fines, if any, and costs associated with its recovery of unpaid taxes as of the due date, which on the basis of an instrument of a foreign country is subject to penalties that may be levied according to the international treaty of Ukraine;

14.1.155. tax lien is a measure to ensure the payment by a taxpayer of his liabilities and interest fines not paid by him within the period specified by the Code. The tax lien arises on the grounds established by this Code.

In case of default by the taxpayer of the liability secured by a tax lien, the tax recovery agency in the manner specified in this Code, forecloses the property of the taxpayer which was the subject of the tax lien;

14.1.156. tax liability is the amount of funds that a taxpayer, including a tax agent, shall pay to the relevant budget as a tax or fee on the ground, in the manner and time specified by the tax legislation (including the amount of funds determined by the taxpayer in the tax bill and not paid in due time);

14.1.157. tax notice is a written notice of the regulatory authority (decision) of the taxpayer's obligation to pay the amount of the liability determined by a regulatory authority in the cases envisaged by this Code and other legislative instruments, the control over the execution of which is vested to the regulatory authorities, or to make appropriate changes in the tax accounting;
14.1.158. tax notice in international legal relations is a written notice of the regulatory au-
thority of the taxpayer’s obligation to pay the amount of the liability determined by the docu-
ment of a foreign state, under which the recovery of such amount of the liability will be
exercised in accordance with the relevant international treaty of Ukraine;

14.1.159. related parties refer to legal entities and / or individuals, the relations between
which can affect the environment or the economic results of their activities or the activities
of the persons they represent.

In recognizing persons as related parties, the consideration is given to the impact that can
be done through the ownership by one person of equity rights of other parties under the
contracts concluded between them, or if there is another opportunity for a person to influ-
ence the decisions made by others. In this case, such an influence will be taken into account,
regardless of whether it is being done by the person directly and independently or together
with other related parties recognised as such in accordance with this sub-clause.

For transfer pricing purposes, the following are to be recognised as related parties:

a) legal entities — in case if one of such persons directly and / or indirectly (through related
entities) owns equity rights of a legal entity in the amount of 20 percent or more;

b) a natural person and a legal entity — if a natural directly and / or indirectly (through re-
lated entities) owns corporate of other legal entity in the amount of 20 percent or more;

c) legal entities — in case if one person directly and / or indirectly owns equity rights of such
other entities and the size of the share of the equity rights of each person is 20 percent or
more;

d) a legal entity and a person who has the authority to appoint (elect) the sole executive body
of such legal entity or to appoint (elect) 50 percent of its collective executive body or super-
visory board or more;

e) legal entities, sole executive body of which are appointed (elected) by a resolution of the
same person (the owner or his authorised agent);

f) legal entities in which 50 percent of the collective executive body or a supervisory board or
more are appointed (elected) by a resolution of the same person (the owner or his authorised
agent);

g) legal entities in which 50 percent of the collective executive body and / or the supervisory
board or more are represented by the same individuals;

h) a legal entity and a natural personal — in the case if a natural person exercises powers of
the sole executive body of such entity;

i) legal entities in which the powers of the sole executive body are exercised by the same
person;
j) natural persons: a spouse (husband or wife), parents (including adoptive parents), children (adult children, minor/underage children, including adopted children), siblings and half-siblings, trustee, custodian, a child under trusteeship or custody.

For a natural person, the total share of the equity rights of the taxpayer (the votes in the governing body) which he or she owns, is defined as a share of equity rights directly owned by such natural person and a share of equity rights owned by legal entities over which such natural person exercises his or her control.

If a natural person is recognised as related to other persons in accordance with this sub-clause, such persons shall be considered as related to each other;

14.1.160. pension tax refers to the funds deposited in the pension fund, insurance company or pension deposit account with a financial institution within the non-state pension system or paid to pension funds of obligatory state pension insurance (hereinafter — the Saving Fund) in accordance with the law. For tax purposes, the pension tax is not the only tax paid as an compulsory state social insurance;

14.1.161. pension contribution refers to the funds contributed to the pension deposit account opened with the bank institution under the pension contract in accordance with the law;

14.1.162. interest fine is the amount of funds in the form of interest accrued on the amount of money liabilities not paid within due time;

14.1.163. first registration of the vehicle is registration of the vehicle, which is carried out for the first time by authorised state agencies of Ukraine as to the vehicle in Ukraine;

14.1.164. plan, schedule of document on-site inspections is a list of taxpayers subject to routine inspection by the inspection authorities in the corresponding period of the calendar year;

14.1.165. tax, taxpayer, taxation, the taxable profit for the purposes of section III of this Code refer to the corporate income tax, the corporate income tax payer, the corporate income taxation, and taxable profit;

14.1.166. tax, taxpayer, taxation, the taxable income for the purposes of section IV of the Code refer to individual income tax, individual income taxpayer, individual income taxation and individual taxable income;

14.1.167. REPO transaction is the purchase (sale) of securities with a commitment of a reverse sale (purchase) thereof in a certain period of time at a predetermined price, which is based on a single repo contract. For purposes of this Code, the period between the date of execution of the first and second parts of the REPO transaction (repo term) cannot exceed one year;

14.1.168. tax, taxpayer, taxation, the tax rate for the purposes of Chapter 2 of Section XIV of this Code refer to the fixed agricultural tax, payer of the fixed agricultural tax, taxation with a fixed agricultural tax and the rate of the fixed agricultural tax;
14.1.169. first vehicle registration fee is a national fee charged for first registration of vehicles in Ukraine as defined by section VII of this Code;

14.1.170. tax deduction for individuals who are not business entities is the documented amount (value) of costs of the taxpayer, a resident, due to acquisition of goods (works, services) from residents, natural persons or legal entities during the reporting year, which allowed for reduction of its the total annual taxable income generated as a result of this financial year in the form of wages, in the cases specified in this Code;

14.1.171. tax Information has the meaning defined by the Law of Ukraine “On Information”;

14.1.172. tax advice is an assistance provided by the regulatory authority to a specific taxpayer as to the practical use of specific provision of the law or regulatory instrument for administration of taxes or fees and payment thereof, monitoring over which is assigned to such a regulatory authority;

14.1.173. written tax advice summary is a published position of the regulatory authority developed by summarizing the results of tax advices provided to taxpayers;

14.1.174. excluded;

14.1.175. tax debt is the amount of the agreed financial obligation (including penalties, if any) but not paid by the taxpayer within the time period established by this Code as well as a interest fine accrued on the amount of the monetary obligation;

14.1.176. tax bill, avalized by the bank (tax receipt) (hereinafter — the tax bill for the purposes of section VI of this Code) refers to an ordinary bill avalized by the bank and issued by the bill drawer: for receipt of ethyl alcohol from an excise warehouse, for receipt of oil products from an oil refinery or for import of oil products into the customs territory of Ukraine and constitutes security for performance of the obligation to pay the amount of excise duty within the period specified in Articles 225, 229 of this Code;

14.1.177. Taxation Office is an office that is established on the territory of the companies where products are manufactured with the use of excise goods for which a zero tax rate is applied as specified in Article 230 of this Code. Permanent representatives of the regulatory authority in the place of its location continuously exercise direct control over the Taxation Office;

14.1.178. value added tax is an indirect tax which is calculated and paid in accordance with Section V of the Code;

14.1.179. tax liability for purposes of section V of this Code refers to the total amount of value added tax received (accrued) by the taxpayer during the reporting (tax) period;

14.1.180. fiscal agent for the individual income tax is a legal entity (its subsidiary, branch, another separate subdivision), a self-employed person, representative of a non-resident — legal entity, the investor (operator) under the production sharing agreement who, regardless
of their organizational and legal status and the method of taxation with other taxes and / or forms of charges (payments or provision) of the income (in cash or in-kind) are required to calculate, withhold and pay the tax envisaged in Section IV of the Code, to the budget on behalf of and for the account of a natural person from the income paid to such person, keep tax records, file tax accounts to regulatory authorities and bear responsibility for the violation of the rules in the manner provided in Article 18 and Title IV of this Code;

14.1.181. tax credit is the amount for which the value added tax payer is entitled to reduce the tax liability for the reporting (tax) period, determined in accordance with Section V of this Code;

14.1.182. wrongly paid money liabilities refer to the amount of funds that are received by a certain date in the corresponding budget from legal entities (or their branches, offices and other separate subdivisions without corporate status) or natural persons (with or without the status of a business entity) who are not the payers of such liabilities;

14.1.183. service on the personnel provision is an economic or civil law transaction, under which a person providing the service (resident or non-resident), assigns to another person (resident or non-resident) one or more individuals to perform certain functions under such agreement. The agreement on the personnel provision may envisage for such natural persons to conclude the employment contract or an employment agreement with a person to whom they are being assigned. Other terms of the personnel provision (including the remuneration of the person providing the service) are determined by agreement between the parties;

14.1.184. services for the purposes of Section IX of this Code refer to transportation (transfer) of the cargo by main pipelines of Ukraine;

14.1.185. the supply of services is any transaction which does not constitute the supply of goods or other transaction on transfer of the rights to intellectual property and other intangible assets, or provision of other property rights with respect to such intellectual property, as well as the provision of services consumed in the process of a certain activity or implementation of certain activities.

For tax purposes, the provision of services, in particular, include:

a) an agreement to refrain from a particular act or from competition concluded with a third party or permission to any action subject to conclusion of the contract;

b) the supply of services upon decision of a public authority or local self-government or by enforcement;

c) the supply of services to another person free of charge;

d) transfer of the results of works performed, services rendered to the taxpayer who is authorised under the contract to keep records of the results of joint activities without establishing a legal entity, as well as return thereof by such a taxpayer at the end of joint activities;
e) transfer (contribution) of the works performed, services rendered as a contribution to the joint activity without establishing a legal entity, as well as return of services;

f) supply of services as to placement of a certain trademark or mark of a product or service itself in a movie or television series or television program in a visual form (viewers can only see the product or a trademark, or a product or brand is mentioned in conversation between characters, or a product, service or a trademark are organically moved into the story and become part thereof);

14.1.186. tax, taxpayer, taxation, the taxable transaction for the purposes of section VI V of this Code respectively refer to the value added tax, the taxation with the value added tax, the value added tax payer, transaction taxable with the value added tax;

14.1.187. tax, taxpayer, taxation, the tax rate for the purposes of section VI of this Code refer to the excise tax, excise tax payer, excise taxation, and excise tax rate;

14.1.188. difference in taxes is a difference that occurs between the calculation and recognition criteria for income, expenses, assets, liabilities under national regulations (standards) of accounting and international financial reporting standards, as well as income and expenses set out in accordance with Section III of this Code;

14.1.189. temporary difference in taxes is tax differences that occurs during the reporting period and is cancelled in the following tax accounting period;

14.1.190. buyer of excise duty stamps is a business entity which, in accordance with the legislation of Ukraine is the payer of the excise tax on alcoholic beverages and tobacco products;

14.1.191. supply of goods is any transfer of the right dispose of goods as an owner, including the sale, exchange or gift of such a product, as well as the supply of goods upon the court order.

For the purposes of using the term “supply of goods”, electricity and thermal energy, gas, steam, water, cooled or conditioned air are also considered as goods.

The following are also considered as a supply of goods:

a) actual transfer over tangible assets to another person under a financial leasing contract (return of tangible assets under the financial leasing contract), or other arrangement under which the payment is deferred, but the ownership over the fixed assets is transferred not later than the date of the last payment;

b) transfer of ownership over tangible assets, by the decision of a public authority or local authority or in accordance with the law;

c) any of the following actions of the taxpayer as to the tangible assets, if the taxpayer was entitled to the allocation of the tax amounts to a tax credit upon the acquisition of such property or part thereof (transfer of property to another person free of charge; transfer of
property within the balance sheet of the taxpayer which is used in the economic activity of the taxpayer for its further use for purposes not related to the business activities of the taxpayer; transfer of the property within the balance of the taxpayer which was planned to be used in taxable transactions, for its use in transactions which are exempted from taxation or are not taxable);

d) transfer (contribution) of the goods (including capital assets) as a contribution to the joint activity without establishing a legal entity, as well as return of services;

e) the elimination of capital assets held by the taxpayer by such taxpayer upon his own decision;

f) transfer of goods under the contract according to which a fee (commission) is paid for the sale or purchase.

Supply of goods does not include the cases where the main production facilities or non-production facilities are liquidated due to their destruction or breakdown as a result of a force majeure, and in other cases when such liquidation is carried out without consent of the taxpayer, including the case of theft of capital assets or when the taxpayer submits to the regulatory authority the relevant document of the destruction, demolition or conversion of the capital assets in any other way, in the result of which the capital asset cannot be used for its original purpose;

14.1.192. permanent difference in taxes is a difference in taxes that occurs during the reporting period and not revoked in the following tax accounting period;

14.1.193. permanent establishment is a permanent place of business through which all or part of the non-resident economic activity is carried out in Ukraine, in particular: a place of management; branch, office, factory, workshop, plant or facility for exploration of natural resources; mine, oil / gas well, mining plant or any other place of extraction of natural resources; warehouse or premises used for the supply of goods.

For the purpose of taxation, the term “permanent establishment” includes a construction site, a construction, assembly or installation project or related supervisory activities, if the duration of the works associated with this site, project or activity exceeds six months; provision of services (other than services on the personnel provision), including advisory services, by a non-resident through employees or other personnel engaged by him for this purpose provided that such activities are carried out (as a single project or a project that is associated with it) in Ukraine during a period or periods the total duration of which exceeds six months in any twelve month period; residents authorised to act on behalf of such non-resident only, which leads to a non-resident obtaining civil rights and obligations (to enter into contracts (agreements) on behalf of the non-resident; maintain (store) stocks of goods owned by a non-resident from which the supply of goods on behalf of the non-resident is carried out, except for residents with the status of temporary storage or customs license warehouse).

Permanent establishment does not refer to: the use of facilities solely for the purpose of storage, display or delivery of goods or merchandise which belongs to the non-resident; storage
of goods or merchandise which belongs to the non-resident solely for the purpose of storage and display thereof; storage of a stock of goods or merchandise which belongs to the non-residents for the sole purpose of processing thereof by another enterprise; maintenance of a permanent place of business solely for the purpose of purchasing goods or merchandise or for collecting information for the non-resident; assigning natural persons to another person as part of service agreements for the services on the personnel provision; maintenance of a permanent place of business solely for the purpose of conducting any other activity of preparatory or auxiliary nature for the non-resident;

14.1.194. permanent representative (s) of the regulatory authority at the excise warehouse is a state official appointed by the regulatory authority at the location of the excise warehouse exercising direct control over the compliance with the production process, treatment (processing), blending, bottling, packaging, packing, storage, obtaining or issuance excisable goods (products) in the manner approved by the central executive authority responsible for the formation and implementation of national tax and customs policy;

14.1.195. worker is a natural person who directly with his or her own labour performs his or her duties in accordance with the employment contract (agreement) concluded with the employer in accordance with the law;

14.1.196. profit products for the purposes of Section XVIII of this Code refer to the part of products manufactured which is allocated between the investor and the state and is defined as the difference between manufactured and cost products;

14.1.197. conducting of lottery is an economic activity, which includes the acceptance of payments for participation in the lottery (stakes), drawing for the prize (winning) from lottery pool, payment of prizes (wins), as well as other transactions that provide conducting of the lottery;

14.1.198. seller of excise duty stamps refers to regulatory authorities;

14.1.199. products for the purposes of Section XVIII of this Code refer to minerals of national and local value (minerals) that are extracted (produced) in the development of mineral deposits;

14.1.200. prize (winning) pool is a set of prizes (wins), namely, funds and property rights to be paid (granted) to players should they win the lottery in accordance with the published terms and conditions of their issue and organization;

14.1.201. public money lotteries refer to lotteries that provide availability of the prize (winning) pool of not less than 50 percent of the revenue received, as well as contributions to the state budget of Ukraine in the amount of the tax rate established by paragraph 151.1 of Article 151, from the part of the revenues that remain after formation of prize pool.

The central executive authority responsible for the formation and implementation of national tax and customs policy establishes requirements regarding procedure for financial control over the activities as to organization and conducting of lotteries, as well as requirements as
to the authorised capital of operators, which cannot be less than those established by the National Bank of Ukraine to the banks, which operate on the territory of Ukraine;

14.1.202. sale (disposal) of goods is any transaction carried out under the contracts for purchase and sale, exchange, delivery, and other economic and civil law contracts stipulating the transfer of ownership over such goods for a fee or compensation, regardless of the time for provision thereof, as well as transactions on provision of goods free of charge. Transactions as to provision of goods within the commission (consignment) agreements, surety, storage (custody) agreements, agency agreements, trust agreements, transactional leasing (rent) agreements and other civil law contracts that do not involve the transfer of ownership over such goods cannot be considered as transactions on the sale of goods;

14.1.203. the sale of results of works (services) refers to any transaction of an economic, civil law nature for performance of the works, provision of services, provision of the right to use or disposal of the goods, including intangible assets and other property which is not considered as the goods, subject to compensation of their value, as well as the transaction on provisions of results of the works (services) free of charge. Sales of results of the works (services) includes, in particular, provision of the right to use the goods under of operating lease (rent) contracts, sales contracts, transfer the rights under copyright or licensing agreements, as well as other means of transfer of copyright, patents, trademarks for goods and services and other intellectual property, including industrial property rights;

14.1.204. ordinary bill avalized by the bank is a security certifying unconditional single debt of the bill drawer or his instruction to the bank to pay a certain amount to the bill holder upon the maturity date.

Bill confirms the unconditional obligation of the bill drawer to pay appropriate amount of funds to the State Budget of Ukraine and constitutes the tax liability as defined by the bill drawer by himself and agreed as of the day of the registration of the bill by the regulatory authority at the location of the bill drawer, and if the law provides for a delay in the payment of customs duties — as of the date of customs clearance of the goods in the appropriate mode;

14.1.205. house territory is the area around the apartment building, defined on the basis of the relevant town planning and land documents within the appropriate land plot on which the apartment building and related buildings and facilities are located, and required for maintenance and security of an apartment building to meet the housing, social and domestic needs of the owners (co-owners) and tenants (lessees) of the apartments, as well as non-residential premises located in an apartment building;

14.1.206. interest is an income payable (accrued) by the borrower to the lender as a fee for the use of borrowed funds or property used for a definite or indefinite period.

The interests include:

a) payment for the use of funds or goods (works, services) received as a loan;

b) payment for the use of funds raised as a deposit;
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c) payment for the purchase of goods by instalments;

d) payment for the use of property under financial lease (rent) contracts (excluding parts of the lease payment provided as compensation for the cost of the financial lease object);

e) remuneration (income) of the lessor as a part of the lease payment under the contract for residential lease with a purchase option, paid by a natural person to the taxpayer to whom the right to receive payments was assigned.

Interest is accrued as a percentage on the principal amount of the debt or the value of the property or as a fixed amount. If the funds are obtained through the sale of bonds, treasury bills or savings (deposit) certificates issued by the borrower or by discounting bills and through buy-back transactions, the amount of interest is determined by charging them for nominal value of such securities, by payment of the fixed premium or payoff, or by determining the difference between the offering price (selling price) and the redemption price (buy-back) of such securities.

Payments under other civil law contracts, regardless of whether they are set in absolute (fixed) prices or as a percentage from the price of the contract or other value basis of prices, are not considered as the interest;

14.1.207. measurement point is the point at which, in accordance with the production sharing agreement production is measured as well as its classification for the cost and profit production;

14.1.208. foreign currency exchange office for the purposes of Section XII of this Code refers to structural unit opened by the bank (financial institution) in the manner prescribed by the National Bank of Ukraine, including on the basis of agency agreements with legal entities — residents as well as by the national postal operator, where currency exchange transactions are conducted for natural persons — residents and non-residents, and is located outside of the operating room;

14.1.209. receiving (sending) and destination office is a point which for the relevant cargo is defined as a border point, transfer terminal, temporary cargo storage facility, including underground natural gas warehouse on the territory of Ukraine for its further transfer outside the state, cargo recycling station in Ukraine for further transfer of the goods abroad;

14.1.210. excluded;

14.1.211. point of sale of goods for the purposes of Section XII of this Code refers to the following:

a store and other retail outlets, which are located in a separate premises, building, or part thereof, and have a showroom for customers or use part of it to carry out trade activities;

a stand, tent, or another small architectural form, which is located in a separate premises, but does not have a built-in trading area for customers;

mobile shop, delivery bus, another kind of mobile retail chain;
a tray, market counter, another kind of sales outlet in a place designated for trading activities, except for the trays and market counters provided for rent by business entities — individual entrepreneurs and located in the territory of specialised enterprises in the trade and market sphere of all forms of ownership;

fixed, small-sized and mobile petrol station, filling station exercising trade of oil products, liquefied and compressed gas;

commercial kitchen, procuring factory, diner, restaurant, coffee shop, snack bar, bar, canteen, outdoor summer terrace, kiosk, and other point restaurant business;

distribution centre, warehouse store, and other premises used for the wholesale trade for cash, other cash means of payment as well as payment cards;

14.1.212. Sale of excisable goods (products) refers to any transactions in the customs territory of Ukraine providing for shipment of excisable goods (products) in accordance with the purchase and sale contracts, exchange, delivery, and other economic and civil law contracts with or without transfer of property, for a fee (compensation) or without it, regardless of the timing of provision thereof, as well as free shipment of goods, including those produced from supplied raw materials;

14.1.213. Residents refer to:

a) legal entities and their separate subdivisions established and operating in accordance with the laws of Ukraine located on its territory as well as abroad;

b) diplomatic missions, consular offices and other official representative of Ukraine abroad with diplomatic privileges and immunity;

c) a natural person — resident, natural person having a place of residence in Ukraine.

In the case where a natural person has a place of residence in a foreign country, he or she is considered to be a resident if such person has a permanent residence in Ukraine; if the person has a permanent residence in a foreign country, he or she is considered to be a resident if there are close personal or economic ties (centre of vital interests) in Ukraine. If it is impossible to determine the state of the person’s centre of vital interests, or if natural person does not have a permanent place of residence in none of the state, he or she is considered to be a resident if he or she resides in Ukraine for at least 183 days (including the day of arrival and departure) during a fiscal year period (s).

Sufficient (but not exclusive) condition to determine the location of the centre of vital interests of a natural person would be a permanent place of residence of the members of his / her family or his / her registration as a business entity.

If the resident status of a natural person cannot be determined, using the provisions of this sub-clause above, a natural person is considered to be a resident if he or she is a citizen of Ukraine.
If, contrary to the law, a natural person — a citizen of Ukraine, is a citizen of another country as well, for the tax purposes for this tax, such person is deemed to be a citizen of Ukraine not eligible for foreign tax credit provided for by this Code or by provisions of international treaties of Ukraine.

If a natural person is stateless and is not subject to the provisions of paragraphs one — four of this sub-clause, his / her status is to be determined in accordance with international law.

Sufficient basis to determine if the person is a resident is an independent determination of his / her primary residence in the territory of Ukraine in the manner prescribed by this Code or his / her registration as a self-employed person.

If, in section IV of this Code, the term “resident” is used in the plural nouns, this term means “a natural person — resident”.

Shall the term “resident” be used in Section III hereof in relevant cases, it shall refer to persons determined in sub-clause 133.1 of Article 133 hereof.

14.1.214. excluded;

14.1.215. rent payment for purposes of Section IX of this Code is a rental payment for the transit transportation of natural gas by natural gas pipelines through the territory of Ukraine, rental payment for transportation of crude oil by the main pipelines on the territory of Ukraine, rental payment for transportation of oil products by the main oil product pipelines in Ukraine, rental payment for transit transportation of ammonia by the pipelines through Ukraine;

14.1.216. recycle gas is a natural gas that is returned (injected) into one or more of the fields of oil and gas deposits (wells) to keep them under the required reservoir pressure or reservoir energy in accordance with commercial field (deposit) development or research and development project as well as comprehensive project of equipment thereof approved in the manner provided by law by the central executive authority responsible for the formation of national policy in oil and gas industry.

Natural gas can be the source of recycle gas origin: extracted by license holder from the area of oil and gas subsoil provided for his use, for which the respective project provides for the return of the gas in the deposits; extracted from the subsoil other than the one mentioned above, which is regulated by the license holder and provided (with the payment of appropriate rental fee) by him for use in such field; purchased from third parties for use on this field;

14.1.217. rental payment for the transportation of oil and oil products by oil pipelines and oil product pipelines, the transit transportation of natural gas and ammonia by the pipelines on the territory of Ukraine refer to the national mandatory payment paid for the services on transportation (transfer) of goods through the territory of Ukraine by the pipeline facilities;

14.1.218. market for goods (works, services) is the sphere of circulation of goods (works, services), which is determined based on the ability of the buyer (seller) without significant
additional costs incurred to buy (sell) goods (works, services) on the territory nearest to the buyer (seller);

14.1.219. market price is the price at which the goods (works, services) are transferred to another owner, provided that the seller wants to transfer such goods (works, services), and the buyer wants to buy them on a voluntary basis, and both parties are mutually independent, by law and by fact, possess sufficient information on such goods (works, services), as well as prices emerged in the market of identical (or in their absence — homogeneous) goods (works, services) in comparable economic (commercial) conditions;

14.1.220. production year of the vehicle refers to the calendar date of manufacture of the vehicle (day, month, year); for vehicles, the calendar date of manufacture of which cannot be identified, it is January 1 of the year of manufacture indicated in the registration documents;

14.1.221. risk is the probability of failure to declare (an incomplete declaration) the payer’s tax obligations, failure of a taxpayer to comply with other legislation, control over which is vested on the regulatory authorities;

14.1.222. employer is a legal entity (its subsidiary, branch, or other separate subdivision or his representation office) or a self-employed person who uses hired labour of natural persons on the basis of employment agreements (contracts) signed, and who has the obligation as to salary payment to them, as well as the accrual, withholding and payment of individual income tax in the budget, payment to the payroll fund and other obligations provided for by law.

For the purposes of Section IV of the Code, a legal entity (its subsidiary, branch, or other separate subdivision or his representation office), permanent establishment of a non-resident or a self-employed person, who accrue (pay) the wages for the execution of works and / or provision of services under civil law contracts are also considered as employers provided that it is found that the relationship under such contract are in fact of an employment nature;

14.1.223. waste disposal is a permanent (final) placement or disposal of waste in specially designated areas or facilities (waste disposal sites, storage facilities, landfills, complexes, buildings, subsoil areas, etc.), the use of which is authorised by the regulatory authorities;

14.1.224. Manager of the excise warehouse is a business entity that has received a license for the production of ethyl alcohol, alcohol beverages, and is a registered excise tax payer;

14.1.225. Royalty is any payment received as compensation for the use of or provision of the right to use any copyright and related rights in literary, artistic or scientific works, including computer programs and other information recording media, video or audio tapes, cinematographic films or tapes for radio or television broadcasting, transmission (program) broadcasting organizations, of any patents, registered mark for goods and services, or trade mark, design, secret drawings, models, formulas, processes, the right to information concerning industrial, commercial or scientific experience (know-how).

Payments for the objects defined in the first paragraph of this clause, acquired for possession, disposal of or in ownership of the person or if the terms of use of such property entitle
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the user to sell or otherwise alienate the property or disclose (make public) secret drawings, models, formulas, processes, and the rights to information concerning industrial, commercial or scientific experience (know-how), will not be considered as royalty except when such disclosure (publishing) is required by the legislation of Ukraine;

14.1.226. self-employed person is a taxpayer who is an individual entrepreneur or performs independent professional activity, provided that such person is not an employee of such business or independent professional activity.

An independent professional activities refer to individual participation in scientific, literary, artistic, artistic, educational or teaching activities, the activities of doctors, private notaries, lawyers, insolvency officer (asset manager, external administrator, liquidators), auditors, accountants, appraisers, engineers or architects, persons engaged in religious (missionary) activities other similar activities, provided that such person is not an employee or an individual entrepreneur and employs staff of no more than four people;

14.1.227. average number of employees is the number of employees of legal entities determined according to the method approved by the central executive authority responsible for the formation of national statistics policy, taking into account all employees and persons employed under civil law contracts and part-time over one calendar month as well as employees of representative offices, branches, offices and other separate units equivalent to the full-time occupation, except for employees who are on the maternity leave and leave to attend to a child up to the age established by the law;

14.1.228. self-cost of the goods sold, works performed and services rendered for the purposes of Section III of the Code refers to the costs directly associated with the production and / or acquisition of the goods sold, works performed and services rendered during the reporting fiscal period, determined in accordance with the accounting provisions (standards) which are applied to the extent not inconsistent with the provisions of this section;

14.1.229. specially designated parking lots refer to the territory (land area) owned by a territorial community or the state, located by the local self-government authorities with determination of rules on the responsibility for safety of the vehicle.

communal garages, parking lots, parkings (facilities, buildings, parts thereof), which are built at the expense of the local budget for the purpose of organizing parking of vehicles.

Garages, parking lots, the owners or users of which are payers of a land tax or a rent for the land plots of state and communal property as well as land lots that belong to the house areas are not considered as specially designated parking lots;

14.1.230. stationary pollution source is an enterprise, shop, plant unit, installation, or other fixed facility that retains its spatial coordinates for a certain time and discharges polluting substances into the atmosphere and / or the discharges polluting substances into water bodies;

14.1.231. sound economic reason (business purpose) refers to the cause which can be found existing only if the taxpayer intends to get an economic effect as a result of economic activity;
14.1.232. certificate of real estate transaction fund is a security certifying the right to its holder to receive income from investing in a real estate in accordance with the law;

14.1.233. agricultural land refers to arable land, perennial plantings, hayfields, cattle-runs, and laylands;

14.1.234. agricultural products (agricultural products) for the purposes of Chapter 2 of Section XIV of this Code refer to products / goods covered by the definition of groups 1–24 UCCFEA, provided that such goods (products) are grown, fattened, caught, collected, manufactured, produced, processed directly by the manufacturer of the goods (products), as well as the products of procession and recycling of these goods (products), if they were purchased or produced on own or leased facilities (areas) for sale, procession or for own consumption;

14.1.235. agricultural commodity producer for the purposes of Chapter 2 of Section XIV of this Code is a legal entity, regardless of the form of ownership, which is engaged in the production of agricultural products and / or breeding, cultivation and fishing in inland water bodies (lakes, ponds and reservoirs) and processing it on their own or leased facilities, including raw materials for supply of its production, and conducts transactions on the delivery thereof;

14.1.236. excluded;

14.1.237. ethyl alcohol refers to all kinds of ethyl alcohol, bio-ethanol defined by commodity headings 2207 to 2208 according to the UCCFEA;

14.1.238. facilities refer to land improvements that do not belong to the buildings and are designed to perform specific technical functions;

14.1.239. excluded;

14.1.240. tax rate for the purposes of section XIII of this Code is a legally defined annual amount of the charge per unit of area of the taxable land;

14.1.241. agent of authority has the meaning defined by the Code of Administrative Court Procedure;

14.1.242. excluded;

14.1.243. the rate for the purposes of Section IX is the cost of transportation of the cargo unit by main pipelines of Ukraine (excluding value added tax), which is established:

for transportation to consumers in Ukraine — by the central executive authority authorised by the President of Ukraine;

for transit through Ukraine — on the basis of contracts;
14.1.244. goods refer to tangible and intangible assets, including land, land shares (stocks) as well as securities and derivatives used in all transactions except for transactions on their issue (emission) and payment.

For tax purposes, the transactions on transfer of property and energy across the customs border of Ukraine, “goods” refer to the meaning specified by the Customs Code of Ukraine;

14.1.245. commodity credit refers to goods (works, services), which are transferred by a resident or non-resident to the ownership of legal entities or natural persons under contract providing for the grace of final payments for a certain period of time at interest. Commodity credit provides for the transfer of ownership over the goods (works, services) to the buyer (customer) at the time of signing of the contract or at the time of the physical receipt of the goods (works, services) by the buyer (customer), regardless of the time of repayment of the debt;

14.1.246. commercial activity for the purposes of Section XII of this Code is a retail and wholesale trade, activities in the commercial and production area (restaurant business) for cash, other cash means of payment and with the use of payment cards;

14.1.247. trade in foreign exchange assets refers to the transactions involving the transfer of ownership over the national currency of Ukraine, foreign currency, payment instruments and other securities, denominated in the national currency of Ukraine, in foreign currency or bank metals, as well as precious metals;

14.1.248. foreign exchange trading refers to foreign exchange transactions involving the transfer of ownership over the currency valuables, except for the transactions carried out between residents, provided that such currency valuables is the national currency of Ukraine, securities and audit denominated in the national currency of Ukraine;

14.1.249. tally trade is an economic transaction involving sale of goods by a resident or non-resident to natural persons or legal entities by instalments for certain period of time and at interest.

Tally trade involves the transfer of goods to the buyer at the time of the first payment (deposit) with the transfer of ownership of the goods after the final payment.

Rules for the trade by instalments to natural persons are established by the Cabinet of Ministers of Ukraine;

14.1.250. trade patent for the purposes of Section XII of this Code is a state certificate of limited duration for the implementation of a particular type of business and the use of which provides for the timely payment of the appropriate fee to the budget;

14.1.251. used vehicles refer to the vehicles for which the authorised state bodies, including foreign ones, have already issued registration documents for the right to operate such vehicles;
14.1.251. Transfer pricing is the system of determining the regular price of the goods and/or the results of works (services) in transactions defined in accordance with Article 39 of this Code as “regulated transactions”;

14.1.252. tobacco products refer to cigarettes with or without filter, cigarettes, cigars, cigarillos and pipe, snuff, sucking, chewing tobacco, shag and other products of tobacco or of tobacco substitutes for smoking, smelling, sucking or chewing;

14.1.253. conditional exemption from customs duties is the exemption from payment of customs duties, the use of which requires compliance with certain conditions and limitations on the use of goods and means of transport for their commercial use and disposal after production thereof;

14.1.254. conditional exemption from taxation of the value added tax and excise duty on goods imported into the customs territory of Ukraine refers to the exemption (full conditional or partial conditional) from payment of the accrued tax liability in case of placement of goods under the customs regimes that provides for tax exemption subject to the requirements of the customs regime established by the Customs Code of Ukraine;

14.1.255. assignment of the claim refers to transaction on the assignment by the creditor of rights claim the debt of the third person to a new creditor with advance or further compensation of the cost of such debt to the creditor, or without such compensation;

14.1.256. fixed agricultural tax for the purposes of Chapter 2 of Section XIV of this Code is a tax that is charged per unit of a land area as a percentage of its normative monetary evaluation and the payment of which replaces the payment of certain taxes and fees;

14.1.257. financial assistance is financial aid provided on a non-repayable or reimbursable basis. Non-repayable financial aid is:

the amount of funds transferred to the taxpayer in accordance with deeds of gift, or other similar contracts or without such contracts;

amount of a bad debt, refunded to the creditor by the borrower after the write-off of such bad debt;

amount of debt of one taxpayer to another taxpayer not charged at the end of the limitation period;

the principal amount of the loan or deposit provided to the taxpayer with no repayment conditions for such principal amount established, with the exception of the loans granted under the perpetual bonds and on-demand deposits with bank institutions and the amount of interest accrued on such principal amount but not paid (written-off);

the amount of interest conditionally accrued on the amount of reimbursable financial aid that remains not repaid at the end of the reporting period, at the discount rate of the National Bank of Ukraine calculated for each day of the actual use of such reimbursable financial aid.
Reimbursable financial aid is the amount of funds received by the taxpayer for use under the contract that does not provide for the accrual of interest or provision of other forms of compensation in the form of fees for the use of such means and which is mandatory to be reimbursed;

14.1.258. Financial loan refers to the funds provided by a bank-resident or non-resident which qualifies as a financial institution under the laws of the host country of non-resident, or residents and non-residents who under the relevant law have status of non-bank financial institutions as well as by a foreign government or official agencies, international financial institutions and other lenders — non-resident to a legal entity or natural person for a specified period for the intended use and at interest;

14.1.259. Bank management fund refers to the funds of the members of the bank management fund and other assets held in trust by the authorised bank in accordance with the law;

14.1.260. Freight is a remuneration (compensation) paid under contracts of carriage, lease or sublease of the vessel or vehicle (or parts thereof) for:

transport of goods and passengers by sea vessels or aircraft;

transport of goods by rail or road;

14.1.261. designated use of the land refers to the use of the land plot for its intended purpose as defined on the basis of land management documentation in accordance with legislation;

14.1.262. share of agricultural commodity production for the purposes of Chapter 2 of Section XIV of this Code refers to the proportion of income of agricultural producers received from the sale of their own agricultural products and processed products in the total amount of their income which is taken into account in determining eligibility for registration of such producer such as a taxpayer;

14.1.263. family members of a natural person of the first kinship degree refer to the parents, husband or wife, children of such person, including adopted children. Other family members of a natural person are considered to be of the second degree of kinship;

14.1.264. timeline is the process of monitoring of the conduct of business of the taxpayer which is conducted during actual audit and is applied by the regulatory authorities in order to establish the actual performance of the taxpayer’s activity at the appropriate place of such activity;

14.1.265. penalty (financial sanction, fine) is payment in the form of a fixed amount and / or interest charged to the taxpayer due to violation of the requirements of the tax laws and other legislation, enforcement of which is entrusted to the regulatory authorities, as well as penalties for violations in the sphere of foreign economic activity;

14.1.266. cash basis method for tax purposes pursuant to Section V of the Code is the method of tax accounting, according to which the date of the tax obligations is defined as the date
of transfer (receipt) of the funds to the bank account (to the cash department) of the taxpayer or the date of receipt of other types of compensation of the value of goods (services) delivered (or to be delivered) by him, and the date of the right for a tax credit is defined as the date of withdrawal of funds from the bank account (disbursal from the cash office) of the taxpayer or the date of provision of other forms of compensation for the value of goods (services) delivered (or to be delivered) to him;

14.1.267. loan facilities refer to the cash provided by residents which are financial institutions, or non-residents, except for non-residents with offshore status, to the borrower for a specified period with an obligation to return and pay interests on the amount of the loan;

14.1.268. Passive income is the income received in the form of interests, dividends, insurance payments and refunds, as well as royalties.

14.2. For the purposes of this Code, bonds of the National Bank of Ukraine are to be considered as securities.

**Article 15. Taxpayers**

15.1. Taxpayers are natural persons (residents and non-residents of Ukraine), legal entities (residents and non-residents of Ukraine) and their separate subdivisions, which own, receive (present) the taxable items or carry out transactions (transactions), who are subject to taxation under this Code or tax laws, and who are responsible for payment of taxes and duties in accordance with this Code.

15.2. Each of the taxpayers may be the taxpayer of one or several taxes.

**Article 16. Responsibilities of the taxpayer**

16.1. The taxpayer shall:

16.1.1. be registered with the regulatory authorities in accordance with the laws of Ukraine;

16.1.2. keep in due course records of income and expenses, to make statements regarding the accounting and payment of taxes and fees;

16.1.3. in accordance with the tax and customs legislation, submit to regulatory authorities declarations, reports and other documents relating to the accounting and payment of taxes and fees;

16.1.4. pay taxes and fees on time and in the amount established by this Code and the law on customs procedures;

16.1.5. upon a duly executed written request of the regulatory authorities (in the cases determined by law), bring accounting documents on the income, expenses and other performance indicators related to the definition of taxable items (tax liabilities), source
documents, accounting records, financial statements and other documents related the accounting and payment of taxes and fees. The written request must indicate specific list of documents to be provided by the taxpayer, and the grounds for provision thereof;

16.1.6. submit to regulatory authorities information and data on the amounts of funds not paid to the budget due to the tax concessions (amounts of the benefits received) and the ways of their use (for conditional tax concessions — privileges which are granted subject to the use of funds released from a business entity as a result of the privileges granted, in the manner provided by state procedure);

16.1.7. submit to regulatory authorities information in the manner, on time and within the limits established by the tax legislation;

16.1.8. comply with legal requirements of regulatory authorities to eliminate discovered violations of the laws on taxation and customs and to sign acts (statements) of the inspection;

16.1.9. not to interfere with the legitimate activities of the official of the regulatory authorities in the performance of its duties and fulfil the legal requests of such official;

16.1.10. inform regulatory authorities at the place of registration of the payer of its liquidation or reorganization within three working days from the date of the relevant decision (unless such obligation to notify is imposed on the registration authority by law);

16.1.11. inform regulatory authorities to change the location of the legal entity and the change of the place of residence of an individual entrepreneur;

16.1.12. ensure the safety of the documents related to the payment of the tax debt within the time limits established by this Code;

16.1.13. allow officials of the regulatory authority, when conducting their revision, to inspect areas, territories (except for home of natural persons), which are used to generate income or are associated with the maintenance of taxable items, as well as to carry out audit on the accounting and payment of taxes and fees in the cases provided for in this the Code.

**Article 17. Rights of taxpayers**

17.1. The taxpayer has the right to:

17.1.1. receive free of charge in the regulatory authorities, including through the Internet, information on taxes and fees as well as regulations that govern the accounting for and payment of taxes and duties, rights and responsibilities of taxpayers, competence of the regulatory authorities and their officials for the implementation of the tax control;

17.1.2. represent his interests in regulatory authorities, through a tax agent or authorised representative;
17.1.3. choose independently, unless otherwise provided in this Code, the method of keeping records of income and costs;

17.1.4. enjoy tax concessions in the relevant circumstances in the manner prescribed by this Code;

17.1.5. receive a deferral, tax deferment or tax credit on the terms and conditions set forth in this Code;

17.1.6. be present during the inspections and provide explanations for issues that arise during such inspections, receive and read the acts (statements) for the audit carried out by the authorities, before signing the acts (statements) on the inspection conducted, in case of any comments on the content (text) of the acts (statements) executed, sign them with a reservation and submit written objections to the regulatory authority in the manner prescribed by this Code;

17.1.7. appeal against decisions, actions (omissions) of regulatory bodies (officials) and explanatory statements provided by regulatory authorities in the manner prescribed by this Code;

17.1.8. require the regulatory authorities to conduct the audit of information and facts that can testify in favour of the taxpayer;

17.1.9. to demand from the regulatory authority (officials) not to disclose the data on such taxpayer without his written consent as well as data which constitute confidential information, state, commercial or bank secret and became known during the execution by officials of their duties, except as expressly provided by law;

17.1.10. for credit or refund of overpaid and overcharged amounts of taxes and fees, interest fines, penalties, in the manner prescribed by this Code;

17.1.11. to full compensation for damages (harm) caused by unlawful actions (omissions) of regulatory authorities (officials thereof), as prescribed by law;

17.1.12. by methods approved by the central executive authority responsible for the formation and implementation of national tax and customs policy, keep track of temporary and permanent tax differences, and use of such data for the preparation of the declaration of accounting for the income tax.

17.2. Taxpayers also have other rights provided by law.

**Article 18. Tax agents**

18.1. Tax agent is a person who is obliged under this Code to calculate and withhold from the income accrued (paid, delivered) to the payer, and remit taxes to the appropriate budget on behalf of and at the expense of the taxpayer.

18.2. Tax agents are treated as the taxpayers and have the rights and fulfil the obligations established by this Code for taxpayers.
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Article 19. Representatives of taxpayers

19.1. The taxpayer manages his affairs related to the tax payment either personally or through a representative. Personal involvement of the taxpayer in tax relations not deprive him of the right to have a representative, equally as participation of the tax representative shall not deprive the taxpayer of the right to personally participate in such a relationship.

19.2. Representatives of a taxpayer shall be persons who may exercise legal representation of his interests and manage affairs related to the tax payment under the law or the power of attorney. A power of attorney issued by the taxpayer who is a natural person to represent his interests and manage his affairs related to the tax payment, shall be certified in accordance with applicable law.

19.3. The tax representative shall have the rights set forth in this Code for taxpayers.

Article 191. Functions of regulatory authorities

191.1. Regulatory authorities have the following functions:

191.1.1. carry out administration of taxes, fee and duties;

191.1.2. monitor the timeliness of submission by payers of taxes and single social payments of statements (declarations, settlement and other documents relating to the calculation and payment of taxes, fees and duties) established by law and timeliness, accuracy and completeness of calculation and payment of taxes, fees and duties;

191.1.3. provide administrative services to the payers of taxes, fees and duties;

191.1.4. exercise control over the timelines established by law for payments in foreign currency, compliance with the procedure for cash deposit for further transfer (other than cash deposits by banks), compliance by business entities with mandatory requirements established by the legislation to ensure the payments for goods (services) with the use of electronic means of payment; over the procedure on cash payments for goods (services) and settlement transactions, as well as over availability of licenses for the types of economic activities subject to licensing in accordance with the law, and over trade patents obtained;

191.1.5. monitor compliance by the executive authorities of village councils with procedure for receipt and accounting taxes and fees from the taxpayers, timeliness and completeness of the remit of the amounts to the budget;

191.1.6. exercise control over the legality of budget refund of value added tax;

191.1.7. record and maintain records of taxpayers, persons engaged in transactions with goods under customs control, the taxable items and objects related to taxation, the differentiation of taxpayers;

191.1.8. ensuring accuracy and completeness of the registration of taxpayers and payers of the single payment, foreign economic entities, taxable items and objects related to taxation;
19.1.9. form and keep the State Register of Sole Proprietors — Taxpayers, Single Database on Taxpayers — Legal Entities, registers, maintenance if which is entrusted with regulatory authorities by law;

19.1.10. ensuring the maintenance of accounting of taxes, fees and duties;

19.1.11. provide a review of decisions of regulatory authorities of a lower level in the manner established by law;

19.1.12. decide issues of implementation of the compromise in accordance with the Customs Code of Ukraine;

19.1.13. the licensing of business entities for the production of alcohol, alcohol beverages and tobacco products, alcohol wholesalers, wholesale and retail trade in alcohol beverages and tobacco products and the control over production thereof;

19.1.14. exercise control in the production, trafficking and sale of excisable goods, control over their intended use, provide cross-sector coordination in this area;

19.1.15. provide control over the adoption of the declarations on the maximum retail prices of excisable goods (products) set by the producers or importer, and the generalization of the data indicated in such statements for organizing and monitoring the completeness of the calculation and payment of the excise tax;

19.1.16. implement measures to prevent and detect violations of law in the field of production and distribution of alcohol, alcohol beverages and tobacco products;

19.1.17. working to combat illegal production, transportation and sale of spirits, alcohol beverages and tobacco products;

19.1.18. organizing the work associated with the purchase of excise stamps, their storage, sale, sampling, for the purpose of examination of their equivalence and exercising control over availability of such marks on the bottles (containers) with alcohol beverages and packages (packs) of tobacco products during their transportation, storage and distribution;

19.1.19. monitor compliance of business entities that operate in the retail trade in tobacco products, with the requirements regarding the maximum retail price for tobacco products, established by producers or importers of such products;

19.1.20. monitor compliance by business entities engaged in wholesale or retail trade in alcohol beverages, with legal requirements for minimum wholesale selling or retail prices for such beverages;

19.1.21. organizing the work and supervising the application of seizure of property of the taxpayer who has tax debt, and / or suspending the expenditure transactions on his bank accounts;
19.1.22. carry repayment of the tax debt, collection of amounts not accrued on time and / or outstanding amounts of the single fee and other payments;

19.1.23. organizing identification, registration, preservation, evaluation and disposal of abandoned property and other property, which becomes the property of the state, as well as accounting, preliminary calculation, storage of property seized and forfeited for violation of the customs and tax laws;

19.1.24. exercise delays, instalment and the restructuring of liabilities and / or tax debt, arrears in the payment of a single fee, as well as a write offs of uncollectable tax debt;

19.1.25. develop and approve orders, instructions, regulations, forms, calculations, reports, declarations and other documents on matters within the competence of the regulatory authorities;

19.1.26. forecast, analyze the flow of taxes, fees and duties, by the Tax and Customs Code of Ukraine, the Law of Ukraine “On Collection and Accounting of a Single Fee for Compulsory State Social Insurance”, the sources of tax revenue, examine the impact of macroeconomic indicators, legislation, agreements for membership in international organizations and other international agreements of Ukraine related to the payment of taxes, duties, fees, and develop proposals to increase the volume and decrease the costs of the budget;

19.1.27. ensure the development, implementation and technical support of information technology systems and technologies, automation of procedures, in particular, the control over completeness and correctness of the completion of customs formalities, and organize the implementation of electronic services for business entities;

19.1.28. counsel on this Code, legislation on the payment of a single fee, and information services on taxation and other laws, enforcement of which is assigned to the responsibility of the regulatory authorities;

19.1.29. ensure information of the general public on the implementation of the state tax and customs policy;

19.1.30. develop proposals for projects of international treaties of Ukraine on taxation and ensure compliance with international treaties concluded;

19.1.31. consolidate the practice of application of legislation on taxation as well as legislation on payment of a single contribution, develop draft regulatory instruments;

19.1.32. organize interaction and exchange of information with the authorities of other states in accordance with the laws and international treaties of Ukraine, exercise international cooperation in tax and customs spheres;

19.1.33. submit to the central executive authority responsible for the formation and implementation of national tax and customs policy, and to the central executive authority implementing the state policy in the field of treasury service of the budget funds, reports,
and information on the collection of taxes, fees, payments, control levied by the regulatory authorities;

19.1.34. in cases specified by this Code and other laws of Ukraine, ensure determination of tax and financial obligations of taxpayers, application and timely recovery of punitive penalties (fines) provided for by law for violation of tax, foreign exchange and other laws, enforcement of which is assigned to the responsibility of the regulatory authorities;

19.1.35. take measures to identify, analyze and verify financial transactions that may be related to legalization (laundering) of proceeds from crime or financing of terrorism, according to the law;

19.1.36. provide other public authorities in the cases prescribed by law access to information from the databases of the central executive authority responsible for the formation and implementation of national tax and customs policy;

19.1.37. monitor and provide assistance in collecting the tax debt in international legal relations on request of the competent authorities of foreign states;

19.1.38. ensure the recovery of sums of arrears of business entities to the state (the Autonomous Republic of Crimea or the territorial community of the city) on loans (credits), attracted by the state (the Autonomous Republic of Crimea or the territorial community of the city) or against state (local) guarantees and loans from the budget in the manner established by this Code and other laws of Ukraine;

19.1.39. exercise department control and internal audit for compliance with regulatory requirements and the performance of official duties in regulatory authorities, enterprises, institutions and organizations that belong to the scope of their governance;

19.1.40. organize information and analytical support as well as automation of administrative processes;

19.1.41. provide the functions and powers conferred on the tax police units;

19.1.42. agree on decisions of the National Commission on Securities and Stock Market to establish features of fictitious securities issuer, as well as to establish the procedure for determining the issuer as the one having features of fictitious securities issuer;

19.1.43. review and approve financial plans of state-owned enterprises, joint stock companies, holding companies and other business entities with state ownership, as well as their subsidiaries, and monitor their performance as to indicators of settlements with the budget and state trust funds approved by the agreed financial plans;

19.1.44. provide digital signature services;

19.1.45. apply to courts in cases prescribed by law;

19.1.46. perform other functions determined by the laws of Ukraine.
Article 20. Rights of regulatory authorities

20.1. Regulatory authorities shall have the right to:

20.1.1. invite the payers of taxes, fees and duties, or their representatives to verify the correctness of calculation and timely payment of taxes, fees and duties, compliance with the requirements of other legislation, including legislation in the field of prevention and counteraction to legalization (laundering) of proceeds of crime or financing of terrorism, enforcement of which is assigned to the responsibility of the regulatory authorities. Written notice of such invitations are sent in accordance with Article 42 of this Code, no later than 10 calendar days prior to the invitation by registered mail, which shall contain the reasons for such invitation, the date and time when the taxpayer (representative of the taxpayer) is invited;

20.1.2. for the functions defined by law, receive from the taxpayers free of charge and in the manner prescribed by law, including charity and non-profit organizations of all forms of ownership, information, copies of documents, certified by the signature of the payer or the officer and bearing the seal (if any) as to financial and business activities, income, expenses of taxpayers and other information related to the calculation and payment of taxes, fees and duties, on compliance with the requirements of legislation, control over which is entrusted to the regulatory authorities, as well as financial and statistical reports in the manner and on the grounds specified by law;

20.1.3. receive from state agencies, local governments, enterprises, institutions and organizations of all forms of ownership and officials thereof, including the bodies ensuring the maintenance of relevant public registries (inventories), information, documents and materials;

20.1.4. carry out in accordance with the laws, verification and reconciliation of taxpayers (other than the National Bank of Ukraine), including after the customs control procedures and / or customs clearance;

20.1.5. receive from taxpayers, as well as the institutions of the National Bank of Ukraine, banks and other financial institutions, statements in the manner prescribed by the Law of Ukraine “On Banks and Banking Activity” and this Code, as well as statements and / or copies of documents on availability of bank accounts, and on the basis of the court judgment — information on the amount and turnover of the accounts, including non-receipt of foreign exchange earnings to be transferred by business entities on time;

20.1.6. during inspections, request and examine source documents used in accounting registers, financial, statistical and other reports related to the calculation and payment of taxes, fees and duties, compliance with the requirements of legislation, enforcement of which is assigned to the responsibility of the regulatory authorities;

20.1.7. receive from taxpayers, payers of the single fee and provide, within the limits prescribed by law, the documents in electronic form;

20.1.8. during inspections of individual taxpayers, as well as officers from the taxpayers — legal entities and payers of the single fee, audit identity documents as well as documents con-
firming the position of such officers and / or natural persons who actually carry out payment transactions;

20.1.9. require the conduct of audits of taxpayers being audited of the inventory of fixed assets, inventory items, cash withdrawal of balances of inventory items and cash. In the event of failure of the taxpayer (its officers, or persons performing cash payments and / or engaged in activities which are subject to licensing, patenting and / or certification) to carry out such inventory, or failure to audit the documents, copies thereof (where such documents are available), measures provided for in Article 94 of this Code are to be applied;

20.1.10. monitor compliance with the legislation on the regulation of circulation of cash (excluding banks), procedure established for the cash payments for goods (services), the availability of licenses for the types of economic activities which are subject to licensing in accordance with the law, trade patents, compliance with the procedure for receiving cash for subsequent transfer (other than a receipt of cash by banks), compliance by business entities with mandatory requirements established by the legislation to ensure the possibility of payment for goods (services) with the use of electronic means of payment;

20.1.11. exercised control payment transactions prior to inspection of the taxpayer in relation to its compliance with the order of the cash payment and use of payment transactions. Goods received by officials (officer) of regulatory authorities during the reference settlement transaction shall be refunded to the taxpayer intact. If unable to return such goods, reimbursement shall be provided in accordance with the legislation on the protection of consumers;

20.1.12. during the inspections, demand from officials or officers of taxpayer to engage authorised persons for the joint readings together with officials of regulatory authorities of internal and external meters install in technical devices used in the course of business being inspected;

20.1.13. for the time of inspections, have the access to the territories, premises (other than property of natural persons) and other property which is used for economic activities and / or is subject to taxation, or used to produce income (profit), or other facility which is associated with taxable item and / or may be the source of repayment of the tax debt;

20.1.14. in case of violation of the requirements of the tax or other laws of Ukraine, enforcement of which is assigned to the responsibility of the regulatory authorities, send written requests to the taxpayer as to duly certified copies of documents;

20.1.15. during inspections, require from managers and other officials of enterprises, institutions and organizations as well as individuals entrepreneur and natural persons engaged in independent professional activity, to eliminate violations of legislation;

20.1.16. for their official communications, use the equipment belonging to taxpayers, upon authorization or permission of the officers of such payers;

20.1.17. attract, if necessary, specialists, experts and interpreters;
20.1.18. determine the amount of tax liabilities of taxpayers in the manner prescribed by this Code;

20.1.19. apply to taxpayers punitive penalties (fines) established by law for violation of tax or other legislation, enforcement of which is assigned to the responsibility of the regulatory authorities; collect to the budgets of state funds the amounts of financial liabilities and/or tax debt in the cases and to the extent established by this Code and other laws of Ukraine; charge the amount of arrears from the payment of a single fee; charge the amount of arrears from the business entities to the state (the Autonomous Republic of Crimea or the territorial community of the city) on loans (credits), attracted by the state (the Autonomous Republic of Crimea or the territorial community of the city) or against state (local) guarantees and loans from the budget in the manner established by this Code and other laws of Ukraine;

20.1.20. receive free information necessary for the conduct of the Unified Register of tax invoices, formation of the information fund of the State register of individual taxpayers from the taxpayers, as well as from the National Bank of Ukraine and its institutions — on the amount of income paid to individuals, and taxes, fees and duties withheld from them; from the bodies authorised to carry out state registration of entities, issue licenses for types of economic activities subject to licensing in accordance with the law, — as to the state registration and licensing of business entities; from the bodies exercising registration of individuals, — as to natural persons who came to reside in certain location or moved from there; from the authorities exercising state civil registration — as to natural persons who have died; information necessary to ensure the registration and recording of taxpayers, taxable items and facilities related to taxation;

20.1.21. receive from statistics authorities data free of charge related to the use in the analysis of financial and economic activity of enterprises, institutions and organizations of all forms of ownership;

20.1.22. receive from the notaries upon the written request, information on the natural person with the right of accession to estate with the obligatory indication of complete data about such person and property data obtained by right of inheritance;

20.1.23. provide in accordance with the law of information, from the State Register of Individual Taxpayers and the State Register of Insurers, Public Authorities, the Pension Fund of Ukraine and the bodies of the funds of compulsory state social insurance;

20.1.24. receive from the bodies ensuring appropriate management of state registers (cadastrs), information necessary to exercise the power of regulatory authorities to ensure the repayment of the tax debt of the taxpayer. The deadline for information inquiries prepared by these bodies to written requests regulatory authorities may not exceed five working days of receipt of such requests;

20.1.25. decide to amend the principal place of registration and transfer of major taxpayers to registration with the regulatory authorities, exercising tax support of major taxpayers; remove them from the register and transfer to other regulatory agencies;
20.1.26. use information databases of public authorities, public, including governmental, communications systems and communications networks, special communications and other technical means in accordance with the law;

20.1.27. apply to financial institutions which failed to file to the appropriate regulatory authorities within the period of time established by law, a notice as to opening or closing of accounts of taxpayers or started to exercise expenditure transactions of the taxpayer prior to the notice sent to the relevant regulatory authority as to registration of account with such authority, the punitive penalties (fines) in the amount prescribed by this Code;

20.1.28. levy on banks and other financial institutions an interest fine of the court judgments and instruction of the taxpayers as to payment of taxes, fees and duties;

20.1.29. decide on instalment and deferred tax liabilities or debt, as well as to the write off uncollectable tax debt in the manner prescribed by law;

20.1.30. apply to the court, including filing lawsuits against enterprises, institutions, organizations and natural persons to recognize questioned transactions as null and void and to apply measures defined by law and related to the invalidation of transactions, as well as the recovery to the state revenue of the funds received under null and void contracts;

20.1.31. apply to the court to suspend of taxpayer expense transactions in the accounts of the taxpayer with the banks and other financial institutions (except for the salary payment transactions and payment of taxes, fees, single payment, as well as liabilities of the taxpayer determined by regulatory authority, and pay off of the tax debt), including when officials of regulatory authorities are not allowed to survey the areas and facilities;

20.1.32. apply to the court if the taxpayer impedes the tax administrator from exercising its powers specified in this Code, on the suspension of transactions in the accounts of the taxpayer by seizing the securities and / or cash and other valuables of such taxpayer held in the bank (except for the salary payment transactions and payment of taxes, fees, single payment, as well as liabilities of the taxpayer determined by regulatory authority, and pay off of the tax debt), and liabilities of such taxpayer to fulfil legal requirements of the tax authority envisaged under this Code;

20.1.33. apply to the court to confiscate the funds and other assets held in the bank, of the taxpayer who has a tax debt, in case if such taxpayer has no property and / or its carrying amount is less than the amount of the tax debt and / or the property cannot be a source of repayment the tax debt;

20.1.34. apply to the court for the recovery of money of the taxpayer who has a tax debt, from bank accounts serving such taxpayer, the amount of the tax debt or part thereof;

20.1.35. apply to the court to recover from the debtors of a taxpayer who has a tax debt, accounts receivable, matured and claims of which was assigned to the regulatory authority, to repay the tax debt of the taxpayer;
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20.1.36. apply to the court for calculation and payment of tax liabilities, adjust the negative value of the taxable item or of other indicators of tax accounts as a result of application of the regular price;

20.1.37. apply to the court for termination of the legal entity and termination of business activity of an individual entrepreneur and / or the invalidation of constituent (charter) documents of business entities;

20.1.38. apply to the court to withdraw the originals of source financial, economic and accounting documents in cases provided by this Code;

20.1.39. apply to the court to initiate bankruptcy proceedings;

20.1.40. apply to the court for sanctions relating to the prohibition of the organization and conduct of gambling in the territory of Ukraine;

20.1.41. to compose protocols on administrative violations and rule on cases of administrative violations as to individual taxpayers and officials of the corporate taxpayers in the manner prescribed by law;

20.1.42. analyze and manage risks in order to determine the form and amount of the tax and customs control;

20.1.43. exercise other powers provided by law.

Article 21. Duties and responsibilities of officials of the regulatory authorities

21.1. Officials of the regulatory authorities shall:

21.1.1. observe the Constitution and act only in accordance with this Code and other laws of Ukraine and other regulatory instruments;

21.1.2. ensure discharging of their regulators functions in a good faith;

21.1.3. ensure efficient transaction and fulfilment of the regulatory authorities in accordance with their competence;

21.1.4. prevent violations of the rights and lawful interests of natural persons, enterprises, institutions and organizations;

21.1.5. properly and attentively treat the taxpayers, their representatives and other participants of the relations arising from the implementation of the provisions of this Code and other laws, not humiliate their honour and dignity;

21.1.6. prevent the disclosure of classified information which received, used and stored in the implementation of the functions conferred on the regulatory authorities;
21.1.7. provide public authorities and local authorities upon their written request an open tax information in the manner prescribed by law.

21.2. For the failure or improper performance of their duties, regulatory authorities shall bear responsibility established by law.

21.3. Damage caused by illegal actions of officials of the regulatory authorities, shall be subject to compensation at the expense of the state budget allocated to such regulatory bodies.

Article 22. Taxable items

22.1. The taxable item may be a property, goods, income (profit) or a part of turnover from the sale of goods (works, services), transactions of the supply of goods (work, services), and other items defined by tax laws, the presence of which is related by the tax legislation to the emergence of the payer’s tax obligations.

Article 23. The tax base

23.1. The tax base is defined as specific costs, physical or other characteristics of a particular taxable item.

The tax base is the physical, cost, or other characteristic expression of the taxable item, to which the tax rate is applied and which is used to determine the amount of tax liability.

23.2. The tax base and procedure for determination thereof is established by this Code for each tax separately.

23.3. In the cases provided by this Code, one taxable item may form several tax bases for different taxes.

23.4. In the cases provided by this Code, specific cost, physical or other characteristics of a particular taxable item may be the tax base for different taxes.

Article 24. Measurement unit of the tax base

24.1. Measurement unit of the tax base is defined as specific cost, physical or other characteristics of the tax base or part thereof to which the tax rate is applicable.

24.2. Measurement unit of the tax base is the same for calculation and accounting of the tax.

24.3. One measurement unit of the tax base corresponds to one tax base.

Article 25. Tax rate

25.1. Tax rate is the amount of tax accrued on (from) the measurement unit (s) of the tax base.
Article 26. Basic tax rate

26.1. Basic tax rate is defined as the rate determined as such for the individual tax by the relevant section of the Code.

26.2. In the cases provided by this Code, for the calculation of the same tax several basic tax rates can be used.

Article 27. Marginal tax rate

27.1. Marginal rate of tax is defined as the maximum or minimum rate for certain taxes established by this Code.

Article 28. Absolute and relative tax rates

28.1. Absolute (specific) tax rate is the tax rate, according to which the amount of tax liability is set as a fixed value with respect to each measurement unit of the tax base.

28.2. The relative (ad valorem) tax rate is the tax rate, according to which the amount of tax liability is established as a percentage or a multiple ratio of a measurement unit of the tax base.

Article 29. Calculation of the tax amount

29.1. Calculation of the tax amount is exercised by multiplying the tax base on the tax rate with / without applying the relevant index.

29.2. Specific rates, fixed rates and indicators established by this Code in value term are subject to indexation in the manner specified in this Code.

Article 30. Tax concessions

30.1. The tax concession is an exemption from the obligation of the taxpayer provided by tax and customs legislation as to the accrual and payment of taxes and fees, as well as payment of a tax in smaller amount for reasons specified in Paragraph 30.2 of this Article.

30.2. The grounds for granting tax concessions refer to the features that characterize a certain group of taxpayers, type of their activities, the taxable item or the nature and public value of the costs they incur.

30.3. A taxpayer may use the tax concession from the moment the relevant grounds for its use occur and for the duration thereof.

30.4. Taxpayer has the right to refuse from the use of tax concession or suspend the use thereof for one or more fiscal periods unless otherwise provided in this Code. Tax concessions not used by the taxpayer cannot be transferred to other tax years, offset against future payments of taxes and fees or reimbursed from the budget.
30.5. Tax concessions, procedures and grounds therefor are determined only by this Code decisions of the Verkhovna Rada of the Autonomous Republic of Crimea and local self-government, adopted in accordance with this Code, taking into account the requirements of the legislation of Ukraine on protection of economic competition.

30.6. The amounts of tax and fee not paid to the budget by the business entity due to tax concessions are accounted for by such entity — the taxpayer. Accounting for these funds is conducted in the manner specified by the Cabinet of Ministers of Ukraine.

30.7. Regulatory authorities prepare summary information of the amount of tax concessions of legal entities and individual entrepreneurs and determine the losses of revenues due to tax concessions.

30.8. Regulatory authorities shall exercise control over the correctness of accounting and tax concessions, as well as their intended use, subject to the legislative definition of the use (for conditional tax concessions) and timely return of funds not paid to the budget as a result of the tax concessions if provided on a recovery basis. Tax concession used for other purposes or not returned not time, are returned to the appropriate budget with an interest fine imposed in the amount of 120 percent annual discount rate of the National Bank of Ukraine.

30.9. The tax benefit is provided by:

a) tax rebate (deduction) that reduces the tax base for calculation and collection of the tax;

b) reduction of a tax liability after tax charges and fees accrued;

c) establishment of a reduced rate of tax and fee;

d) exemption from taxes and duties.

**Article 31. Tax and fee payment period**

31.1. Tax and fee payment period is defined as the period commencing from the date of occurrence of the tax debt of the taxpayer to pay a specific type of the tax and ends on the last day of the period within which such tax or fee is to be paid in the manner specified by the tax legislation. A tax or a fee that has not been paid within the prescribed period is to be deemed not paid on time.

The time of creation of the taxpayer's tax debt, including of a tax agent, is determined by the calendar date.

31.2. Tax and fee payment period and collection of the tax is calculated in years, quarters, months, decades, weeks, days, or by the event, which should arise or occur.

31.3. Tax and fee payment period is to be determined in accordance with the tax laws of each tax separately. Changing by the taxpayer or a tax agent or by a representative of the taxpayer
or by a regulatory authority of a due date for tax and fee payment and collection is prohibited, except as provided in this Code.

**Article 32. Revision of a due date for tax and fee payment**

32.1. Revision of a tax and fee payment period is to be effected by extension established by the tax legislation of a due date for tax and fee payment and collection or part thereof to a later date.

32.2. Revisions of a due date for tax payment is exercised in a form of:

extension;

instalments;

Paragraph deleted.

32.3. Revision of a tax and fee payment period does not cancel the existing and does not create a new tax liability.

**Article 33. Tax period**

33.1. Tax period is defined as the period specified in this Code, taking account of which the calculation and payment of certain taxes and fees is exercised.

33.2. The tax period may consist of several periods.

33.3. Basic tax (reporting) period is the period for which the taxpayer is required to make payments of taxes, file tax declaration (reports, calculations) and pay to the budget the amount of taxes and fees, except as provided in this Code, when the regulatory authority is obliged to determine the amount of tax liability of the taxpayer.

**Article 34. Types of a tax period**

34.1. The tax period may be determined in:

34.1.1. calendar year;

34.1.2. six calendar months;

34.1.3. three calendar quarters;

34.1.4. calendar quarter;

34.1.5. calendar month;

34.1.6. calendar day.
Article 35. Tax and fee payment procedure

35.1. Tax and fee payment is carried out in a monetary form in the national currency of Ukraine, except as provided in this Code or the law on customs issues.

35.2. Tax and fee payment is carried out in cash or non-cash form, except as provided in this Code or the law on customs issues.

35.3. Tax and fee payment procedure is established by this Code or the law on customs issues for each tax separately.

Article 36. Tax liability

36.1. Tax liability is defined as a duty of the taxpayer to calculate, declare and / or pay the amount of taxes and duties in the manner and time specified in this Code and laws on customs procedures.

36.2. The payer has tax liability arising from for each tax and fee.

36.3. The tax liability is unconditional and of a first priority as to other non-tax obligations of the taxpayer, except as required by law.

36.4. Execution of tax liability may be carried out by the taxpayer in person or through a representative or a tax agent.

36.5. Responsibility for any failure to perform or improper performance of the tax liability shall be borne by the taxpayer, except for the cases specified by this Code or the law on customs procedures.

Article 37. Emergence, change and termination of a tax liability

37.1. Reasons for occurrence, change and termination of tax liability, terms and conditions of its implementation are established by this Code or the law on customs procedures.

37.2. Tax liability arises for a taxpayer from occurrence of the circumstances which are connected by this Code and the laws on customs procedures to payment of the tax by the taxpayer.

37.3. The grounds for termination of the tax liabilities, except for its implementation, are the following:

37.3.1. liquidation of a legal entity;

37.3.2. death of a natural person, recognizing him as incapable or missing person;

37.3.3. loss by a person of the taxpayer features as defined herein;

37.3.4. abolition of tax liability in a way envisaged by law.
Article 38. Fulfilment of tax liability

38.1. Fulfilment of tax liability is defined as full payment of the relevant amounts of taxpayer liabilities within the time period established by the tax legislation.

38.2. Payment of tax and fee is performed directly by the taxpayer, and in the cases provided by the tax law — by a tax agent or representative of the taxpayer.

38.3. The method, manner and terms of tax liability are established by this Code and the law on customs procedures.

Article 39. Transfer pricing

39.1. Principles of transfer pricing

39.1.1. Tax control over transfer pricing provides for the adjustment of tax liability of the taxpayer to the level of tax liabilities, calculated subject to compliance with commercial and / or financial conditions of regulated commercial transactions and / or financial conditions that occurred during the implementation of comparable transactions under this Article, the parties to which are not related persons.

39.1.2. Price determination in the implementation of regulated transactions is carried out by the methods set forth in paragraph 39.3 of this Article, in order to verify the correctness, completeness of calculation and payment of the income tax of enterprises and value added tax.

39.1.3. For tax purposes, the price in a regulated transaction is defined as standard, unless the central executive authority responsible for the formation and implementation of national tax and customs policy proves otherwise or the taxpayer used the price stated in the agreement on the mutual agreement of prices in the implementation of regulated transactions, the procedure for conclusion of which is defined by paragraph 39.6 of this Article, and the price specified in such agreement cannot be appealed in the manner prescribed by this Code.

39.1.4. If the taxpayer in carrying out regulated transaction applies the prices which do not match the level of the regular prices of the goods (works, services), and if as a result of such discrepancy undervaluation of tax liability occurs, the taxpayer has a right to make an adjustment of tax liabilities and tax amounts paid in accordance with sub-clause 39.5.4 of this Article.

39.2. Regulated transactions

39.2.1. For the purposes of this Code regulated transactions refer to:

39.2.1.1. business transactions on purchase (sale) of goods (works, services) exercised by taxpayers with related parties — non-residents;

business transactions on purchase (sale) of goods (works, services) exercised by taxpayers with related persons — residents who:
declared negative value of the taxable item for income tax for the preceding tax (reporting) year;

apply special tax regimes at the beginning of the tax (reporting) year;

pay corporate income tax and / or value added tax at different rates than the basic rate, established in accordance with this Code, as of the beginning of the tax (reporting) year;

were not the payers of corporate income tax and / or value-added tax at the beginning of the tax (reporting) year;

39.2.1.2. transactions where one of the parties is a non-resident, registered in the state (the territory) where the income tax (corporate tax) rate is by 5 and more percent lower than in Ukraine, or who pays income tax (corporate tax) at the rate that is by 5 or more percent lower than in Ukraine. The list of such states (territories) is approved by the Cabinet of Ministers of Ukraine. This list of states (territories) is annually published by central executive authority responsible for formation and implementation of the national tax and customs policy in official publications and on the official website indicating income tax (corporate tax) rates. Information on changes in rates should be published within three months from the date of such change.

39.2.1.3. If in the state (territory) of registration of such non-resident more than one rate of income tax (corporate tax) is established, the taxpayer submits a statement (or certified copy thereof) confirming the income tax rate (corporate tax) established in the state of its registration and selected by such non-resident, to the central executive authority responsible for the formation and implementation of national tax and customs policy, within the terms defined in sub-clause 39.4.2 of this Article as to filing the report of the regulated transactions.

39.2.1.4. Transactions referred to in paragraphs 39.2.1.1 and 39.2.1.2 of this Article shall be recognised as regulated ones, provided that the total amount of transactions exercised by the taxpayer with each counterparty is equal to or exceeds 50 million hryvnias (excluding VAT) for the relevant calendar year.

39.2.2. A comparison of commercial and financial conditions of transactions

39.2.2.1. To determine the amount of revenues and / or costs incurred in the implementation of the regulated transaction, taxpayers and the central executive authority responsible for the formation and implementation of national tax and customs policy, conduct a comparison of such regulated transaction with other transactions, the parties to which are not related parties.

39.2.2.2. For the purposes of this Code, transactions are recognised as comparable, if they are carried out under the same commercial and / or financial conditions as for regulated transaction.

39.2.2.3. Such conditions can be considered comparable only if the difference between them does not have any significant impact on the transaction or can be eliminated by adjusting the conditions and / or the results of comparable or regulated transaction.
39.2.2.4. When determining comparability of transactions and in order to adjust their commercial and/or financial conditions, the following elements of regulated and comparable transactions are analyzed:

- Goods (works, services), which are the subject of the transaction;
- Functions performed by the parties to the transaction, the assets used, conditions for distribution between the parties of risks and benefits, distribution of responsibilities between the parties to the transaction and other conditions of the transaction (hereinafter — the “functional analysis”);
- The practice of relations and conditions of contracts between the parties to the transaction, which substantially affect the price of goods (works, services);
- Economic conditions of the parties to the transaction, including analysis of the relevant markets for goods (works, services) that significantly affect the prices of goods (works, services);
- Business strategies of the parties to the transaction (if any), which substantially affect the price of goods (works, services).

39.2.2.5. Determining comparability of commercial and/or financial conditions of a transaction with conditions of a regulated transaction is carried out on the results of the analysis of:

- Characteristics of the goods (works, services);
- The quantity of goods, volume of works (services);
- Timing of business obligations;
- Payment terms during the transaction;
- Official exchange rate of the hryvnia to foreign currencies established by the National Bank of Ukraine, in the case of such currency used in settlements during the transaction or changes in the rate;
- Amount of usual allowances or discounts to the price of goods (works, services), in particular discounts due to seasonal and other fluctuations in consumer demand for goods (works, services), loss of consumer qualities of goods, end (approaching expiration) of storage time (term of use, sell by date), sales of illiquid or less liquid products;
- Distribution of rights and obligations between the parties, as determined in the functional analysis.

39.2.2.6. Analysis of the functions performed by the parties to the transaction, in determining the comparability of commercial and/or financial conditions of transactions with terms and conditions of regulated transaction shall be performed taking into account tangible and intangible assets held by the parties to the transaction and used for procuring a receipt.
These functions, in particular, include:

design and development of technological products;
production of goods;
preparation of products or components thereof;
assembly and / or installation of equipment;
conduct research, development and design work;
purchase of the commodities and materials;
implementation of the wholesale or retail sale;
providing repair, warranty service;
marketing, advertising of goods (works, services);
storage of goods;
transportation of goods;
insurance;
providing advice and information services;
accounting;
legal services;
provision of personnel;
providing agents, trustees, commission and other such intermediary services for the sale of goods (works, services);
implementation of quality control;
education and / or training, re-training or staff development;
organization of marketing of goods (works, services) with the involvement of third parties who have relevant work experience;
implementation of strategic management, including definition of price policy, strategy, production and sale of goods (works, services) sales volumes and assortment of goods (works, services), their consumer qualities, and implementation of transactional management.
39.2.2.7. In determining the comparability of commercial and/or financial conditions of comparable transactions under regulated transactions, the risks of the parties to the transaction associated with economic activities that affect the terms of the transaction are also taken into account, in particular:

- transactional risks, including the risk of incomplete utilization of production capacity;
- risk of changes in market prices for materials purchased and products manufactured due to changes in economic conditions and other market conditions;
- risk of impairment of inventories, loss of consumer qualities of goods;
- risks associated with the loss of property or property rights;
- risks associated with changes in the official exchange rate of hryvnia to foreign currencies by the National Bank of Ukraine, interest rates, and credit risks;
- risks associated with the lack of scientific—research and development—design work;
- investment risks associated with potential financial losses as a result of errors made when making investments, including the selection of the investee;
- risk of environmental harm;
- entrepreneurial (commercial) risks associated with implementation of strategic management, including pricing policy and strategy for the production and sale of goods (works, services);
- risk of reduction in consumer demand for goods (works, services).

39.2.2.8. In determining the comparability of commercial and/or financial conditions of comparable transactions under regulated transactions, analysis of the characteristics of markets for goods (works, services) is conducted, where such transactions are carried out. In this case, the differences in the characteristics of these markets must not have a significant impact on commercial and/or financial conditions of transactions that are carried out, or such differences should be taken into account in the implementation of appropriate adjustments.

39.2.2.9. In determining the comparability of the characteristics of markets for goods (works, services) the following factors are taken into account:

- geographical location of markets and size thereof;
- existence of competition in the markets, the relative competitiveness of buyers and sellers in the market;
- presence in the market of homogeneous (similar) goods (works, services);
- supply and demand in the market, as well as the purchasing power of consumers;
level of state regulation of market processes;
level of production and transport infrastructure;
other market characteristics that affect the price of goods (works, services).

39.2.2.10. In determining the comparability of commercial and / or financial conditions of comparable transactions under regulated transactions, analysis of the business strategies of parties to the transactions is conducted, which include, for example, policies to update and improve their products, entering new markets for goods (works, services).

39.2.2.11. In case the parties to the transaction have loan agreements (loan contracts), agency contracts or guarantee agreement, that affect the price of goods (works, services), in determining the comparability of commercial and / or financial conditions of comparable transactions under regulated transactions the following is taken into account:

credit history;
information on performance of the obligations under loan agreements;
paying capacity of the person who gets the loan and of the person who provides the guarantee for obligations;
the nature and the market value of performance of the obligation;
period for which the credit (loan) is granted;
currency in which the credit (loan) is granted;
interest rate (fixed or variable) on the credit (loan), procedure for determination thereof;
other conditions affecting the rate of interest (remuneration) under the contract. Such other conditions must also be taken into account when determining the comparability of commercial and / or financial conditions of comparable transactions under regulated transactions on the loan, deposit guarantee, bank guarantee, warranty or other financial services (in the determination of regular price for the financial services provided (received) by the taxpayer).

39.2.2.12. Upon review of the terms of comparable transactions, taxpayers and the central executive authority responsible for the formation and implementation of national tax and customs policy carry out the adjustment of conditions and / or the results of comparable or regulated transactions on the basis that:

revenues of parties to the transaction that are not related parties which consist of the income from the assets, taking into account the risks associated with economic activities in the economic conditions prevailing in the market of goods (works, services), and reflect the functions performed by each party to the transaction in accordance with terms of the contract;
additional functions and / or assets that can significantly affect the level of income and are performed or involved in the implementation of the transaction, adoption of additional business risks in line with the business strategies of the parties to the transaction (assuming all other conditions remain unchanged) entails an increase in the income level planned to be obtained by this transaction.

39.3. Methods for determination of prices in regulated transactions

39.3.1. Determining the price for tax purposes as to the income (profit, revenue) of taxpayers who are parties to the regulated transaction is carried out by one of the following methods:

39.3.1.1. comparative unregulated price (comparable sales) method;
39.3.1.2. the resale price method;
39.3.1.3. “Cost-plus” method;
39.3.1.4. Net profit method;
39.3.1.5. method of distribution of profits.

When choosing the method used to determine the price of a regulated transaction completeness and accuracy of the output data must be taken into account, as well as validity of the adjustments carried out to ensure the comparability of conditions for regulated and comparable transactions.

Combination of two or more of the methods provided for in this sub-clause is allowed.

The taxpayer uses any method that he reasonably considers as the most appropriate, however, in the case where there is a possibility of application of both the method of comparative unregulated pricing (comparable sales) and any other method, the method of comparative unregulated pricing shall be applied (comparable sales).

The method for determining the price of insurance rate is approved by the National commission that exercises the state regulation of the financial services, pursuant to the provisions of this Article.

Methods for determining the price of banking services is approved by the National Bank of Ukraine and the central executive authority responsible for the formation and implementation of national tax and customs policy, based on the provisions of this Article.

39.3.2. Margin performance, market range of profitability and of market price range

39.3.2.1. To apply method specified in sub-clause 39.3.1.1 of this Article, market price range is calculated.

39.3.2.2. To apply methods specified in sub-clause 39.3.1.2–39.3.1.4 of this Article, market range of profitability is calculated.
39.3.2.3. To apply method specified in sub-clauses 39.3.1.5 of this Article, market price range and / or market range of profitability is calculated.

39.3.2.4. Procedure of calculation and application of the market price range and market range of profitability is approved by the Cabinet of Ministers of Ukraine.

39.3.2.5. In determining for the purposes of taxation the level of profitability of regulated transactions the following financial results can be used:

a) gross margin defined as the ratio of gross profit to net income (revenue) from the sale of goods (works, services), calculated excluding excise taxes, duties, value added tax and other taxes and fees;

b) the self-cost gross margin is defined as the ratio of gross profit to the self-cost of goods sold (works, services);

c) net margin defined as the ratio of profit from operating activities to the net income (revenue) from the sale of goods (works, services), calculated excluding excise taxes, duties, value added tax and other taxes and fees;

d) net self-cost margin is defined as the ratio of profit from operating activities to total cost of sales of goods (works, services) and operating expenses (administrative expenses, marketing, etc.) related to the sale of goods (works, services);

e) net profit margin of operating expenses defined as the ratio of gross margin to operating expenses (administrative expenses, marketing, etc.) related to the sale of goods (works, services);

f) return on assets defined as the ratio of profit from operating activities to the current market value of current and capital assets (excluding current financial investments and cash as well as cash equivalents) that are directly or indirectly used in the regulated transaction. In case of lack of information about the current market value of the assets, the return on assets may be determined on the basis of financial statements;

g) return on equity, which is defined as the ratio of profit from operating activities to capital (the sum of current and capital assets, except for the current financial investments and cash as well as cash equivalents, in addition to current liabilities).

39.3.2.6. Profitability performance for the purposes of this Article shall be based on the accounting records and financial statements, as reflected by national regulations (standards) or international accounting standards in accordance with the Law of Ukraine “On Accounting and Financial Reporting in Ukraine.”

39.3.2.7. In determining the market value of the range of profitability, margin performance is used determined by the results of at least three comparable transactions, including those exercised by the taxpayer, provided that such transactions were carried out with persons who are not related parties.
39.3.2.8. In case of application of the methods specified in sub-clauses 39.3.1.2–39.3.1.4 of this Article, the choice of the party of the regulated transaction is being made as to which the use of such methods is the most reasonable and as to which it is possible to make the most reasonable conclusion on the comparability of such regulated transaction with transactions in accordance with sub-clause 39.2.2 of this Article the parties to which are the related parties. In this case, such a choice should be made in accordance with the functions performed by each party of the regulated transactions assets used in implementation of regulated transactions and economic (commercial) risks received that are associated with implementation of such transaction. For the purpose of applying such methods, minimum and maximum range of market profitability are defined, which are calculated on the basis of profitability performance.

39.3.2.9. When determining the market a range of profitability, one shall use information available at the time of the regulated transaction and / or information for the reporting tax period (year) in which the regulated transaction is carried out, and / or previous periods (years) preceding the tax period (year) of implementation of the regulated transaction.

39.3.2.10. In order to ensure comparability of profitability performance, in determining the market range of profitability, individual performance adjustment is carried out as to the financial statements of the taxpayer, taking into account conditions for regulated and comparable transactions.

39.3.3. The method of comparative unregulated price (comparable sales)

39.3.3.1. The method of comparative unregulated price (comparable sales) is based on a comparison of prices of goods (works, services) applied at a regulated transaction, with a range of market prices of identical (and in their absence — homogeneous) goods (works, services) in comparable transactions.

39.3.3.2. To determine the market price range of goods (works, services) in accordance with the method of comparative unregulated price (comparable sales), one uses information about the sales contract concluded and implemented by the taxpayer or the other parties as to the sale of identical (or in their absence — homogeneous) goods (works, services) in comparable conditions in the relevant market of goods (works, services).

In this case, the following features are taken into account:

characteristics of the goods (works, services);

quantity (volume) of goods (works, services);

volume of functions performed by the parties;

equal allocation between the parties of risks and benefits;

terms of performance of obligations;

payment conditions common in such transactions;
characteristics of the market of goods (works, services) where the transaction is exercised;
business strategy (if any);
other objective conditions that may affect the price.

39.3.3.3. Market conditions for identical (or in their absence — homogeneous) goods (works, services) shall be deemed comparable if the difference between these conditions did not significantly affect the price or is economically feasible.

39.3.3.4. Market price range is determined on the basis of available information on prices, applied during the period analyzed, or information on the date nearest to the date of the regulated transaction.

39.3.3.5. If the only information available relates to one comparable transaction, the subject of which are identical (and in their absence — homogeneous) goods (works, services), the cost of a comparable transaction may be declared as the minimum and maximum value of the range of market prices at the same time only if the conditions for such transaction are fully comparable with the terms of the regulated transaction or with the appropriate adjustments that ensures full compatibility of these conditions, and also provided that the seller of the goods (works, services) in a comparable transaction does not hold a monopoly position in the market of identical (homogeneous) goods (works, services).

39.3.3.6. If the price established in the implementation of the regulated transaction is within the range of market prices determined in accordance with the provisions of sub-clause 39.3.3 of this Article, for tax purposes, it is recognised that the price corresponds to the regular price.

39.3.3.7. If the price in a regulated transaction is less than the minimum value of the market price range determined in accordance with the provisions of sub-clause 39.3.3 of this Article, for tax purposes, the price that corresponds to the minimum market price range applies.

39.3.3.8. If the price in a regulated transactions exceeds the maximum value of the market price range determined in accordance with the provisions of sub-clause 39.3.3 of this Article, for tax purposes, the price that corresponds to the maximum market price range applies.

39.3.3.9. For tax purposes, application of the minimum or maximum value of the market price range in accordance with paragraph 39.3.3 of this Article shall be done so that it will not lead to a decrease in the amount of tax payable to the budget.

39.3.4. Resale price method

39.3.4.1. Resale price method is a method of determining if the price of goods (works, services) of the regulated transaction corresponds to the regular price, which refers to comparing the gross margin of the regulated transaction, resulting in the further sale (resale) of goods (works, services) purchased in a regulated transactions with the market range gross margin as defined in the manner prescribed in sub-clause 39.3.2 of this Article.
39.3.4.2. Resale price method is used to determine the price of goods for which goods are purchased in the implementation of the regulated transactions and resold to unrelated parties. Resale price method is also used if during the resale of goods, the following transactions are exercised:

- preparation of goods for resale and transportation (division of the goods to lots, commissioning of deliveries, sorting and repackaging);
- mixing the goods, if characteristics of the final product (semi-finished products) do not significantly differ from the characteristics of the mixed product.

39.3.4.3. If the gross margin of the regulated transaction is within the market range of gross margin as determined in the manner prescribed in sub-clause 39.3.2 of this Article, for tax purposes, the price of goods of the regulated transaction is recognised as corresponding to the regular price.

39.3.4.4. If the gross margin of the regulated transactions is less than the minimum value of the market range of gross margin as determined in the manner prescribed in sub-clause 39.3.2 of this Article, for the tax purposes, the price which is determined on the basis of the actual price of the subsequent sale of goods and gross margin and which corresponds to the minimum market range of gross margin, is taken into account.

39.3.4.5. If the gross margin of the regulated transaction exceeds the maximum value of the market range of gross margin as determined in the manner prescribed in sub-clause 39.3.2 of this Article, for tax purposes, the price which is determined on the basis of the actual price of the subsequent sale of goods and gross margin and which corresponds to the maximum market range of gross margin, is taken into account.

39.3.4.6. Application for tax purposes, of the minimum or maximum value of the market range of gross margin in accordance with paragraph 39.3.4 of this Article shall be done so that it will not lead to a decrease in the amount of tax payable to the budget.

39.3.5. The “cost-plus” method

39.3.5.1. The “cost-plus” method is a method of determining if the price of goods (works, services) of the regulated transactions corresponds the regular price, which refers to comparing the self-cost gross margin of the regulated transaction with the market range of self-cost gross margin of comparable transactions identified in the manner prescribed in sub-clause 39.3.2 of this Article.

39.3.5.2. The “cost-plus” method is applied in particular, for:

- performance of works (provision of services) to persons who are associated with the recipients of such works (services);
- sale of goods, raw materials or semi-finished products under contracts concluded between related parties;
sale of goods (works, services) under long-term agreements (contracts) concluded between related parties.

39.3.5.3. If the self-cost gross margin of the regulated transaction is within the range of market self-cost gross margin determined in the manner prescribed in sub-clause 39.3.2 of this Article, it is recognised for tax purposes that the price of goods (works, services) of the regulated transaction corresponds to the regular price.

39.3.5.4. If the self-cost gross margin of the regulated transactions is less than the minimum value of the market range of self-cost gross margin, determined in the manner prescribed in sub-clause 39.3.2 of this Article, for tax purposes the price which is determined on the basis of the actual self-cost of goods (works, services) and gross self-cost margin and which corresponds to the minimum market range of the self-cost gross margin, is taken into account.

39.3.5.5. If the self-cost gross margin of the regulated transaction exceeds the maximum value of the market range of self-cost gross margin, determined in the manner prescribed in sub-clause 39.3.2 of this Article, for tax purposes the price which is determined on the basis of the actual self-cost of goods (works, services) and gross self-cost margin and which corresponds to the maximum market range of the self-cost gross margin, is taken into account.

39.3.5.6. Application for tax purposes of the minimum or maximum value of the market range of self-cost gross margin in accordance with paragraph 39.3.5 of this Article shall be done so that it will not lead to a decrease in the amount of tax payable to the budget.

39.3.6. Net profit method

39.3.6.1. The net profit method is based on comparison of the net profit margin of the regulated transaction with a market range of profitability in comparable transactions, as defined in the manner prescribed in sub-clause 39.3.2 of this Article.

39.3.6.2. Calculation of the most appropriate performance of profitability in the regulated transaction (or in a number of regulated transactions in the case where certain transactions are so related that cannot be adequately evaluated separately) shall be performed by the taxpayer according to sub-clause 39.3.2 of this Article.

39.3.6.3. The method of the net profit is used, in particular, in the case of absence or insufficient information on the basis of which it is possible to make a reasonable conclusion of a sufficient level of comparability of commercial and / or financial conditions of regulated and comparable transactions using the methods specified in sub-clauses 39.3.4 and 39.3.5 of this Article.

39.3.6.4. If the margin of the regulated transaction is within the market range of profitability, as defined in the manner prescribed in sub-clause 39.3.2 of this Article, it is recognised for tax purposes that the price of goods (works, services) of the regulated transaction corresponds to the regular price.

39.3.6.5. If the margin of the regulated transaction is less than minimum value of the market range of profitability determined in the manner prescribed in sub-clause 39.3.2 of this Ar-
ticle, for tax purposes the price which is determined on the basis of profitability and which corresponds to the minimum value of the market range of profitability, is taken into account.

39.3.6.6. If the margin of the regulated transaction exceeds the maximum market range of profitability determined in the manner prescribed in sub-clause 39.3.2 of this Article, for tax purposes the price which is determined on the basis of profitability and which corresponds to the maximum value of the market range of profitability, is taken into account.

39.3.6.7. Application for tax purposes of the minimum or maximum value of the market range of profitability in accordance with paragraph 39.3.6 of this Article shall be done so that it will not lead to a decrease in the amount of tax payable to the budget.

39.3.7. The method of profit distribution

39.3.7.1. The method of profit distribution refers to comparing the actual distribution of the total profit received between the parties of the regulated transaction with distribution of profit performed under economically sound basis between unrelated parties.

39.3.7.2. If the parties of the regulated transactions whose total income is to be distributed subject to the provisions of sub-clause 39.3.7 of this Article, maintain accounting records and financial statements on the basis of various forms and methods of accounting, for the purposes of applying the method of profit distribution, accounting and financial reporting should be brought into line with the same methodological basis of accounting.

39.3.7.3. Method of profit distribution is used, in particular, in case of:

significant connection between the regulated transactions and other transactions undertaken by the parties of regulated transactions with related parties;

parties of regulated transactions own or use the property the rights to intangible assets that have a significant effect on the level of profitability.

39.3.7.4. The distribution of profit between the parties of regulated transactions is conducted on the basis of calculation of their contribution to the total profit in accordance with the criteria that are based on objective data and are confirmed by information in comparable transactions and / or internal data of parties of the regulated transactions in accordance with each of their functions used in the implementation of the regulated transactions and assets used in implementation of regulated transactions and economic (commercial) risks received that are associated with implementation of such transaction.

39.3.7.5. In applying the method of profit distribution between the parties of regulated transactions, gross profit or net profit of all parties of such transactions during the analysed period is distributed.

39.3.7.6. For the purposes of sub-clause 39.3.7 of this Article, the total profit of all parties of regulated transaction is the amount of profit from such regulated transactions of all parties of regulated transactions for the period analysed. In this case, the net income (loss) is defined as
the difference between the gross profit (loss) received as a result of the regulated transactions and the amount of estimated profit (loss) of the parties of the regulated transactions.

39.3.7.7. Estimated profit (loss) is defined on the basis of the methods specified in sub-clauses 39.3.1.1–39.3.1.4 of this Article, for each person who is a party of regulated transactions, based on the market price range of goods (works, services), or the profitability performance of each party taken into account the functions performed by such party, assets used and accepted commercial risks that are common for comparable transactions.

39.3.7.8. Determination of the final value of profit (loss) of each party regulated transactions is calculated by adding the appropriate estimated profit (loss) and net income (loss).

39.3.7.9. For distribution between parties of regulated transactions of gross and net profit (loss) of all parties of the transaction mentioned the following factors are taken into account:

- the amount of expenses incurred by each party of regulated transactions in connection with the creation of intangible assets, the use of which affects the size of the actual profit (loss) from regulated transactions;
- characteristic of the personnel involved by each party of regulated transactions, including its quantity and qualification; time spent by the staff, the amount of labour costs, affecting the size of the actual profit received (loss incurred) by each party of regulated transactions;
- market value of assets used by each party of regulated transactions that affected the amount of the actual profit (loss) of regulated transactions;
- other indicators related to the functions, use of the assets, commercial risk accepted and the actual profit received (loss incurred) by each side of the regulated transactions.

39.3.7.10. Distribution of gross income (loss) or net income (loss) between the parties of regulated transactions can be carried out with taking into account the discounted cash flows of the parties of regulated transactions for the planned duration of business and is applied in the case of:

- exercise of regulated transactions at the stage of entering the market of the goods (works, services);
- forecasting cash flows of parties of regulated transactions as part of life cycle calculation of the goods (works, services);
- evaluation of capital investment and duration of the sale of goods (works, services) with a high degree of accuracy.

39.3.7.11. Distribution of profits between the parties of regulated transactions in proportion to the distribution of profit between parties of comparable transaction carried out if information on the distribution of the amounts of profit (loss) on such transactions is available, as well as subject to the following conditions:
accounting data of the parties of regulated transactions must be comparable to the accounting records of the parties (including by implementing the necessary adjustments);

total gross margin of parties of regulated transactions must not be significantly different from the total gross margin of parties of comparable transactions (including through the implementation of the necessary adjustments).

39.3.7.12. If the profit received by the party of regulated transactions is equal to profit calculated for that party in accordance with the method of profit distribution (or exceeds such amount), or if the loss suffered by the said party is equal to the loss calculated for that party in accordance with the method distribution of profits (or less than such amount), the profit actually received and the loss actually suffered are respectively taken into account for tax purposes.

39.3.7.13. If the profit received by the party of the regulated transaction is less than profit calculated for such party in accordance with the method of profit distribution the income calculated for such party in accordance with the method of profit distribution is taken into account for tax purposes.

39.3.7.14. If the loss suffered by the party-regulated transaction exceeds the loss calculated for such party in accordance with the method of profit distribution, the loss calculated for such party in accordance with the method of profit distribution is taken into account for tax purposes.

39.3.7.15. On the basis of a comparison of the profit (loss), considered for tax purposes in accordance with sub-clause 39.3.7 of this Article, the profit actually received (loss incurred) by the taxpayer is subject to adjustment in order to determine the final amount of corporate income tax payable to the budget.

39.3.7.16. For tax purposes, application of profit or loss calculated in accordance with the method of profit distribution is done provided that it will not lead to a decrease in the amount of tax payable to the budget.

39.4. Preparation and submission of documentation for the tax control

39.4.1. For the purposes of tax control over transfer pricing, reporting period is determined as a calendar year.

39.4.2. Taxpayers (other than the National Bank of Ukraine), which during the reporting period carried out regulated transaction, are required to submit a report on the regulated transaction to the central executive authority responsible for the formation and implementation of national tax and customs policy before May 1 of the year following the reporting year, through electronic communication means in electronic form, in compliance with the laws on electronic document and electronic digital signature.

Form of report (clarification report) on the regulated transactions is approved by the central executive authority responsible for the formation and implementation of national tax and customs policy.
39.4.3. If the territorial agency of the central executive authority responsible for the formation of national financial policy, in performing the functions of the tax control has discovered the facts as to regulated transactions conducted by the taxpayer, a report on which has not been submitted in accordance with paragraph 39.4 of this Article, it sends a notice to the central executive authority responsible for the formation and implementation of national tax and customs policy on the regulated transactions discovered. Such notice is sent by electronic means no later than the next business day from the date when such transactions were discovered.

39.4.4. The taxpayer, in respect to which the tax control was conducted, is informed about the notification of the central executive authority responsible for the formation and implementation of national tax and customs policy, as to the regulated transaction discovered within ten days from the date of notification.

The form of notification of the regulated transactions discovered is established by the central executive authority responsible for the formation and implementation of national tax and customs policy.

39.4.5. Notification as to the regulated transactions discovered does not affect the performance of the functions of the tax control by territorial agency of the central executive authority responsible for the formation and implementation of national tax and customs policy, which exercises such functions, including not changing the date of the inspection.

39.4.6. The central executive authority responsible for the formation of national financial policy, in the circumstances set out in Article 78 of this Code, shall have the right to request for documentation of regulated transactions from taxpayers who were exercising regulated transactions during the reporting period.

Such request to a taxpayer shall be sent not earlier than May 1 of the year following the calendar year in which such a transaction (s) was (were) conducted.

39.4.7. Taxpayers (other than major taxpayers) within one month from the day following the day of receipt of the request, shall submit the source documentation for certain regulated transaction specified in the request, and other documents (a set of documents or a single document written in any form), with which they can justify the correspondence of the contract prices specified in the regulated transaction to the level of regular prices.

39.4.8. Major taxpayers (except for the National Bank of Ukraine) within two months from the day following the day of receipt of the request, must submit documents on regulated transaction specified in the request (a set of documents or a single document written in any form), which must contain the following information:

a) data related to persons who allow for their identification (including the states (territories) of their tax residence);

b) information about the group (a set of entities that are related parties in accordance with the provisions of sub-clause 14.1.159 clause 14.1 of Article 14 of this Code), including the structure of the group, description of the activities, policies and transfer pricing of the group;
c) description of the transaction, the conditions of its implementation (price, timing and other specific conditions required by the legislation of Ukraine as essential elements of agreements (contracts);

d) description of the goods (works, services), including physical characteristics, quality and reputation in the market, the country of origin and manufacturer of a trademark, and other information related to the quality characteristics of goods (works, services);

e) terms and conditions of the settlement under the transactions;

f) factors that have influenced the formation and establishment of the price;

g) information on the functions of related parties who are parties to the regulated transaction, an assets which they used and whish are associated with such regulated transaction, and economic (commercial) risks taken into account by such persons in the implementation of the regulated transaction (functional analysis and risk analysis);

h) economic analysis (including the methods used to determine the price of the regulated transaction and the rationale for choosing the appropriate method, the amount of revenues (profits) and / or the amount of expenses (loss) incurred as a result of the regulated transaction, the level of profitability; the calculation of the market range of prices (profitability) for regulated transaction with a description of the approach for selection of comparable transactions, the sources of information used to determine the price of regulated transactions);

i) results of a comparative analysis of commercial and financial conditions of transactions in accordance with sub-clause 39.2.2 of this Article;

j) information as to proportional adjustment of the tax base and the amount of tax exercised by the taxpayer in accordance with paragraph 39.5.5 of this Article (if any).

39.4.9. Documentation is accepted in accordance with clause 49.8 of Article 49 of this Code.

39.4.10. Banks submit documentation of the regulated transactions taking into account the provisions of the Law of Ukraine “On Banks and Banking Activities”, in respect of the compliance with the requirements of banking secrecy.

39.4.11. Failure of the taxpayers to provide documentation referred to in paragraph 39.4 of this Article, within the time period set for submission of documentation, or if submitted in violation of the requirements of paragraph 39.4 of this Article is the reason for inspection in accordance with paragraph 39.5 of this Article.

39.5. Tax control over determination of prices in regulated transactions is carried out by monitoring the prices of regulated transactions, and audits of taxpayers on the completeness of the calculation and payment of taxes and fees in the exercise of regulated transactions (hereinafter — “inspection of regulated transactions”).
39.5.1. Monitoring of prices of regulated transactions is carried out by monitoring conducted by the central executive authority responsible for the formation and implementation of national tax and customs policy, at prices that are applied by the parties of such transactions, and by analyzing the documentation of regulated transactions, provided by the taxpayer in accordance with paragraph 39.4 of this Article.

If the taxpayer fails to provide full documentation and / or price deviation of the regulated transaction is discovered if compared to the regular price as a result of the monitoring of prices in regulated transactions, the central executive authority responsible for the formation and implementation of national tax and customs policy sends a request to such taxpayer with the requirement to additionally submit within 30 calendar days from the date of receipt of such request the documentation (from a list provided for in subparagraph 39.4.8 of this Article) and / or justification for determining the regular price of the transaction.

The procedure for monitoring of prices in regulated transactions is approved by the central executive authority responsible for the formation and implementation of national tax and customs policy.

39.5.2. Inspection of regulated transactions is conducted in accordance with the provisions of Chapter 8, Section II of this Code, taking into account the special aspects determined in sub-clauses 39.5.2.1–39.5.2.24 of this Article.

39.5.2.1. The reasons for inspection of regulated transactions are the following:

a) notification as to regulated transactions discovered in accordance with paragraph 39.4 of this Article;

b) identification of the results of monitoring of price deviations of regulated transactions from the level of regular (market) prices in accordance with paragraph 39.5.1 of this Article;

c) failure of the taxpayer to file the report on the regulated transaction in accordance with clause 39.4 of this Article;

d) failure of the taxpayer to file documentation on regulated transactions or if it is filed in violation of the requirements of paragraph 39.4 of this Article.

39.5.2.2. Inspection of regulated transactions is conducted by officials of the territorial agency of the central executive authority responsible for the formation and implementation of national tax and customs policy, and is headed by an official of the central executive authority responsible for the formation and implementation of national tax and customs policy, based on the decision of the head (deputy head) of the mentioned central executive authority as to conduct of such inspection, which is accepted with the deadline provided for in clause 102.1 of Article 102 of the Code.

39.5.2.3. Territorial agency of the central executive authority responsible for the formation and implementation of national tax and customs policy notifies the taxpayer of the decision within 10 days from the date of such decision and no later than 10 days prior to the inspec-
tion at the same time submitting the request for the documents, supporting the exercise of the financial and business transactions.

Documents shall be provided by the taxpayer in accordance with the requirements of sub-clauses 85.2 and 85.3 of Article 85 of this Code, within 10 days from the beginning of inspection.

Should additional documents are required to confirm the financial and business transactions during the inspection, they are provided by the taxpayer within 10 days from the date of receipt of the request of the territorial agency of the central executive authority responsible for the formation of national financial policy.

39.5.2.4. Territorial agency of the central executive authority responsible for the formation and implementation of national tax and customs policy, has no right to hold two or more inspection of the regulated transaction during one calendar year.

39.5.2.5. If the taxpayer who is a party to the regulated transaction has inspection conducted for such transaction during the calendar year and in the results of such inspection it was found that the prices of regulated transaction corresponded to the regular prices, no inspection of the taxpayers who are other parties to such transaction can be conducted.

39.5.2.6. Inspection of regulated transactions does not prevent from inspection defined in Article 75 of this Code to be conducted.

39.5.2.7. During the inspection of regulated transactions, inspections as to compliance with other requirements of the law, enforcement of which is assigned to the responsibility of the regulatory authorities, is not allowed.

39.5.2.8. The period of inspection of regulated transactions is calculated from the date of the decision as to such inspection until the date when statement (act) of such inspection is prepared.

39.5.2.9. Duration of the inspection of regulated transactions shall not exceed six months.

39.5.2.10. In the case of the need to obtain information from foreign government agencies, examination and / or translation into Ukrainian language of the documents submitted by the taxpayer in a foreign language, the period of inspection upon the decision of the head (deputy head) of the central executive authority responsible for the formation and implementation of national tax and customs policy may be extended for a period not exceeding six months.

A copy of the decision on the extension of the inspection is sent to the taxpayer within 10 calendar days from the date of such decision but not later than the expiration of the period for the inspection.

39.5.2.11. When inspecting the regulated transactions, the regulated transactions can be inspected taking into account the period provided for in clause 102.1 of Article 102 of the Code.
39.5.2.12. If the taxpayer in order to determine the price of regulated transactions applied methods (combination of methods) specified in paragraph 39.3 of this Article, the inspection of such regulated transactions applies the method (combination of methods) used by the taxpayer.

During the inspection, the territorial body of the central executive authority responsible for the formation and implementation of national tax and customs policy, has the right to use other methods (combination of methods) for determining the price of regulated transactions if it is proved that the method used by the taxpayer (combination of methods) cannot determine the price of regulated transaction.

39.5.2.13. Application of methods (combination of methods) for determining the price of regulated transactions not specified in this Article is prohibited.

39.5.2.14. The officers conducting the inspection of regulated transactions have the right to send request to the taxpayers as to the parties to the regulated transactions being inspected, as well as to provide documents (information) on transactions and / or to cross reconciliation in the manner provided in Article 73 of this Code.

39.5.2.15. The results inspection of regulated transactions are drafted in the form of the act (statement), which is made in two copies, signed by an official of the central executive authority responsible for the formation and implementation of national tax and customs policy, who headed the inspection and the taxpayer or his representative.

39.5.2.16. If at the result of the inspection the evidence of price deviation applied in a regulated transaction comparing to the regular price is discovered, which led to an underestimation of the amount of tax, the inspection act shall be drawn. If such violations are absent, the statement is drafted.

39.5.2.17. If at the result of inspections not related to the transfer pricing additional tax liability have been already calculated on the basis of price adjustments and limitations of the level of expenses and income on such transactions, amounts of tax liabilities additionally accrued as a result of such inspection shall be included in repayment of taxes as a result of inspection of regulated transactions.

39.5.2.18. The form of act (statement) on the findings of inspection of regulated transactions and the requirements for composition thereof are set by the central executive authority responsible for the formation and implementation of national tax and customs policy.

Act on the findings of inspection of regulated transactions must include documented evidence of the price deviation applied in transactions, from the regular (market) price determined in accordance with the requirements of this section; justification for such a deviation that caused underestimation of the amount of tax; calculation of the such understated amount.

39.5.2.19. In the event of failure of the taxpayer or his representative to sign the act (statement) on the findings of inspection of regulated transactions by officials of the territorial
agency of the central executive authority responsible for the formation and implementation of national tax and customs policy, the appropriate act certifying the fact of such refusal.

39.5.2.20. Act (statement) of inspection of regulated transactions is to be served within two working days from the date of its composition to the taxpayer in respect of which it was conducted, or its representative, against receipt.

In case of failure of the taxpayer or his representative to obtain a copy of the act (statement) on the findings of regulated transaction, this fact is reflected in the relevant act. In this case, the act (statement) on the findings of inspection of regulated transactions shall be sent to the taxpayer in the manner specified by Article 58 of the Code for sending (delivery) of the tax decision notices.

39.5.2.21. In case of disagreement of the taxpayer or his representative with the findings of inspection or facts and data contained in the act on the findings of regulated transactions, they have the right to file their objections within 30 calendar days from the date of receipt of the act. The taxpayer has the right to file objections with the agreed period or documents (certified copies thereof), confirming the validity of the objection.

Such objections will be reviewed within 10 working days following the day of receipt, and the response shall be sent to the taxpayer in the manner specified by Article 58 of the Code for sending (delivery) of the tax decision notices.

39.5.2.22. Adoption of the tax notice decision on the inspection of regulated transactions is carried out in a manner stipulated in Article 86 of this Code.

39.5.2.23. Appeal of tax decision notices adopted upon results of inspection of the regulated transaction, shall be made in accordance with Article 56 of this Code.

39.5.2.24. Data and information obtained by territorial agency of the central executive authority responsible for the formation and implementation of national tax and customs policy, during implementation of tax control measures for regulated transactions, can be used for inspection of other persons who are parties to such transactions.

39.5.3. Information sources used to determine the price in the regulated transactions

39.5.3.1. In the implementation of the tax control over transfer pricing, the central executive authority responsible for the formation and implementation of national tax and customs policy uses officially recognised sources of information on market prices, the list of which is determined by the Cabinet of Ministers of Ukraine.

39.5.3.2. In case of absence or inadequacy of relevant information in these sources the following information can be used:

a) prices, which have emerged as a result of public tenders (auctions), tenders for the sale of other products, stock quotes;
b) statistical data of state authorities and institutions;

c) reference prices of specialised business publications (including online media) and publications (including electronic) and other data banks, reports and information from department of economic affairs as part of diplomatic missions of Ukraine abroad, and information programs that are used for transfer pricing, and other public sources of information that are publicly available;

d) information about the prices, price range, and quotes disclosed in the media;

e) information derived from the accounting and statistical reporting of taxpayers, released to the media, including the official sites in the Internet;

f) results of independent evaluation of property and property rights, conducted in accordance with the Law of Ukraine “On Appraisal of Property, Property Rights and Professional Valuation Activities in Ukraine”;

g) Information on other regulated transactions carried out by the taxpayer.

39.5.3.3. If in order to determine the price of the regulated transaction with the methods defined by clause 39.3 of this Article, the taxpayer uses sources of information set in sub-clauses 39.5.3.1 of this Article, the central executive authority responsible for the formation and implementation of national tax and customs policy must use the same sources of information unless it is proved that the taxpayer must use other official sources of information.

39.5.3.4. For comparison for tax purposes of conditions of regulated transactions with transactions which are not regulated, the central executive authority responsible for the formation and implementation of national tax and customs policy is not entitled to use the information access to which is restricted in accordance with the law.

39.5.3.5. If during the inspection of the taxpayer as to the completeness of the tax liability assessment executed by him as a result of the regulated transactions, the territorial agency of the central executive authority responsible for the formation and implementation of national tax and customs policy, received information on comparable transactions exercised by the payer with such non-related parties, such information is used solely to determine the range of regular market prices.

39.5.4. Self-adjustment

39.5.4.1. In the case if the taxpayer in carrying out regulated transactions in prices of goods (works, services) that do not correspond to the regular prices, the taxpayer has a right to make independent price adjustment of the regulated transaction and the amount of tax liability.

39.5.4.2. Self-adjustment is the correction of prices of the regulated transaction made by the taxpayer, at the results of which the price calculated corresponds to regular price, even if such a price is different from the regular price set during exercise of the regulated transaction.
39.5.4.3. Self-adjustment is made by the taxpayer during the calendar year by reflecting it on the tax declaration or by filing the relevant calculations clarifying the procedure defined in Article 50 of this Code.

39.5.4.4. Amount of understatement of tax liability (underpaid amount), calculated as a result of the taxpayer self-adjustment of tax liabilities in accordance with paragraph 39.5.4 of this Article, shall be paid no later than the deadline for payment of the tax as defined in Article 57 of this Code, for the tax period in which such adjustment was made.

39.5.5. Proportional adjustments

39.5.5.1. If upon the results of inspection of prices determined by the taxpayer for the regulated transactions with related parties, the territorial agency of the central executive authority responsible for the formation and implementation of national tax and customs policy establishes the deviation from the regular prices and exercises additional charge of tax liabilities and adjustment of a negative value to taxation or other indicators of the tax accounts, or if the taxpayer has carried out an independent adjustment under sub-clause 39.5.4 of this Article, the other party of the regulated transaction — the related party has the right to adjust its tax liability based on the level of the regular price determined by such inspection or independently by such a taxpayer. Such an adjustment for the purpose of this Code is determined by proportional adjustment.

39.5.5.2. Proportional adjustments can be made only after the payment of tax liabilities, additionally assessed by the territorial agency of the central executive authority responsible for the formation and implementation of national tax and customs policy, in the course of the inspection or reflected by the taxpayer in the manner provided in sub-clause 39.5.4 of this Article.

39.5.5.3. During the proportional adjustment, source documents and accounting records are not adjusted.

39.5.5.4. Proportional adjustment is made by the taxpayer on the basis of notice of the possibility of proportional adjustments obtained from the central executive authority responsible for the formation and implementation of national tax and customs policy.

Such notice is sent to the taxpayer within 30 calendar days of the date of origin of the right to execute proportional adjustment in electronic form by electronic means of communication or by registered letter with acknowledgment of receipt or delivered to him or his authorised representative against receipt. If a taxpayer has information on the execution by the party of the regulated transaction of a decision on additional assessment of tax liabilities and non-receipt from the central executive authority responsible for the formation and implementation of national tax and customs policy of a relevant notice, such a taxpayer has the right to address the central executive authority responsible for the formation and implementation of national tax and customs policy with a request to send the notice of the proportional adjustment. The request shall be enclosed with the copies of documents confirming the execution of the decision on of additional assessment of tax liabilities. Form and procedure for submission of such request shall be established by the central executive authority responsible for the formation and implementation of national tax and customs policy.
39.5.5.5. The central executive authority responsible for the formation and implementation of national tax and customs policy considers the request of the taxpayer within 15 working days of the receipt thereof, and after consideration takes one of the following decisions:

to send a notice of the possibility of a proportional adjustment;

to refuse the proportional adjustment in case of non-compliance with the procedure for submission of the request, or a lack of documentation;

to report on refusal of the proportional adjustment due to the appeal of the decision on of additional assessment of tax liabilities.

39.5.5.6. If the proportional adjustments is made in accordance with the decision on additional assessment of tax liabilities which was cancelled afterwards, reverse adjustment is conducted.

39.5.5.7. The reverse adjustment is carried out on the basis of a notice of the central executive authority responsible for the formation and implementation of national tax and customs policy, within 20 working days from the date of receipt of such notice. The notification shall be enclosed with calculation of reverse adjustment and a copy of the judgment cancelling the decision of the assessment of tax liabilities.

39.5.5.8. Refund of overpaid taxes on the cancelled decision shall be made only after the reverse adjustments is carried out and relevant taxes are paid by the parties of the regulated transaction.

39.5.5.9. Penalties during reverse adjustments are not charged.

39.5.5.10. Forms of notification of proportional adjustments and reverse adjustments are approved by the central executive authority responsible for the formation and implementation of national tax and customs policy.

39.5.5.11. If one of the parties of the regulated transaction is a non-resident, proportional adjustment can be carried out in the manner and under the conditions provided by a treaty agreements on the avoidance of double taxation concluded between Ukraine and other countries.

39.6. Harmonization of prices in regulated transactions

39.6.1. Major taxpayer has the right to address the central executive authority responsible for the formation and implementation of national tax and customs policy with a request for harmonization of prices in regulated transactions.

Harmonization of prices in regulated transactions is a procedure between the major taxpayer (s) in and the central executive authority responsible for the formation and implementation of national tax and customs policy, in which the procedure for determining prices in regulated transactions is being agreed for a limited period of time under the contract.
39.6.1. The subject of such harmonization may include:

types and / or the list of goods (works, services), which are the subject of regulated transactions;

prices for goods (works, services) in regulated transactions and / or the list of methods for determining prices in regulated transactions;

the list of sources of information that are assumed to be used for determination of prices in regulated transactions;

period for which the price for the regulated transactions is agreed;

permissible deviation from the established level of the economic conditions of the regulated transactions;

procedures, deadlines and the list of documents confirming compliance with the agreed prices in the regulated transactions.

39.6.1.2. Other terms of price harmonization in the regulated transaction are determined by agreement of the parties.

39.6.2. According to the results of price harmonization in regulated transactions, a contract is concluded that is signed by the head of the largest taxpayer (s) or an authorised person and the head (deputy head) of the central executive authority responsible for the formation and implementation of national tax and customs policy.

39.6.2.1. Contract concluded as a result of price harmonization in the regulated transactions between a major taxpayer (s) and the central executive authority responsible for the formation and implementation of national tax and customs policy, is a unilateral contract.

39.6.2.2. If subject of the contract is the procedure for determining prices in a regulated foreign economic transaction, a major taxpayer (s) or the central executive authority responsible for the formation and implementation of national tax and customs policy, have the right to engage to the procedure of price harmonization a state agency authorised to collect taxes and fees in the state, which is a party to the regulated foreign economic transaction (in case of a convention for the avoidance of double taxation between Ukraine and such state). The contract concluded as a result of such mutual agreement is a bilateral contract.

39.6.2.3. In the case of engagement into the procedure of price harmonization of two or more state agencies authorised to collect taxes and fees in the states which are parties to the regulated foreign economic transaction (in case of a convention for the avoidance of double taxation between Ukraine and such state), the contract concluded as a result of such an agreement, is of a multilateral character.

39.6.2.4. The order and procedure for harmonization of prices in the regulated transactions, at the results of which bilateral and multilateral agreements are concluded shall be approved by the Cabinet of Ministers of Ukraine.
39.7. Provisions of this Article shall apply in determining the tax base in regulated transactions for the purposes of Sections III and V of this Code.

**Article 391. Peculiarities of application of currency rates in accrual of customs payments**

391.1. For the purposes of determination of tax obligations relating with effecting customs payments, the official currency rate of Ukraine established by the National Bank of Ukraine with regard to foreign currency, being in force at 0 hours of the day of filing a customs declaration shall apply, as of the day of determination of tax obligations, where no customs declaration is filed.
SECTION II.
ADMINISTRATION OF TAXES, FEES AND DUTIES

CHAPTER 1. GENERAL PROVISIONS

Article 40. Scope of this Section

40.1. This Section defines the procedure for the administration of taxes and fees that are defined in Section I of this Code, as well as procedure for monitoring compliance with tax and other laws in cases where the exercise of such control is entrusted to the regulatory authorities.

If the other sections of this Code or the law on customs procedures determine a special procedure for administration of certain taxes, fees and duties, the rules defined in another section, or the law on customs procedure shall apply.

Article 41. Regulatory authorities and tax recovery agencies

41.1. Regulatory authorities refer to the bodies of revenues and duties — the central executive authority responsible for the formation and implementation of national tax and customs policy for the administration of taxes and fees, customs duties and implements state tax and state customs policy, ensures formation and implementation of state policies for administration of the single fee, provides for the formation and implementation of state policy in the sphere of fighting crime in application of tax and customs legislation as well as legislation on the payment of a single fee (hereinafter — the central executive authority responsible for the formation and implementation of national tax and customs policy) and its territorial agencies.

Regulatory authorities also include subdivisions of the tax police.

41.2. Tax recovery agencies can be only regulatory authorities authorised to carry out activities to ensure repayment of the tax debt and arrears in the payment of a single fee within their competence as well as state enforcement officers within their competence. Collection of the tax debt and arrears in the payment of a single fee by the enforcement inscription by a notary is not allowed.

41.3. Powers and functions of regulatory authorities are established by this Code, the Customs Code of Ukraine and laws of Ukraine.

Delineation of powers and functional responsibilities of regulatory authorities are defined by the legislation of Ukraine.

41.4. Other government agencies do not have the right to inspect the timeliness, accuracy, completeness, calculation and payment of taxes and fees, including upon the request of law enforcement agencies.
Article 42. Communication with the taxpayer

42.1. Tax decision notices, tax orders or other documents addressed by the regulatory authority to the taxpayer shall be made in writing, properly signed, and in cases provided by law, stamped by such regulatory authority.

42.2. Documents are deemed to be validly served if sent to the address (location, tax address) of the taxpayer by registered mail, return receipt requested, or personally handed to the taxpayer or his legal or authorised representative.

42.3. If the taxpayer in the manner and within the time limits specified in Article 66 of this Code, notified the regulatory authority as to change of his tax address, for the period from the date of state registration of the change of address and until the day of registration of changes in the accounting data such taxpayer he is exempted from performing the requirements of the documents sent to him by the regulatory authority in advance and returned afterwards as undeliverable.

42.4. Communication between taxpayers who submit the reporting in electronic form and regulatory authorities may take place by electronic communications in electronic form subject to the requirements of the law on electronic document and electronic digital signature.

At the request of the taxpayer who has received a document in electronic form, the regulatory authority provides such taxpayer with a document in paper form within three working days from the date of receipt of the request of the taxpayer (in writing or in electronic form).

Article 43. Conditions for return of wrongly paid and / or overpaid liabilities

43.1. Wrongly paid and / or overpaid amount of the liability shall be returned to the payer in accordance with this Article and Article 301 of the Customs Code of Ukraine, unless such payer has a tax debt.

43.2. In case the payer has a tax debt, the return of wrongly paid and / or overpaid liabilities to the current account of the taxpayer in the bank or by returning in cash under the audit if the taxpayer does not have a bank account, is made only after full payment of the tax debt by such taxpayer.

43.3. A prerequisite for implementation of the refund of the liability is submission by such taxpayer of the request for refund (except for return of unduly withheld (paid) tax amounts on the individual income of natural persons, which are calculated by the regulatory authority on the basis of the tax declaration filed by the taxpayer for the calendar year through the recomputation of a total annual taxable income of the taxpayer) during the 1,095 days from the date of wrongly paid and / or overpaid amount.

43.4. The taxpayer shall submit an application for refund of wrongly paid and / or overpaid liabilities in any form, which indicates the direction of transfer of funds: the current account of the taxpayer in the bank; the repayment of the liability (tax debt) from other payments,
enforcement of which is assigned to the regulatory authorities, irrespective of the type of budget; cash refund by audit in case the taxpayer does not have a bank account.

43.5. The regulatory authority no later than five working days prior to the expiration of ten days from the date of filing the application by the taxpayer, prepares a report on the return of the corresponding amounts of funds from the appropriate budget and submits it for execution to the appropriate authority responsible for treasury servicing of budget funds.

On the basis of the finding received, public authority responsible for treasury servicing of budget funds within five working days shall return wrongly paid and/or overpaid liabilities to taxpayers in the manner prescribed by the central executive authority responsible for the formation and implementation of national tax and customs policy.

The regulatory authority is responsible under the law for the untimely transfer to the public authority responsible for treasury servicing of budget funds for execution of the decision on the return of the corresponding amounts of funds from the relevant budget.

43.6. The refund to taxpayers of wrongly paid and/or overpaid liabilities is conducted out of the budget such funds were credited to.

Article 44. Requirements for validation of the data defined in the tax accounts

44.1. For tax purposes, the taxpayers are required to keep records of income, expenses, and other indicators related to the definition of taxable and/or tax obligations, on the basis of source documents, accounting records, financial statements and other documents, relating to the calculation and payment of taxes and fees that are to be maintained under the law.

Taxpayers are prohibited from forming indicators of tax accounts and customs declarations on the basis of the data which are not supported by documents identified the first sub-clause hereof.

In cases provided for in Article 216 of the Civil Code, taxpayers have the right to make appropriate changes to tax accounts in the manner specified by Article 50 of the Code.

44.2. In order to calculate the taxable item, payer of the income tax use the accounting data on revenues and expenses subject to the provisions of this Code.

Taxpayers that are in accordance with the Law of Ukraine “On Accounting and Financial Reporting in Ukraine” apply international financial reporting standards, keep records of income and expenses according to such standards, taking into account the provisions of this Code. Such taxpayers in applying the provisions of this Code, which refer to the provisions (standards) of accounting shall apply the relevant international financial reporting standards.

Payers of corporate income tax, income of which is taxed at a rate of zero percent, and which meet the criteria specified by clause 154.6 of Article 154 of this Code, and the single tax payers who meet the criteria specified in sub-clause 4 of the clause 291.4 of Article 291 of this Code, keep simplified income and expenditure accounting for the purpose of calculating
the taxable item in a manner approved by the central executive authority responsible for the formation of national financial policy.

Methods of accounting of temporary and permanent tax differences are approved in the manner prescribed by the Law of Ukraine “On Accounting and Financial Reporting in Ukraine.”

44.3. Taxpayers are required to provide storage for the documents specified in clause 44.1 of this Article, as well as documents related to the implementation of the requirements of legislation, enforcement of which is assigned to the responsibility of the regulatory authorities, no less than 1095 days from the date of filing of tax accounts, which are used to produce such documents, and in case of a failure — with the deadline for submission of such reports provided by this Code.

In the case of liquidation of the taxpayer, the documents specified in clause 44.1 of this Article, for the period of the taxpayer’s activity for at least 1,095 days preceding the date of liquidation of the taxpayer, in accordance with legislation are transferred to the archive.

44.4. If the documents referred to in clause 44.1 of this Article related to the subject of inspection, the procedures for administrative appeal of the tax decision notice taken at the result of such inspection or judicial proceedings, such documents must be kept until the end of inspection and for the period provided for appeal of the decisions and / or resolution of the case taken at the result of the inspection or by the court, but not earlier the time limits specified in clause 44.3 of this Article.

44.5. In case of loss, damage or premature destruction of documents referred to in clauses 44.1 and 44.3 of this Article, the taxpayer must, within five days from the date of such event, notify the regulatory authority where it is registered in the manner prescribed by this Code for tax accounts, and regulatory body which carried out customs clearance of the relevant customs declaration.

The taxpayer is obliged to recover lost documents within 90 calendar days from the day following the day of receipt of the notification by the regulatory authority.

In case of failure to conduct an inspection of the taxpayer in cases envisaged for by this sub-clause, conditions of such inspections are carried up to the date of recovery and provision of documents for the inspection within the deadlines specified in that sub-clause.

44.6. If before the end of inspection or within the dates specified in the second paragraph of clause 44.7 of this Article, the taxpayer does not provide officers of the regulatory authority conducting the inspection, with the documents (regardless of the reasons for such failure, except for seizure of documents or other seizure exercised by law enforcement agencies) confirming performance reflected by such taxpayer in tax accounts, it is believed that such documents were not available at the time of such a report being composed by such taxpayer.

If the taxpayer after the inspection and before decision of the regulatory authority upon results of such inspection provides the documents confirming the amounts reflected by such a
taxpayer in the tax accounts not provided during the inspection (in the cases provided for by the second and the fourth paragraph of clause 44.7 of this Article), such documents should be considered by the regulatory authority in consideration of the issue on the decision to be taken.

44.7. If an officer of the regulatory authority conducting the inspection refuses for any reason from taking into account of the documents provided by the taxpayer at the time of the inspection, the taxpayer is entitled before the end of the inspection to send a letter with return receipt requested and a list of enclosures or to provide directly to the regulatory authority, which ordered an inspection, the copies of such documents (stamped by the taxpayer (in case of availability of the stamp) and signed by the individual taxpayer or official of the corporate taxpayer).

Within five business days from receipt of the inspection report the taxpayer has the right to submit to the regulatory authority which appointed the inspection the documents confirming the figures and represented by such a taxpayer in tax accounts.

If during the inspection, the taxpayer submits the documents in less than three days prior to the date of its completion or when the documents submitted in a manner established by the first paragraph of this clause were received by the regulatory authority in less than three days prior to the completion of the inspection, an inspection is extended for a period determined Article 82 of the Code.

If the documents submitted in a manner established by the first paragraph of this clause were received by the regulatory authority after the inspection or if the documents were provided in accordance with the second paragraph of this clause, the regulatory authority has the right not to take a decision based on the results of the inspection and appoint an unscheduled document inspection of such taxpayer.

44.8. Separate subdivisions determined by the payer of individual tax shall keep records on such tax under the rules established by this Code.

**Article 45. Tax address**

45.1. The taxpayer, a natural person must indicate his or her tax address.

The tax address of the taxpayer — a natural person is the place of his or her residence, at which he or she is registered as a taxpayer by the regulatory authority.

The taxpayer — a natural person cannot simultaneously have more than one tax address.

45.2. The tax address of a legal entity (separate subdivision of a legal entity) is the location of the legal entity, the information about which is registered in the Unified State Register of Legal Entities and Individual Entrepreneurs.

The tax address of the company in trust is the address of the trust owner.
CHAPTER 2. TAX ACCOUNTS

Article 46. Tax declaration (return)

46.1. The tax declaration, return (hereinafter — the “tax declaration”) is a document submitted by the taxpayer (including a separate subdivision in cases specified in this Code) to the regulatory authority within the time period prescribed by law, on the basis of which the accrual and / or payment of tax liability is being made, or a document showing the amount of income accrued (paid) for the benefit of individual taxpayers and the amounts of tax withheld and / or paid.

Customs declarations are treated similarly to the tax declarations for the purposes of calculation and / or payment of tax liabilities.

Applications to the tax declaration form an integral part thereof.

46.2. Payer of the income tax together with the relevant tax declaration quarterly or annually submits a financial statement (except for small businesses) in the manner prescribed for filing of the tax declaration.

The payers of income tax, small businesses, referred to as such according to the Commercial Code of Ukraine, together with the annual tax declaration submit the annual financial statements in the manner prescribed for the filing of the tax declaration.

As a part of financial statements the taxpayer may also indicate temporary and permanent tax differences in the form prescribed by the central executive authority responsible for implementation of the national financial policy.

46.3. If, according to the rules specified in this Code, the tax accounts for individual income tax is made on an accrual basis, the tax declaration on the results of the last tax period of the year is equal to the annual income tax declaration. In such a case, the annual tax declaration is not submitted.

46.4. If a taxpayer believes that the form of tax declaration, determined by the central executive authority responsible for the formation and implementation of national tax and customs policy, increase or decrease his tax liability, contrary to the provisions of the Code for such tax or fee, he has a right to indicate this fact in the space provided in the tax declaration.

If necessary, the taxpayer together with the tax declaration may file a supplement to the declaration made in any form, to be considered an integral part of such tax declaration. Such a supplement is submitted with explanation of his request.

46.5. The form of tax declaration is established fixed by the central executive authority responsible for the formation and implementation of national tax and customs policy.

The forms of tax declarations on local taxes and fees which are obligatory for the application thereof by the payers (tax agents) are established in the same procedure.
Form of declaration of property status and income (tax declaration) is established with the specifications defined by clause 179.9 of Article 179 of the Code.

The form for a simplified tax declaration under clause 49.2 of Article 49 of this Code, and the procedure for switch of taxpayers to submission of such declaration is established by the Cabinet of Ministers of Ukraine.

The form, procedure and time period of the customs declaration as well as procedure for adoption by the regulatory authority of the customs declaration are determined subject to the requirements of the customs legislation of Ukraine.

State agencies responsible for approval of the forms of tax declarations in accordance with this clause are required to disclose such forms for taxpayers.

46.6. If as a result of introduction of a new tax or change of rules taxation, forms of the tax accounts change, the central executive authority responsible for the formation and implementation of national tax and customs policy that approved such forms, must disclose new forms of accounts.

Before approval of new forms of declarations (returns) which becomes effective for the financial statements for the tax period following the tax period in which they were published, the forms of declarations (returns) effective before such approval are applied.

After introduction of changes in the regulatory instruments on taxation, of the central executive authority responsible for the formation and implementation of national tax and customs policy, must adopt measures relating to the publication and application of such changes.

The requirements of Articles 46–50 of this Code shall not apply to the declaration of goods (products) imported into the customs territory of Ukraine or exported therefrom, according to the customs legislation of Ukraine (except as specified in such Articles), as well as to the declaration of the fees to social funds and other information declaration, which contains economic information about the subjects of taxation, not related to the calculation of taxes.

**Article 47. Persons responsible for tax accounts**

47.1. Responsibility for the failure, the violation of procedure for filling the tax accounting documents, violation of the terms of submission thereof to the regulatory authorities, unreliability of the information contained therein are assigned to:

47.1.1. legal entities, permanent representative offices of non-residents that according to the Code are determined as taxpayers and their officials.

Responsibility for violation of tax legislation by a separate subdivision of a legal entity shall be assigned to legal entity to which it belongs;

47.1.2. individual taxpayers and their legal or authorised representatives in cases provided for by law;
47.1.3. tax agents.

**Article 48. Preparation of tax declarations**

48.1. Tax declaration is made up under the form approved in the manner specified by the clause 46.5 of Article 46 of this Code and applicable at the time of its submission.

Form of the tax declaration must contain the required details and comply with the standards and rules for relevant tax and fees.

48.2. Required details refer to information that must be included into the tax declaration form and with the absence of which the document loses its status defined by this Code, leading to the legal consequences provided by law.

48.3. The tax declaration must contain the following required details:

- type of document (reporting, clarifying, new reporting);
- reporting (tax) period in which a tax declaration is filed;
- reporting (tax) period, which is clarified (for updated calculation);
- full name (last name, first name and patronymic) of the taxpayer according to the registration documents;
- taxpayer code according to the Unified State Register of Enterprises and Organizations of Ukraine or tax identification number;
- registration number of the taxpayer registration card or passport series and number (for individuals who because of their religious beliefs refuse to accept the registration number of the taxpayer registration card and notified the appropriate regulatory authority thereof and have a special stamp in their passports);
- location (residence) of the taxpayer;
- the name of regulatory authority to which the accounts are submitted;
- date of submission of the statement (or the date of filling — depending on the form);
- initials, names and registration numbers of index cards or other information specified in the seventh paragraph of this clause, of officers of the taxpayer;
- signature of the individual taxpayer and / or officers of the taxpayer as defined in this Code, certified by the taxpayer’s stamp (if available).

48.4. In some cases, when it is in the nature of tax or fee and is necessary for administration thereof, the form of tax declaration may further include such required details:
mark on accounting under the special regime;

code of the type of economic activity (The Classifier of Economic Activities (KVED));

code of the local self-government authority (KOATUU);

tax identification number according to the register of value added tax payers for the reporting (tax) period.

48.5. The tax declaration must be signed by:

48.5.1. Head of the taxpayer or the authorised person thereof, and the person responsible for the accounting and submission of the tax declaration to the regulatory authority. In the case of accounting and submission of the tax declaration directly by the head of the taxpayer, such tax declaration is signed by such a head;

Sufficient proof of the authenticity of the tax accounting document is the availability of original signature of an authorised person on a document in paper form or the presence of the electronic digital signature of the taxpayer in electronic document.

48.5.2. individual taxpayer or his legal representative;

48.5.3. the person responsible for the accounting and presentation of tax declarations in accordance with the joint activity agreement or production sharing agreement.

48.6. If the tax declaration is filed by tax agents — legal entities, it must be signed by the head of the agent and the person responsible for the accounting and reporting of the tax declaration of such an agent, and if the taxpayer is a tax agent — a natural person — by such taxpayer.

48.7. Tax accounts prepared in violation of this Article shall not be considered as a tax declaration, except as required by paragraph 46.4 of Article 46 of this Code.

Article 49. Submission of the tax declaration to regulatory authorities

49.1. Tax declaration is filed for the period within the terms specified by this Code to the supervisory authority, with which the taxpayer is registered.

49.2. The taxpayer is required for each reporting period set by this Code to file tax declarations for each individual tax he pays in accordance with this Code, regardless of whether a taxpayer exercised economic activities in the reporting period.

Payers of corporate income tax, levied at the rate of zero percent, in accordance with paragraph 154.6 of Article 154 of the Code, submit declarations (returns) on corporate income tax to regulatory authorities under the simplified form in the manner prescribed by this Code.

49.3. Tax declaration is submitted by the taxpayer, unless otherwise provided in this Code, in one of the following ways:
a) by the taxpayer in person or by an authorised person;

b) shall be sent by mail, with return receipt requested and a list of enclosures;

c) by means of electronic communications in electronic form in compliance with the conditions of registration of the electronic signature of accountable persons in the manner prescribed by law.

49.4. Taxpayers which are related to large and medium-sized businesses, submit their tax declarations to the regulatory authority in electronic form in compliance with the conditions of registration of the electronic signature of accountable persons in the manner prescribed by law.

49.41. The accredited key certification centre of the central executive authority responsible for the formation and implementation of national tax and customs policy, provides free of charge to persons who intend to file a tax declaration in electronic form, services on electronic digital signature.

49.5. In case if a tax declaration is sent by mail, the taxpayer is obliged to carry out such submission to the relevant regulatory authority no later than ten days before the expiry of the deadline for submission of the tax declaration, defined in this Article, and when submitting tax declarations electronically — no later than by the end of the last hour on the day in which the time period expires.

49.6. In case of loss or damage of postal items or delay of the delivery thereof caused by postal service operator, such operator shall be responsible in accordance with the law. In such a case, the taxpayer is exempted from any liability for failure or delay in the submission of such a tax declaration.

The taxpayer within five working days of receipt of notice of loss or damage of postal item must send by mail or provide in person (at his option) to the regulatory authority a second copy of tax declaration together with a copy of the reports of loss or damage of postal items.

49.7. Regardless of the fact of the loss or damage to such postal item or delay in its delivery, the taxpayer is required to pay the amount of tax liability, defined by him independently in a tax declaration within the timeframes prescribed by this Code.

49.8. Acceptance of a tax declaration is the responsibility of the regulatory authority. When accepting tax declarations, authorised officer of the regulatory authority, with which the taxpayer is registered is obligated to verify the availability and accuracy of filling in all of the required details as provided by clauses 48.3 and 48.4 of Article 48 of this Code. Other indicators specified in the tax declaration of the taxpayer before it is accepted are not subject to such verification.

49.9. Subject to the requirements of this Article, an officer of the regulatory authority, with which the taxpayer is registered, is required to register a tax declaration of the payer on the date of its actual receipt of the regulatory authority.
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Subject to the requirements laid down in Articles 48 and 49 of this Code, the tax declaration provided by the taxpayer, is also considered to have been accepted:

49.9.1. where on all sheets that make up the tax declaration and, at the wish of the taxpayer, on the copy thereof, the mark (stamp) the regulatory authority is available by which the tax declaration is accepted, with the date of its receipt, or the receipt of the tax declaration in case if submitted by means of electronic communication, or e-mail notification with a note on submission to the regulatory authority, in case if a tax declaration was sent by mail;

49.9.2. if the regulatory authority in compliance with the requirements of the clause 49.11 of this Article does not give the taxpayer a notice of refusal to accept a tax declaration, or in the cases determined by this clause, if it fails to send it to the taxpayer within a period established by this Article.

49.10. The refusal of the official regulatory authority to accept a tax declaration for any reason not specified in this Article, including any requirements for such acceptance not defined by this Article (including changes of indicators of such tax declaration, reduction or elimination of the negative value of the taxable items, the amounts of budget refunds, illegal increase in tax liability, etc.) is prohibited.

49.11. In the case if the taxpayer submits to the regulatory authority the tax declaration filled in violation of the requirements of clauses 48.3 and 48.4 of Article 48 of this Code, such regulatory authority must provide written notice for such a taxpayer to refuse to accept his tax declaration stating the reasons for such denial:

49.11.1. in the case of a tax declaration, sent by mail or electronic communication — within five working days of receipt thereof;

49.11.2. in the case of a tax declaration submitted in person by the taxpayer or his representative — within three working days of receipt thereof.

49.12. In the event of failure of the regulatory authority to accept the tax declaration, the taxpayer has the right to:

49.12.1. file a tax declaration and pay the penalty for breach of the term for its presentation;

49.12.2. appeal the decision of the regulatory authority in the manner provided in Article 56 of this Code.

49.13. If, in a manner prescribed by law, a fact of unlawful refusal of the regulatory authority (officer thereof) in the acceptance of the tax declaration is established, the latter is considered to be accepted on the day of its actual receipt of the regulatory authority.

49.14. Upon each request of the taxpayer in relation to violations by the officer of the regulatory authority of this Article, an official investigation is necessarily conducted in accordance with the law.
According to the results of the investigation, the guilty officer of the regulatory authority shall be prosecuted under the law.

49.15. Tax declaration sent by the taxpayer or his representative, by mail or by electronic means shall be deemed as failed to be submitted if filled in violation of clauses 48.3 and 48.4 of Article 48 of the Code and if the regulatory authority sent to the taxpayer in writing its refusal to accept the tax declaration.

49.16. Regardless of the refusal to accept the tax declaration, the taxpayer must pay the tax liability independently defined by him in the tax declaration within the time period prescribed by this Code.

49.17. The central executive authority responsible for implementation of national informational support policy, formation and use of national electronic information resources, implements and supports an automated system of “Single Window for Submission of Electronic Accounts” to provide services through the Internet in the form of electronic accounts required to be submitted by legislation, to ministries, other government authorities and funds of compulsory state insurance.

The automated system of “Single Window for Submission of Electronic Accounts” shall support the work of digital signature means of all accredited key certification centres operating in the market of Ukraine in accordance with applicable law.

Description of formats (standards), the structure of electronic documents, which provides submission of the electronic accounts to the automated system of “Single Window for Submission of Electronic Accounts” should be placed and kept up to date at no charge to users based on publicly available information resources of the central executive authority responsible for the formation and implementation of national tax and customs policy and those public authorities, submission of accounts to which is required by law.

The automated system of “Single Window for Submission of Electronic Accounts” and all of its components constitute a state property.

With the automated system of “Single Window for Submission of Electronic Accounts” or its components other services may also be provided.

49.18. Tax declarations, except for cases provided by this Code are submitted for the basic accounting (tax) period which is equal to:

49.18.1. a calendar month (including in case of monthly advance payment) — within 20 calendar days following the last calendar day of the reporting (tax) month;

49.18.2. a calendar quarter or six calendar months (including in case of quarterly or semi-annual advance payment) — within 40 calendar days following the last calendar day of the reporting (tax) quarter (six months);

49.18.3. a calendar year, except as provided in sub-clauses 49.18.4 and 49.18.5 of this clause — within 60 calendar days following the last calendar day of the reporting (tax) year;
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49.18.4. a calendar year for payers of individual income tax — before May 1 of the year following the reporting year, except as provided in Section IV of this Code;

49.18.5. a calendar year for payers of individual income tax for individual entrepreneurs — within 40 calendar days following the last calendar day of the reporting (tax) year.

49.19. If the tax declaration for the quarter, six months, three quarters or a year is calculated on an accrual basis based on the performance of basic tax periods that make up such quarter, six months, three quarters or a year (excluding advance instalment), according to the relevant section of the Code, specified tax declaration is submitted within the time period specified in clause 49.18 of this Article for such a basic reporting (tax) period.

For the purposes of this Code, the term “basis reporting (tax) period” means the first reporting (tax) period of the year, defined by the relevant section of the Code.

49.20. If the last day of the deadline for submission of the tax declaration falls on a weekend or holiday, the last day of the period is considered to be operating (bank) day following such weekend or holiday.

Deadlines for submission of the tax declaration can be increased by the rules and on the grounds provided in this Code.

49.21. If in accordance with the relevant section of the Code on a certain tax or fee, the reporting (tax) period is not established, the tax declaration is filed and the tax liability is paid within the time limits provided for in this clause for the basic monthly reporting (tax) period, except when the submission of tax declarations is not envisaged by this section of the Code.

Article 50. Changes of the tax accounts

50.1. If, in future tax periods (subject to the time limits specified in Section 102 of the Code), the taxpayer on his own (including the results of electronic inspection) reveals errors contained in a tax declaration previously filed by him (except for the restrictions specified in this Article), he must send the clarifying calculation to such tax declaration in the form of the applicable for the time of submission of such clarifying calculation.

The taxpayer has the right not to apply such clarifying calculation, if he specifies the relevant clarified parameters as a part of his tax declaration for any subsequent tax period during which such mistakes were discovered by him independently (including the results of electronic inspection).

The taxpayer, who independently (including the results of electronic inspection) reveals the fact of understatement of tax liability of prior tax periods shall, except as provided in clause 50.2 of this Article:

a) or send clarifying calculation and pay the amount of the underpayment and a fine of three per cent of such amount to filing such clarifying calculation;
b) or to reflect the amount of underpayment in the declaration for this tax, which is submitted for the tax period following the period in which the understatement of tax liability was revealed also increased by the amount of the fine of five percent of that amount, with a corresponding increase in the total amount of the liability on this tax.

If upon submission of tax declaration for the reporting period the taxpayer submits a new declaration with the corrected figures prior to the deadline for submission of the declaration of the same reporting period or submits in the next reporting periods the specifying declaration due to failure to meet the requirements of clause 169.4 of Article 169 hereof, the penalties specified in this paragraph shall not apply.

50.2. The taxpayer when conducting scheduled and unscheduled document inspections cannot submit clarifying calculations to the tax declaration filed earlier for any reporting (tax) period for any corresponding tax, which is verified by the regulated authority.

This rule does not apply in the cases specified in Article 177 of this Code.

50.3. If a taxpayer submits clarifying calculation to the tax declaration filed for the period being verified or does not send clarifying calculation within 20 working days after the date of the statement of electronic inspection, which found violations of tax laws, the appropriate regulatory authority has the right to conduct unscheduled inspection of the taxpayer for the relevant period.

**Article 51. Submission of information on the amount of income paid by individual taxpayers**

51.1. The tax agent shall submit within the time prescribed by this Code for the tax quarter, the calculation of income tax, accrued (paid) for the benefit of taxpayers and the amounts of tax accrued and withheld from them to the regulatory authority of their registration.

51.2. In cases specified by this Code, calculations are submitted electronically.

**CHAPTER 3. TAX ADVICE**

**Article 52. Tax advice**

52.1. At the request of taxpayers, regulatory authorities provide free advice on practical application of certain provisions of the tax law, within 30 calendar days following the date of receipt of the request by such regulatory authority.

52.2. Tax advice is individual in nature and may be used by the taxpayer, to whom such advice was provided.

52.3. At the choice of the taxpayer, tax advice is available in verbal, written or electronic form.

52.4. Tax advice is provided by the regulatory authorities.
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52.5. The regulatory authorities shall have the exclusive right to provide advice on matters relating to their competence.

52.6. The central executive authority responsible for the formation and implementation of national tax and customs policy conducts a periodic compilation of tax advice relating to a significant number of taxpayers or a significant amount of tax liability, and adopts by its order a review of the tax advice, which are made public, including via the Internet resources.

Article 53. Consequences for the use of tax advice

53.1. Taxpayer cannot be held liable, acting in accordance with the tax advice provided to him in writing or in electronic form, as well as according to the summary of the tax advice, in particular, due to such tax advice or tax advice summary being subsequently changed or cancelled.

53.2. Excluded.

53.3. Taxpayer may challenge a tax advice of the regulatory authority provided in written or electronic form as an individual legal act, which, in the opinion of the taxpayer, is contrary to the rules of content of the relevant tax or fee.

The recognition by the court of such tax advice as non valid is the ground for granting a new tax advice taking into account the findings of the court.

CHAPTER 4. DETERMINATION OF THE AMOUNT OF TAX AND / OR CASH LIABILITIES OF TAXPAYER, PROCEDURE FOR PAYMENT AND APPEAL OF DECISIONS OF REGULATORY AUTHORITIES

Article 54. Determining the amount of tax and money obligations

54.1. Except as provided by tax legislation, the taxpayer shall independently calculate the amount of tax and / or money liability and / or interest fine, which he indicates in the tax (customs) declaration or clarifying calculation which is submitted to the supervisory authority within the time period prescribed by this Code. Such amount of the liability and / or interest fine is deemed to be approved.

54.2. Money obligations as to the amount of tax liability for the tax to be withheld and paid (transferred) to the budget in the case of charging / payment of income in favour of the taxpayer — a natural person is considered to be approved by the taxpayer or a tax agent who receives income not from the tax agent at the time of origin of the tax obligations which is determined by a calendar date established in Title IV of the Code as the deadline for payment of the tax to the appropriate budget.

54.3. The regulatory authority is obliged to determine the amount of liabilities, the decrease (increase) the amount of budgetary compensation and / or a decrease (increase) of the nega-
tive value of the taxable item by the income tax or of the negative value of the amount of the value added tax of the taxpayer under this Code or any other law, if:

54.3.1. the taxpayer does not submit the tax (customs) declaration on time;

54.3.2. results of inspection of the taxpayer, other than electronic inspection, show understatement or overstatement of the amount of his tax liability, the amount of budgetary compensation and / or negative value of the taxable item by the income tax or negative value of the amount of the value added tax of the taxpayer claimed in a tax (customs) declaration and specifying calculations;

54.3.3. according to the tax and other laws, the person responsible for the calculation of the amounts of tax liabilities on a certain tax or fee, application of interest fines and punitive penalties (penalties), including for violations in the sphere of foreign economic activity, is the regulatory authority;

54.3.4. a court decision entered into force found a person guilty of tax evasion;

54.3.4. results of inspection regarding tax deduction to the sources of payment, including of the tax agent, reveal a violation of the rules of calculation, withholding and payment of taxes and fees to the appropriate budgets envisaged by this Code, including the individual income tax of such tax agent;

54.3.6. results of customs controls, obtained after the procedure of customs clearance and release of goods, evidence understatement or overstatement of the tax liability determined by the taxpayer in customs declarations.

54.4. In case of receipt from the regulatory authorities of foreign states documented information about the country of origin, cost, quantity or quality characteristics that are relevant for taxation of goods and products when imported (transferred) to the customs territory of Ukraine or the territory of a free customs zone or export (delivery) of goods and items from the customs territory of Ukraine or the free customs zone, which differ from declared at the customs clearance, the regulatory authority has the right to determine the tax base and tax liability of the taxpayer through the actions defined by paragraph 54.3 of this Article, on the basis of the information provided in these documents.

54.5. If, according to provisions of this Article, the amount of liability is calculated by the regulated authority, the taxpayer is not responsible for the timeliness, accuracy and completeness of accrual of such amount, however, is responsible for the timely and full payment of the approved money obligations accrued and has the right to appeal against the mentioned amount in the manner prescribed by this Code.

**Article 55. Revoking decisions of regulatory authorities**

55.1. Tax decision notice determining the amount of liability of the taxpayer or any other decision of the regulatory authority can be revoked by the regulatory authority of the highest level at the time of administrative appeal procedure as to such decision,
and in other instances in cases of non-compliance of such decisions to the legislative instruments.

55.2. Regulatory authority of a higher level refer to:

the central executive authority responsible for the formation and implementation of national tax and customs policy — for regulatory authorities in the Autonomous Republic of Crimea, Kyiv and Sevastopol cities, regions, inter-territorial agencies and customs offices;

the regulatory authorities in the Autonomous Republic of Crimea, Kyiv and Sevastopol cities, regions, inter-territorial agencies — for state tax inspections which are reported to them.

Article 56. Appeal against decisions of regulatory authorities

56.1. Decisions taken by the regulatory authority may be appealed within an administrative or judicial procedure.

56.2. If a taxpayer believes that the regulatory authority incorrectly determined the amount of the liability or has taken any other decision which is contrary to law or is beyond the powers of such regulatory authority established by this Code or other laws of Ukraine, he can appeal to the regulatory authority of a higher level with a request to review the decision.

56.3. Appeal to the higher regulatory authority shall be executed in writing (if necessary — with a duly certified copies of documents, calculations and evidence that the taxpayer deems necessary to provide in accordance with the requirements of clauses 44.6 of Article 44 of this Code) within 10 calendar days following the date of receipt by the taxpayer of a tax decision notice or other decision of the regulatory authority, which is being appealed.

Appeals against the decisions of state tax inspections are submitted to regulatory authorities in the Autonomous Republic of Crimea, Kyiv and Sevastopol cities, regions and inter-territorial agencies.

Appeals against decisions of regulatory authorities in the Autonomous Republic of Crimea, Kyiv and Sevastopol cities, regions, inter-territorial agencies and customs offices are submitted to the central executive authority responsible for the formation and implementation of national tax and customs policy.

56.4. During the procedure for administrative appeal, burden of proof for any calculation, carried out by the regulatory authority in the cases specified in this Code, or any other decision of the regulatory authority to be valid, rests with the regulatory authority.

The burden of proof of the lawfulness of charges, or any other decision of the regulatory authority in the judicial appeal procedure is established by law.

56.5. The taxpayer together with submission of an appeal to the regulatory authority of a higher level shall notify in writing the regulatory authority, which determined the amount
of liability, or took another decision, of an appeal against its tax notice decision or any other decision.

56.6. Where the regulatory authority decides on the full or partial denial of a taxpayer's appeal, a taxpayer has the right to file within 10 calendar days following the date of receipt of the decision on the outcome of the appeal, an appeal to the regulatory authority of a higher level.

56.7. In case of a breach by the taxpayer of the requirements of clauses 56.3 and 56.6, appeals filed by him shall not be considered and returned to him with indication of reasons for the return.

56.8. Regulatory authority, which considers the appeal of a taxpayer is obliged to take a reasoned decision and send it within 20 calendar days following the date of receipt of the appeal, to the taxpayer by mail, with return receipt requested, or hand it over to him against receipt.

56.9. The head (his deputy or other authorised officer) of the relevant regulatory authority may decide to extend the period of examination of a taxpayer's appeal beyond the 20-day period specified in clause 56.8 of this Article, but not more than over 60 calendar days and shall notify the taxpayer thereof in writing before expiration of the date specified in the clause 56.8 of this Article.

If a reasoned decision on the appeal of the taxpayer is not sent to the taxpayer during the 20-day period or within the period as extended by the decision of the head (deputy head or other authorised officer), such an appeal is deemed to be fully satisfied in favour of the taxpayer on the day following the last day of the specified terms.

The appeal is also deemed to be fully satisfied in favour of the taxpayer, if the decision of the head (deputy head or other authorised officer) as to an extension of the consideration has not been sent to the taxpayer until expiry of the 20-day period referred to in the first paragraph of this clause.

56.10. The decision of the central executive authority responsible for the formation and implementation of national tax and customs policy, which was adopted to address a taxpayer's appeal is final and is not subject to further administrative appeal, but may be challenged in court.

56.11. Liability defined by the taxpayer himself is not subject to appeal.

56.12. If, in accordance with the Code, regulatory authority determines liability of the taxpayer for reasons not related to the violation of tax law, the taxpayer has a right to an administrative appeal against the decision of the regulatory authority within 30 calendar days following the date of receipt of tax decision notice (decision) of the regulatory authority.

56.13. If the last day of the period referred to in this Article falls on a weekend or holiday, the last day of such date shall be the first working day following the weekend or holiday.
56.14. Deadlines for filing appeal against the tax decision notice or any other decision of the regulatory authority may be extended by the rules and on the grounds specified in clause 102.6 of Article 102 of the Code.

56.15. The appeal filed within the terms indicated in the clause 56.3 of this Article, suspends the performance by the taxpayer of his liabilities defined in the tax decision notice (decision), for the period from the date of filing the appeal to the regulatory authority to the date of completion of the procedures for administrative appeal.

During this period, tax orders on the tax appealed are not being sent, and the amount of the liability, which is being appealed, is deemed to be not approved.

56.16. The date of filing the appeal shall be the date of actual receipt of the appeal by the appropriate regulatory authority, and in the case of an appeal filed by mail — the date of receipt of the post offices from the taxpayer of the post item with the appeal which is identified by the post office in the notice of delivery of postal item or on the envelope.

56.17. Procedure for administrative appeal ends:

56.17.1. on the day following the last day of the period for filing an appeal on the tax decision notice or any other decision of the relevant regulatory authority, if the appeal was not filed within the specified period;

56.17.2. on the day of receipt by the taxpayer of decision of the regulatory authority as to full satisfaction of the complaint;

56.17.3. on the date of receipt by the taxpayer of decision of the central executive authority responsible for the formation and implementation of national tax and customs policy;

56.17.4. excluded;

56.17.5. on the date when the taxpayer addressed the regulatory authority with the application for instalment, deferred liabilities, which were appealed.

Date of the end of administrative appeal procedure is considered as the date of harmonization of the taxpayer's liability.

56.18. Given the time limits specified in Article 102 of this Code, the taxpayer has the right to appeal against the tax decision notice or other decision of the regulatory authority in court at any time after receipt of the decision.

The decision of the regulatory authority, appealed to the Court, is not subject to administrative appeal.

The administrative appeal procedure is considered to be a pre-trial dispute resolution procedure.
When the taxpayer applies to the court to invalidate the decision of the regulatory authority, liability is considered to be not approved until the day when the respective court decision comes into force.

56.19. In case when prior to filing a claim for administrative appeal procedure, the taxpayer has the right to appeal against the tax decision notice or other decision of the regulatory authority on the assessment of the liability in the month following the end of the administrative appeal procedure in accordance with clause 56.17 of this Article.

56.20. Requirements for registration of claims, procedures for review of the claims is established by the central executive authority responsible for the formation and implementation of national tax and customs policy.

56.21. If the provision of the Code or other regulatory instrument issued under this Code, or when different laws or rules of various regulations, standards, or of the same legal instrument are contrary to each other and allow for ambiguous (multiple) interpretation(s) of the rights and duties of taxpayers or regulatory authorities, leading to possibility to take a decision in favour of the taxpayer as well as in favour of the regulatory authority, the decision is to be taken in favour of the taxpayer.

56.22. If the taxpayer appeals the decision of the regulatory authority in administrative and / or court procedure, notification of the person suspected of committing a criminal offense on tax evasion cannot be based solely on the decision of the regulatory authority before the end of the administrative appeal procedure or until final resolution of the case by the court.

Start of the prejudicial inquiry in respect of the taxpayer or the notification of suspicion of having a criminal offense committed to its officials (officers), cannot be the ground for suspension of proceedings or abandonment of the complaint (claim) of the taxpayer which was filed to the court as part of the appeal of decisions of regulatory authorities.

**Article 57. Terms of payment of the tax liability**

57.1. The taxpayer is obliged to pay the amount of tax liability indicated in his tax declaration submitted, within 10 calendar days following the last day of the relevant time limit prescribed by this Code for submission of tax declarations, except as required by this Code.

The tax agent shall pay the amount of tax liability (the amount of accrued (withheld) tax), determined by him independently from the income paid to benefit of the individual taxpayer at the expense of such payment within the time periods provided herein.

The taxpayer is obliged to pay the amount of the tax liability specified in the customs declaration before / or on the day of submission of the customs declaration.

Payers of income tax (except for newly established organizations, producers of agricultural products, non-profit institutions (organizations) and taxpayers whose incomes, which are taken into account in determining the taxable item, for the most recent annual tax reporting period do not exceed 10 million hryvnia) shall monthly pay the advance payment from the
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income tax in the manner and within the time prescribed for the monthly tax period of not less than 1/12 of the accrued amount of the tax payable for the previous reporting (tax) year without submission of the tax declaration.

The amount of advance instalment for income tax defined by this clause is decreased by the amount of advance instalment paid from the income tax during dividend payments in accordance with clause 153.3 of Article 153 of the Code (including the results of the previous reporting (tax) periods).

If the amount of advance instalment from income tax paid during the payment of dividends in accordance with clause 153.3 of Article 153 of the Code, exceeds the amount of advance instalment of income tax determined by this clause, the amount in excess shall be included in reduction of advance instalment as defined in this clause, in the following reporting months to its full maturity.

Taxpayers registered in the reporting (tax) year (newly established ones) pay income tax on the basis of annual income tax declaration for the period of activity in the reporting (tax) year without submission of the tax declaration for the reporting (tax) period (quarter, six and nine months) and do not pay an advance instalment.

Taxpayers whose incomes are taken into account in determining the taxable item for the most recent annual reporting (tax) period do not exceed 10 million hryvnia, and non-profit institutions (organizations) pay income tax on the basis of the tax declaration submitted to regulatory authorities in the reporting (tax) year and do not pay advance instalment.

If a taxpayer who pays the advance instalment, at the end of the first quarter of the reporting (tax) year did not receive a profit or incurred a loss, he is entitled to submit a tax declaration and financial statements for the first quarter. Such taxpayer does not pay any advance instalment in the second — fourth quarters of the reporting (tax) year, and tax liabilities are determined based on the tax declaration for the first six months, three quarters and for the year, which is submitted to the regulatory authority in the manner prescribed by this Code.

The taxpayer, who at the end of the previous reporting (tax) year did not receive profit or incurred a loss, did not calculate tax liabilities and had no baseline to determine the advance instalment in the following year, and upon the results of the first quarter receives a profit, must file a tax declaration for the first six months, three quarters of the reporting (tax) year, and for the reporting (tax) year for the calculation and payment of tax liabilities.

As part of the annual tax declaration the taxpayer submit monthly advance payment of contributions to be paid in the next twelve months. Amount of advance instalments determined in the calculation is deemed to be an approved amount of liabilities.

In this case, twelve-month period for payment of advance instalments is determined from the beginning of March of the current reporting (tax) year to February of next reporting (tax) year, inclusive.
Form of calculation provided in this clause shall be approved in the manner prescribed by this Code.

Tax declaration and payment of monthly advance instalment for the basic reporting (tax) year are to be submitted within 60 calendar days following the last calendar day of the reporting (tax) year.

57.2. If in accordance with this Code or other laws of Ukraine, the regulatory authority independently determines tax liability of the taxpayer for reasons not related to the violation of tax laws, such taxpayer shall pay the calculated amount of tax liability within the terms defined in this Code and Article 297 of the Customs Code of Ukraine, and if such terms are not defined, — within 30 calendar days following the date of receipt of the tax decision notice on such calculation.

57.3. In case of liability determined by the regulatory authority for the reasons specified in sub-clauses 54.3.1, 54.3.2, 54.3.4–54.3.6 of the clause 54.3 of Article 54 of this Code, the taxpayer must pay the calculated amount of the liability within 10 calendar days following the date of receipt of tax decision notice, except where for a time period such taxpayer initiates the process of appeal of decision of the regulatory authority.

In case of appeal against the decision of the regulatory authority as to the accrued amount of the liability, the taxpayer is obliged to independently pay the approved amount, as well as penalties and fines, if any, within 10 calendar days following the date of such approval.

57.4. Interest fines and punitive penalties accrued on the amount of the liability (part thereof) that has expired as a result of administrative or judicial review, are also subject to cancellation, and if such interest fines and punitive penalties have been paid, they shall be credited to the account of repayment of the tax debt, liability or return in a manner established by Article 43 of this Code.

57.5. Individual taxpayers have to pay taxes and fees established by this Code, via banks and post offices.

If these persons live in rural (township) areas, they can pay the taxes and fees via cash village (township) councils under receipt for the taxes and fees, the form of which is established by the central executive authority responsible for the formation and implementation of national tax and customs policy.

**Article 58. The tax decision notice**

58.1. If the amount of liability of the taxpayer under the tax or other laws, enforcement of which is assigned to the responsibility of the regulatory authorities, is calculated by the regulatory authority in accordance with Article 54 of this Code (except for the declaration of goods as provided for citizens), or if upon the results of inspection, regulatory authority finds a discrepancy between the amounts of budgetary compensation and the amount claimed in the tax declaration, or reduces the amount of the declared negative value of the taxable item by the income tax or of the negative value of the amount of value added tax, calculated by
the taxpayer pursuant to Section V of this Code, such regulatory authority shall send (hand over) the tax decision notice.

Tax decision notice contains the basis for such a assessment (decrease) of a tax liability and / or a decrease (increase) of the amount of budgetary compensation and / or reducing the negative value of the taxable item by the income tax or of a negative value of the amount of value added tax; a reference to the provision of this Code and / or other law, control over the execution of which is assigned to the responsibility of the regulatory authorities, in accordance with which the calculation or recomputation was made as to liabilities of the taxpayer; the amount of the liability the taxpayer must pay; the amount of reduced (increased) budgetary compensation and / or reduction of the negative value of the results of economic activity or of the negative value of the amount of value added tax; deadlines for payment of liabilities and / or time period for the taxpayer to correct tax reporting indicators; warning of the consequences of failure to pay the liabilities or correct the figures of tax reporting in a timely manner; deadlines established by this Code for appeal of tax decision notice.

Tax decision notice is attached with calculation of tax liability and penalties (punitive penalties).

The form and procedure for sending tax decision notices and calculation of the liability is determined by central executive authority responsible for the formation and implementation of national tax and customs policy.

58.2. Tax decision notice is sent (handed over) for each separate tax collection and / or with the penalties provided for in this Code, and for each penalty (punitive penalties) for violations of other laws, enforcement of which is assigned to a regulatory authority and / or fines for violation of terms of settlement in the sphere of foreign economic activity.

In the case of a decrease (increase) by the regulatory authority of the amount of budgetary compensation and / or reduction of the negative value of the taxable item by the income tax or of a negative value of the amount of value added tax, a separate tax decision notice is sent (handed over) to the taxpayer.

The regulatory authority shall maintain a register of issued tax decision notices as to individual taxpayers.

58.3. Tax decision notice is deemed to be send (handed over) to the taxpayer if it is handed over to the officer of such taxpayer against receipt or sent as a letter with a return receipt.

Tax notice shall be deemed to be sent (handed over) to a natural person if it is served to him personally or to his legal representative or sent to the address of his or her residence or to the last known whereabouts of a natural person with a return receipt. The same procedure applies for delivery of tax orders and decision on the outcome of appeals.

If the post office cannot hand over to the taxpayer the tax decision notice, or tax order or the decision on the outcome of the appeal due to lack of officers at the location, their refusal to accept the tax decision notice, tax order or a decision on the outcome of the appeal, as well as in case of failure
to find actual place of residence (location) of the taxpayer or due to other reasons, the tax decision notice, a tax order, or a decision on the outcome of appeal is deemed to be delivered to the taxpayer on the date specified in the notification for service indicating the reasons of the non-delivery.

If is impossible to hand over a tax decision notice due to an error made by the regulatory authority, the tax decision notice is considered to be not delivered the taxpayer.

58.4. If the court as a result of the criminal proceedings for the criminal offense subject of which are taxes and fees, brings in the verdict of guilty, which came into force, or decided to close criminal proceedings on the non-rehabilitating grounds, the appropriate regulatory authority shall determine the tax liability for taxes and fees, failure to pay which was established by the judgment, and adopt the tax decision notice as to calculation of such tax liabilities to the taxpayer and apply to it a penalty (punitive penalties) to the extent required by the Code.

Drafting and sending to the taxpayer of the tax decision notices on tax liability of the taxpayer for taxes and fees, failure to pay which was established by the judgment, is prohibited until the entry into force of a judgment in a criminal proceeding or a ruling on the closure of criminal proceedings on the non-rehabilitating grounds.

The second paragraph of this clause shall not apply where the tax decision notice is sent (delivered) to the person suspected of committing a criminal offense.

Article 59. Tax orders

59.1. If a taxpayer fails to pay the approved amount of the liability within the time period established by law, the regulatory authority shall send (hand over) to him a tax order in the manner specified for the communication (delivery) of the tax decision notice.

The tax order is not sent (not delivered) if the total amount of the tax debt of the taxpayer does not exceed twenty personal exemptions. In case of increase in the total tax debt to an amount that exceeds twenty personal exemptions, the regulatory authority sends (hands over) the tax order to such taxpayer.

59.2 Excluded;

59.3. Tax order is sent before the first working day after the deadline for payment of the amount of liability.

Tax order must contain information about origin of liability and the right of a tax lien, the amount of the tax debt secured by a tax lien, the obligation to pay the tax debt and possible consequences of failure to pay by the due date, a warning on the description of the assets, which in accordance with the law may be subject to tax lien, as well as the possible date and time of the public auction for the sale thereof.

59.4. Tax order is sent (delivered) also to taxpayers who have filed their own tax declarations, but have not repaid the amount of tax liability within the time under this Code without prior communication (delivery) of the tax decision notice.
59.5. In case if for a taxpayer to whom a tax order sent (delivered), the amount of the tax debt increases (decreases), full amount of the taxpayer’s tax debt existing on the maturity date is subject to the payment.

If after sending (delivery) of the tax order the amount of the tax debt has changed, but the tax debt has not been repaid in full, the additional tax order is not sent (not delivered).

**Article 60. Revocation of the tax decision notice, and tax order**

60.1. The tax notice decision or a tax order shall be deemed revoked if:

60.1.1. the amount of the tax debt is paid off by the taxpayer itself or by the tax recovery agency;

60.1.2. regulatory authority revokes its earlier tax notice decision of the calculation of the amount of liability or the tax order;

60.1.3. regulatory authority reduces the calculated amount of the liability of the tax decision notice previously received, or the amount of the tax debt, defined in the tax order;

60.1.4. court decision which entered into force, repealed tax decision notice of the regulatory authority or the amount of the tax debt, as defined in the tax order;

60.1.5. court decision which entered into force, reduced the amount of liability, as defined in the tax decision notice of the regulatory authority, or the amount of the tax debt, as defined in the tax order.

60.2. In the cases specified in sub-clause 60.1.1 of the clause 60.1 of this Article, the tax requirement is deemed to have been revoked on the day, during which repayment of the tax debt was made in full.

60.3. In the cases specified in sub-clause 60.1.2 of the clause 60.1 of this Article, the tax decision notice or a tax order are deemed to have been revoked from the date of the decision of the regulatory authority to abolish this tax decision notice or tax order.

60.4. In the cases specified in sub-clauses 60.1.3 and 60.1.5 of the clause 60.1 of this Article, the tax decision notice or a tax order are deemed to have been revoked from the date of receipt of the taxpayer of the tax decision notice, or tax order that contain a reduced amount of the liability or tax debt.

60.5. In the cases specified in sub-clause 60.1.4 of the clause 60.1 of this Article, the tax decision notice or a tax order shall be deemed revoked on the day of entry into force of the court decision.

60.6. If the gross amount of the liability or tax debt increases because of their administrative appeal, a previous (delivered) tax decision notice or a tax order are not revoked. Increase
in the amount of the liability is sent in a separate tax decision notice, and for the amount of increase of the tax debt, a separate tax order is not sent (not delivered).

60.7 Excluded;

CHAPTER 5. TAX CONTROL

Article 61. Definition of tax control and powers of the government for its implementation

61.1. Tax control is a system of measures taken by regulatory authorities for the purposes of verifying the correctness of calculation, completeness and timeliness of payment of taxes and fees, as well as compliance with the law on the regulation of circulation of cash settlements and cash transactions, patenting, licensing, and other legislation, enforcement of which is assigned to the responsibility of the regulatory authorities.

{The second paragraph of clause 61.1 of Article 61 is excluded on the basis of the Law No. 404-VII as of July 4, 2013}

61.2. Tax control is carried out by authorities referred to in Article 41 of this Code, within the limits of their competence established by this Code.

61.3. Agencies of the Security Service of Ukraine, internal affairs agencies, the tax police, prosecutors and their officers (officials) shall not be directly involved in inspections conducted by regulatory authorities, and carry out inspections of business entities on tax issues.

Article 62. The methods of tax control

62.1.1. keeping records of taxpayers;

62.1.2. information and analytical support of the regulatory authorities;

62.1.3. inspections and verifications in accordance with this Code, and also inspection for compliance with legislation, enforcement of which is assigned to the responsibility of the regulatory authorities, in accordance with the laws of Ukraine and the relevant scope of relations regulated.

CHAPTER 6. REGISTRATION OF TAXPAYERS

Article 63. General provisions for the registration of taxpayers

63.1. Registration of taxpayers is being done to create conditions for the exercise of control by the regulatory authorities over the correctness of calculation, timely and complete payment of the taxes, financial penalties calculated, compliance with tax and other laws, enforcement of which is assigned to the responsibility of the regulatory authorities.

63.2. All taxpayers are subject to registration with the regulatory authorities.
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Registration of legal entities with the regulatory authorities, their separate subdivisions, as well as of self-employed persons shall be done regardless of obligation to pay a particular tax and fee.

63.3. For the purpose of tax control, taxpayers are subject to registration with regulatory authorities on the location of legal entities, separate subdivisions of legal entities, residence of natural persons (primary place of registration), as well as by location (registration) of their subdivisions, movable and immovable property, taxable items or facilities related to taxation or through which the activities is being conducted (non-substantive place of registration).

The central executive authority responsible for formation and implementation of the national tax and customs policy may decide to change the primary place of registration of the major taxpayer.

The taxable items and facilities related to taxation include property and activities in respect of which the taxpayer is obliged to pay taxes and fees. Such items and facilities are determined for each type of tax and fee in accordance with the relevant section of the Code.

The taxpayer is required to register with the relevant regulatory authorities on the primary and non-substantive place of registration, to report on all the taxable items and facilities related to taxation to regulatory authorities on the location of such facilities at the primary place of registration in the manner prescribed for registration of taxpayers.

Application for the registration of the taxpayer’s place of registration is submitted to the relevant regulatory authority within 10 working days after the creation of a separate subdivision, registration of movable or immovable property or opening a facility or unit through which the transactions are being conducted or which are subject to taxation.

63.4. Registration of corporate taxpayers and their separate subdivisions is performed after their state registration or inclusion of information thereof to the appropriate state registers on the conditions determined by the legislative acts of Ukraine, except as specified in this Code, when the registration authorities are regulatory authorities or when state registration of the taxpayer for the relevant status is not envisaged by the legislation.

63.5. All natural persons — payers of taxes and fees are registered with the regulatory authorities by including information thereof in the National Register of individual taxpayers in the manner specified in this Code.

Individual entrepreneurs and individuals who intend to carry out an independent professional activity, shall be registered with the regulatory authorities as self-employed persons in accordance with this Code.

63.6. Registration of taxpayers with the regulatory authorities is exercised under the tax number.

Procedure for determining the tax number is established by central executive authority responsible for the formation and implementation of national tax and customs policy.
Registration of persons who, because of their religious beliefs, refuse to accept the registration number of the taxpayer registration card and notified the appropriate regulatory authorities, are kept in the records under their surname, name and patronymic, and the series number of a legally effective passport. Regulatory authorities include into passports of these persons a reference as to their right to make any payment under the series and number of the passport. The procedure for introducing of such a reference is determined by central executive authority responsible for the formation and implementation of national tax and customs policy.

63.7. The regulatory authority shall indicate tax identification number or series of the passport (for individuals who, because of their religious beliefs, refuse to accept the registration number of the taxpayer registration card and notified the appropriate regulatory authority thereof have a relevant stamp in their passports) in all certificates, references, patents and other documents or messages that are issued to the taxpayer or sent to him.

Every taxpayer indicates tax number or passport series and number (for individuals who, because of their religious beliefs, refuse to accept the registration number of the taxpayer registration card and notified the appropriate regulatory authority thereof and have relevant stamp in their passports) in all tax declarations (calculations, reports), payment documents regarding taxes and fees, financial documents, as well as in other cases stipulated by law.

63.8. Individual aspects of registration of taxpayers for certain taxes, as well as of certain categories of taxpayers are covered by the appropriate sections of this Code.

63.9. Documents submitted by taxpayers for the registration with the regulatory authorities are verified in the manner established by the central executive authority responsible for the formation and implementation of national tax and customs policy, and in the case of any errors discovered or submission of false information the documents are returned for correction. Taxpayers who have not submitted the returned documents within 5 calendar days following the date of receipt of the return of documents submitted for the registration with the regulatory authorities or re-submitted such documents with errors bear responsibility under the law.

63.10. The central executive authority responsible for the formation and implementation of national tax and customs policy, determines:

63.10.1. procedure for recording payers of taxes and fees;

63.10.2. list of the documents submitted for the registration of the taxpayers, as well as for submission of such documents;

63.10.3. application forms, certificates and documents on the registration matters and registration of taxpayers.

63.11. The regulatory authorities shall ensure the accuracy of the information on taxpayers in a Single Data Base of Corporate taxpayers and the State Register of Individual taxpayers, Register of Payers of Value Added Tax, Register of Non-Profit Organizations and other registries.
that are formed and maintained by the regulatory authorities in accordance with this Code, protection thereof against unauthorised access, updating, backing up and restoring the data.

63.12. Information that is collected, used and formed by the regulatory authorities in connection with the registration of taxpayers, is entered into information database and used subject to the limitations provided for tax information with restricted access.

63.13. For the purpose of permanent provision of information to state and local authorities, legal entities and natural persons, the central executive authority responsible for formation and implementation of the national tax and customs policy shall make public at the unified state registration web-portal of legal entities and individual entrepreneurs and at own website data on registration of legal entities, their standalone units and self-employed persons as taxpayers no later than on the next business day following the registration.

The access to indicated web-portal and web-site is free and unrestricted.

The indicated data contain the following information on the taxpayer:

- tax number (for legal entity or its standalone unit);
- name of the legal entity or surname, name and patronymic of the natural person;
- location;
- date and number of registration entry;
- name and identification code of regulatory authority at the primary place of registration of the taxpayer;
- data on sending by relevant regulatory authority to the state registrar of notifications related to termination of the legal entity or business activity of the sole proprietor as required by law.

**Article 64. Registration of legal entities and separate subdivisions of legal entities**

64.1. Registration of legal entities and their separate subdivisions as payers of taxes and fees with the regulatory authorities is conducted at the place of registration on the basis of information contained in the registration card provided by the state registrar according to the Law of Ukraine “On State Registration of Legal Entities and Individual Entrepreneurs”, not later than the next business day from the date of receipt of the above information by the regulatory authorities.

The data on the registration of the legal entities and their separate subdivisions as payers of taxes and duties with regulatory authorities are transferred to the Unified State Register of legal Entities and Individual Entrepreneurs on the day of registration of the legal entity and a separate subdivision of a legal entity in the manner prescribed by the Ministry of Justice Ukraine and central executive authority responsible for the formation and implementation of national tax and customs policy.
64.2. Registration if corporate taxpayers and separate subdivisions of legal entities for which the law establishes the individual aspects of their state registration and which are not included in the Unified State Register of Legal Entities and Individual Entrepreneurs, is conducted at the principal place of their registration not later than the next business day from the date of receipt from them of declaration which the taxpayer is required to submit within ten days after the state registration (legalization, accreditation or certification of the fact of establishment by another mean).

64.3. Registration of legal entities and their separate subdivisions as payers of taxes and fees with regulatory authorities in accordance with clause 64.1 of this Article confirmed by an extract from the Unified State Register of legal Entities and Individual Entrepreneurs which is sent (issued) to such legal entities and separate subdivisions of legal entities in accordance with the Law of Ukraine “On State Registration of Legal Entities and Individual Entrepreneurs.”

In the case of the registration of the legal entities and their separate subdivisions as payers of taxes and duties with the regulatory authorities in accordance with clause 64.2 of this Article, on the next business day from the date of registration of such legal entities and separate subdivisions of legal entities at the main place of registration, sent a certificate of registration is sent (issued).

64.4. Military units must, within 10 calendar days after registration of a military unit as a business entity to register with the regulatory authority in the place of their deployment in accordance with clause 64.2 of this Article.

64.5. The reason for registration (introduction of changes, re-registration) of the separate subdivisions of foreign companies, organizations, including permanent establishment of non-residents, is proper accreditation (registration, legalization) of such subdivision on the territory of Ukraine in accordance with the law.

For registration of permanent representative offices of non-residents and separate subdivisions of foreign legal entities are required to apply within 10 calendar days from the date of state registration (accreditation, certification) in the prescribed manner or prior to the implementation of economic activity, if such registration is not required by law, to the regulatory authorities at their location. Registration of such taxpayers shall be conducted in accordance with paragraph 64.2 of this Article.

In case if the regulatory authority after conducting a tax control discovers conducting of economic activities by a non-resident through its permanent establishment on the territory of Ukraine without tax registration, it draws up an act which is sent through the competent authority of Ukraine to the competent authority of a foreign state to determine the penalties to be charged.

The form of the mentioned act is approved by central executive authority responsible for the formation and implementation of national tax and customs policy.

64.6. Product distribution agreements, property administration contracts must be registered with the regulatory authorities (other than contracts for transactions as defined under sub-

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clause 153.13.10 of the clause 153.13 of Article 153 or the second sentence of the second paragraph of subparagraph 5 of paragraph 180.1 of Article 180 of this Code) as well as cooperative agreements on the territory of Ukraine without establishing legal entities, which are subject to specific tax recording and taxation of activities under such contracts (agreements) as defined by the Code.

The regulatory authorities do not register cooperative agreements, which are not subject to specific tax accounting and taxation of cooperative activities specified in the Code. Each party to such contracts must be registered with the regulatory authorities and independently performs his obligations as a taxpayer.

Registration of the contract or agreement is executed by additional registration of the trustee, a member of cooperative agreement or production distribution agreement as taxpayers who is responsible for the withholding and transferring taxes to the budget in performance of the contract or agreement.

A taxpayer is required to file application for the registration within 10 calendar days after the registration of the contract or agreement or the entry into force thereof if the registration of the contract is not carried out in accordance with the law.

64.7. The central executive authority responsible for the formation and implementation of national tax and customs policy, determines the procedure for registration of taxpayers with the regulatory authorities and formation of the Register of major taxpayers for the relevant year based on the criteria specified by this Code in respect to major taxpayers.

If included in the taxpayer's registry of major taxpayers, it is subject to particular legal treatment defined by this Code for the major taxpayers.

After the taxpayer's data are entered into the Register of major taxpayers and notification from the central executive authority responsible for formation and implementation of the national tax and customs policy is received, the taxpayer's being entered into the Register shall be registered with the regulatory authority responsible for tax maintenance of major taxpayers from the beginning of the tax period (calendar year), for which the Register is formed.

As to those major taxpayers who do not have their own registration with the regulatory authority responsible for maintenance of major taxpayers, the central executive authority responsible for the formation and implementation of national tax and customs policy has the right to take the decision as to change of the principal place of registration and transfer their registration to the regulatory authorities responsible for maintenance of major taxpayers.

In the absence of the regulatory authority carrying out maintenance of major taxpayers at the place of registration of major taxpayers, and upon the decision of the central executive authority responsible for the formation and implementation of national tax and customs policy, registration of such taxpayer is exercised by the regulatory authority responsible for maintenance of major taxpayers which is the closest located geographically, or by other regulatory authority.
In the case of a decision to transfer of a major taxpayer for the registration with the regulatory authority performing maintenance of major taxpayers or to other regulatory authority, the relevant regulatory authorities shall, within 20 calendar days after such decision to implement the registration / deregistration of such taxpayer.

Major taxpayer in respect which registration decided to be transferred by the central executive authority responsible for the formation and implementation of national tax and customs policy decided to the regulatory authority carrying out maintenance of major taxpayers or to the other regulatory authority after having executed the registration at the new place of registration is required to pay taxes at the previous registration with the regulatory authorities, and to file tax declaration and perform other duties provided for in this Code, at the new place thereof.

**Article 65. Accounting for self-employed persons**

65.1. The registration of individual entrepreneurs with regulatory authorities is carried out at the place of their state registration on the basis of information derived from the registration card provided by the state registrar according to the Law of Ukraine “On state registration of legal entities and individual entrepreneurs.”

Private notaries and other natural persons, the condition of independent professional activities of whose according to law is the state registration of such activities with the relevant competent authority and a certificate of registration or other document (permits, certificates, etc.), confirming the right of a natural person to conduct an independent professional activities, within 10 calendar days after such registration shall be registered with the regulatory authority at the place of permanent residence.

65.2. Registration of self-employed persons is carried out by entering into the State register of individual taxpayers (hereinafter — the “State Register”) of the records on state registration or termination of business, independent professional activity, re-registration, recording for the registration as a taxpayer, deregistration, introduction of changes related to self-employed persons, and other actions under the relevant Procedure for registration of payers if taxes and fees.

65.3. For the purposes of registration of a natural person who intends to conduct independent professional activity, such person must submit an application and documents in person (to send by registered letter with the list of documents enclosed) or through an authorised person to the regulatory authority at the place of permanent residence.

65.4. The regulatory authority shall refuse to consider the documents submitted for registration of a person who carries out independent professional activity, in the following cases:

65.4.1. if there are restrictions on the exercise of independent professional activity established by the law;

65.4.2. when the documents were filed to improper place of registration;

65.4.3. when the documents do not meet the requirements, are not submitted in full, or when the specified information in different documents are mutually inconsistent;
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65.4.4. where a natural person has been already registered as a self-employed person;

65.4.5. in case of failure to register a person who intends to carry out an independent professional activity, the registration certificate or other document (permit, certificate, etc.), confirming the right of the natural person to exercise independent professional activity.

After eliminating the causes that were the basis for denying the registration of self-employed person, a natural person can re-apply for registration.

65.5. Registration of a self-employed person is conducted by the regulatory authority not later than the next business day from the date of receipt of the relevant information from the state registrar (for individual entrepreneurs) or after acceptance of the application (for persons engaged in independent professional activity).

The data for the registration of individual entrepreneurs are transferred to the Unified State Register of legal entities and individual entrepreneurs on the day of registration in the manner prescribed by the Ministry of Justice of Ukraine and central executive authority responsible for the formation and implementation of national tax and customs policy.

The registration of an individual entrepreneur is confirmed by an extract from the Unified State Register of Legal Entities and Individual Entrepreneurs which is sent (issued) to an individual entrepreneur in accordance with the Law of Ukraine “On State Registration of Legal Entities and Individual Entrepreneurs.”

Certificate of registration of the taxpayer is sent (issued) to a person who carries out independent professional activity, on the next business day from the date of registration.

65.6. Issuance and renewal of certificates of registration of the taxpayer is exercised free of charge.

65.7. Certificate of registration of the taxpayer is provided to a natural person who conducts an independent professional activity, by the regulatory authority, with indication of the term, if no time period is specified in the certificate of registration, or other document (permit, certificate, etc.), confirming the right of an individual to carry out an independent professional activities.

65.8. Certificate of registration of the self-employed person becomes invalid from the moment of change in the data on the individual which shall be specified in such certificate, and is subject to change in the regulatory authority.

65.9. Self-employed persons are required to submit to the regulatory authorities at the place of their registration an information on changing the registration information during one month from the date of such changes.

Changes to the information about self employed person contained in the State Register shall enter into force on the date of the relevant entry in such register.
65.10. Introduction to the State Register of the record as to termination of the business activity of an individual entrepreneur or independent professional activity of a natural person is carried out in the following cases:

65.10.1. recognition of a natural person to lack dispositive legal capacity or limit his or her civil capacity — from the date of entry into force of the relevant court decision;

65.10.2. death of a natural person, including declaring such person to be deceased, as evidenced by the death certificate (extract from the State Register of Civil Status of Citizens, information from the State Civil Register), as well as for adjudication of disappearance as to the person, which is confirmed by a court decision;

65.10.3. Introduction to the Unified State Register of Legal Entities and Individual Entrepreneurs of the record on the state registration of the termination of business activity of an individual entrepreneur — from the date of state registration of the termination of business activity of an individual entrepreneur;

65.10.4. registration of the termination of independent professional activities of a natural person with the appropriate regulatory authority — from the date of registration;

65.10.5. the end of the period for which a certificate of registration other document (permits, certificate, etc.) was issued — from the date of expiration of such period;

65.10.6. Court order on prohibition for an individual to carry out business activities or independent professional activity — from the date of entry into force of the court decision, unless otherwise determined by the court decision;

65.10.7. limitations of the right to engage in business or independent professional activity established by law — from the date of receipt of the relevant documents with the regulatory authority at the place of registration of the natural person, unless otherwise provided by law or court order;

65.10.8. revocation or cancellation under the law of the registration certificate or other document (permit, certificate, etc.), confirming the right of a natural person to carry out business or independent professional activity — from the date of such cancellation or termination.

State registration (registration) of termination of the business or independent professional activity of a natural person or introduction into the State Register of the record on the termination of such activity of a natural person does not cease his or her obligations arising in the implementation of the business or independent professional activity, and does not alter the terms of the order of performance of such obligations and application of sanctions for non-compliance.

If, after entering into the State Register of the record on the termination of business or independent professional activity a natural person continues to carry out such activities, it is assumed that he or she started a business without being registered as a self-employed person.
ARTICLE 66. CHANGES TO THE REGISTRATION INFORMATION OF TAXPAYERS WHO ARE NOT REGISTERED AS ENTREPRENEURS AND DO NOT EXERCISE INDEPENDENT PROFESSIONAL ACTIVITY (EXCEPT FOR NATURAL PERSONS)

66.1. The grounds for changes of the taxpayers’ registration information include:

66.1.1. information from the state registration authorities;

66.1.2. information from banks and other financial institutions of the opening (closing) of accounts of taxpayers;

66.1.3. documented information provided by the taxpayer;

66.1.4. information from the subjects of information exchange, authorised to perform any action regarding the registration of the taxpayer;

66.1.5. effective decision of the court;

66.1.6. audited data of taxpayers.

66.2. Changes of the registration information of taxpayers shall be introduced as prescribed by central executive authority responsible for the formation and implementation of national tax and customs policy.

66.3. In the case of state registration of the change of location or residence of the taxpayer, which results in a change of administrative and territorial unit and regulatory authority with which the taxpayer is registered (hereinafter — the “administrative district”), and in the case of change of address of the taxpayer, regulatory authorities at the previous and new location (place of residence) of the taxpayer respectively conduct deregistration / registration procedures for such taxpayer.

The grounds for deregistration of the taxpayer with one regulatory authority and registration thereof with another one will be the receipt by at least one of these authorities of data that evidence proper state registration of such changes by the state registration authorities.

In such a case the taxpayer determined in clause 64.2 of Article 64 hereof must submit the relevant application to the regulatory authority at the new location within ten days from the date of registration of the change of place of location (residence) according to the procedure of registration of taxpayers. In case of failure to provide such an application within 10 calendar days the taxpayer or the taxpayer’s officials shall bear responsibility under the law.

66.4. Corporate taxpayers and their separate subdivisions are required to submit to the regulatory authority information on the persons responsible for accounting and / or tax accounting of such legal entity, its separate subdivisions, within 10-day period from the date of registration or changes of the registration information of taxpayers, by filing an application in the manner specified by the central executive authority responsible for the formation and
66.5. In case of any changes in information or introduction of changes to the documents submitted for the registration purposes under this Section, except for the changes introduced to the Unified State Register of Legal Entities and Sole Proprietors and changes of which the taxpayer notified at the primary place of registration, the taxpayer must submit to the regulatory authority with which it is registered an updated documentation within 10 calendar days from the date of introduction of changes to such documents.

Article 67. The reasons and procedure for deregistration in the regulatory authorities of legal entities, their separate subdivisions and self-employed persons

67.1. The reasons for deregistration in the regulatory authorities of a legal entity, its separate subdivisions and self-employed persons are the following:

67.1.1. notification or document evidence of the state registrar or other registration authority as to the state registration of the termination of a legal entity, shutting down of a separate subdivision of a legal entity.

Second paragraph excluded.

Third paragraph excluded.

67.1.2. at least one of the grounds specified in the clause 65.10 of Article 65 of the Code for self-employed persons.

Second paragraph excluded.

Third paragraph excluded.

67.2. Regulatory authorities in accordance with the law have the right to apply to the court for adjudication on:

termination of legal entities or business activity of individual entrepreneurs;

cancellation of state registration of the legal entities or business activity of individual entrepreneurs;

cancellation of state registration of changes in the constituent documents.

67.3. In the event of termination of the legal entity, its separate subdivisions shall be subject to deregistration with the regulatory authorities.

Procedure for deregistration with the regulatory authorities of legal entities, their separate subdivisions and self-employed persons is established by the central executive authority responsible for the formation and implementation of national tax and customs policy.
67.4. Cooperative agreements, trust agreements and production sharing agreements are de-
registered with the regulatory authorities after termination, cancellation, expiration thereof,
or after the purpose for which they were concluded is achieved, or in case of rescission of
such agreements in court.

Article 68. The information submitted for registration of
taxpayers by the state registration authorities for business
technologies and other authorities

68.1. State registration authority for legal entities and sole proprietors no later than the next
business day from the date of state registration of such person, state registration of the dis-
solution of legal entity or business activity of a sole proprietor, of any other entries made in
the Unified State Register of Legal Entities and Sole Proprietors must notify the regulatory
authority and provide it with information from the registration card as to implementation of
registration procedures prescribed by law.

68.2. Excluded;

68.3. Authorities carrying out recording or registration of movable property and other assets
that constitute taxable item, are required to report on the owners and / or users of such mov-
able property and other assets placed in the relevant territory, or on vehicles registered with
such authorities as well as their owners to the regulatory authorities at the place of their loca-
tion on a monthly basis, but not later than the 10th date of the following month. Procedure
for such notification is established by the Cabinet of Ministers of Ukraine.

68.4. Public authorities must submit to the regulatory authorities other information in cases
provided by this Code and other regulatory instruments of Ukraine.

Article 69. Requirements for the opening and closing
of accounts of taxpayers with banks and other financial
institutions

69.1. Banks and other financial institutions open current and other accounts of the cor-
porate taxpayers (residents and non-residents), regardless of the regardless of their or-
organizational and legal status, of the separate subdivisions and representation offices of
legal entities, for which the law determines special rules of their registration and which
are not included in the Unified State Register of Legal Entities and Individual Entrepre-
neurs, of natural persons exercising independent professional activity, if they have docu-
ments issued by the regulatory authorities, which confirm their registration with such
authorities, or an extract from the Unified State Register of Legal Entities and Individual
Entrepreneurs (for persons registration of which with the regulatory authorities is con-
ducted on the basis of information from the registration card provided by the state regist-
trar according to the Law of Ukraine “On state registration of legal entities and individual
entrepreneurs”).

69.2. Banks and other financial institutions are required to notify the regulatory authority,
with which the taxpayer is registered, of opening or closing of account of the corporate tax-
payer, including that one opened through its standalone units, or of a self-employed natural person no later that on the next business day from the date of opening/closing of the account (including the day of the opening/closing thereof).

When opening or closing of the account of the bank as a taxpayer — including through opening its separate subdivisions, notification shall be made in the manner determined by this clause only in case of opening or closing of the correspondent account.

When opening or closing of the their own correspondent accounts, the banks are required to notify thereof the regulatory authority where they are registered within the terms defined by this clause.

69.3. The regulatory authority shall notify on registration of the account or refusal to do so stating the reasons for such refusal in accordance with the procedure specified herein no later than on the next business day following the receipt of notification from financial institution as to opening of an account.

69.4. Starting date for expenditure transactions of the taxpayer as defined by paragraph 69.1 of this Article (other than banks), in banks and other financial institutions is the date of receipt by the bank or other financial institution of the notification of the regulatory authority as to registration of the with such regulatory authorities.

69.5. Procedure for presentation and the form and content of the notices on the opening / closing of accounts of taxpayers with banks and other financial institutions, the list of grounds for refusal by regulatory authorities in registration of the account are determined by the central executive authority responsible for the formation and implementation of national tax and customs policy, agreed with the relevant government agencies regulating the activities of financial institutions.

69.6. Banks and other financial institutions shall be liable for non-compliance with provisions of this Article in accordance with this Code.

69.7. Individual entrepreneurs and natural persons providing independent professional activity are required to report their status to banks and other financial institutions with which they open their accounts.

**Article 70. State register of individual taxpayers**

70.1. The central executive authority responsible for the formation and implementation of national tax and customs policy, forms and maintains the State Register of Individual taxpayers (hereinafter — the “State Register”).

State Register records information on the natural persons who are:

citizens of Ukraine;

foreigners and stateless persons who permanently reside in Ukraine;
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foreigners and stateless persons who have no permanent place of residence in Ukraine, but are required by law to pay taxes in Ukraine and are the founders of legal entities established in the territory of Ukraine.

Registration of individual taxpayers who because of their religious beliefs refuse to accept the registration number of the taxpayer registration card and notified the appropriate regulatory authority thereof, are made in a separate register of the State Register by their surname, name and patronymic and the series and number of passport without number of the registration card.

Paragraph Seven excluded.

70.2. Registration card of a individual taxpayer and notification (who because of their religious beliefs refuse to accept the registration number of the taxpayer registration card) include the following information:

70.2.1. surname, name and patronymic;

70.2.2. date of birth;

70.2.3. place of birth (country, region, district, city);

70.2.4. place of residence for foreign nationals — the nationality;

70.2.5. series, number of birth certificate, passport (similar data of another identity document), by whom and when issued.

70.3. The data base of the State Register shall include the following data of natural persons:

70.3.1. sources of revenue;

70.3.2. taxable items;

70.3.3. accrued and / or received revenues;

70.3.4. accrued and / or paid taxes;

70.3.5. information on the tax deduction and tax concession of the taxpayer.

70.4. The State Register includes information on the state registration, registration as a business entity and the registration as taxpayers of individual entrepreneurs and persons conducting independent professional activity. Such information includes:

70.4.1. date, numbers of records, certificates and other documents, as well as the grounds of state registration, registration as a business entity and the registration as taxpayers, termination of business or independent professional activity, other registration information;
70.4.2. information on the state registration of changes in the data of the person replacing or renewing the certificates of registration and registration thereof in the state registration authority and tax authority;

70.4.3. place of business, phone numbers and other additional contact information of the individual entrepreneur or the person exercising independent professional activity;

70.4.4. type of activity;

70.4.5. citizenship and the number used for taxation in the country of nationality — for foreigners;

70.4.6. tax system with an indication of its validity period.

70.5. Individual taxpayer, regardless of age (both resident and non-resident), for which a taxpayer registration card has not been previously formed and not included in the State Register shall personally or through his or her legal representative or authorised person to submit to the regulatory authority of a card of a individual taxpayer which also is an application for registration in the State Register, and show proof of identity.

Individual taxpayer, who, because of his or her religious beliefs refuses to accept the registration number of the taxpayer registration card is required to personally submit to the regulatory authority notification and documents for his or her records by surname, name, and patronymic and series and number of the passport, as well as produce the passport.

Natural person shall submit a registration card of the individual taxpayer or notification (for individuals who, because of their religious beliefs refuse to accept the registration number of the taxpayer registration card) to the regulatory authority of their tax address, and a natural person who does not have a permanent place of residence in Ukraine — to the regulatory authority at the place of income or location of another taxable item.

For the registration card of a individual taxpayer, the identity document data are used. For the notification (for individuals who, because of their religious beliefs refuse to accept the registration number of the taxpayer registration card), the passport data are used.

The form of registration card of a individual taxpayer and of the notification (for individuals who, because of their religious beliefs refuse to accept the registration number of the taxpayer registration card) as well as procedure for submission thereof are determined by the central executive authority responsible for the formation and implementation of national tax and customs policy.

A natural person is legally liable for the accuracy of the information submitted for registration by the State Register.

70.6. Authorities exercising state civil registration, law enforcement agencies carrying out the registration of natural persons are required to submit to the relevant regulatory authorities
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information regarding changes of data included in the registration card of an individual taxpayer every month, but not later than the 10th date of the following month.

Procedure of presentation of such information and interaction between the subjects of information relations is determined by the Cabinet of Ministers of Ukraine.

70.7. Individual taxpayers are required to submit to regulatory authorities information on changes of the data are included in the registration card or notification (for individuals who because of their religious beliefs refuse to accept the registration number of the taxpayer registration card and have a special stamp in their passports) during a month from the date of such changes by filing relevant application in the form and manner specified by the central executive authority responsible for the formation and implementation of national tax and customs policy.

70.8. The central executive authority responsible for the formation and implementation of national tax and customs policy shall inform the territorial authority of the state registration of an individual taxpayer with the State Register and introduction of changes to the data contained in the State Register.

70.9. At the request of the taxpayer, his legal representative or an authorised person, the regulatory authority shall issue a document certifying the registration in the State Register, except for individuals who because of their religious beliefs refuse to accept the registration number of the taxpayer registration card and notified the appropriate regulatory authority thereof and have a special stamp in their passports.

This document indicates registration record number of the taxpayer.

Procedure for formation of the registration number of the taxpayer registration card is determined and approved by central executive authority responsible for the formation and implementation of national tax and customs policy.

The document type and issuing procedure thereof is established by central executive authority responsible for the formation and implementation of national tax and customs policy.

70.10. Regulatory authority at the place of residence of an individual taxpayer at the request of the person can include into the passport (page seven, eight or nine) details of the registration number of the taxpayer registration card from the State Register.

70.11. In case of incorrect data or errors found in the registration card or notification (for individuals who, because of their religious beliefs refuse to accept the registration number of the taxpayer registration card) submitted, an individual may be denied of registration and/or special record in the passport or the registration deadline may be extended.

70.12. Registration number of the taxpayer registration card or passport series and number (for individuals who because of their religious beliefs refuse to accept the registration number of the taxpayer registration card and notified the appropriate regulatory authority thereof and have a special stamp in their passports) are used by state authorities and local self-government authorities, legal entities, regardless of their organizational and legal status,
including the institutions of the National Bank of Ukraine, banks and other financial insti-
tutions, stock exchanges, persons engaged in independent professional activity, individual
entrepreneurs, as well as by natural persons in all documents containing information about
the taxable item of natural persons, or payment of taxes, in particular in the case of:

70.12.1. payment of income from which the taxes are withheld in accordance with the laws of
Ukraine. Natural persons are required to provide information about the registration number
of the registration card to legal entities and natural persons who pay their income;

70.12.2. conclusion of civil law contracts the subject of which are taxable items and as to
which the obligation to pay taxes and fees may arise;

70.12.3. opening accounts in banks or other financial institutions, as well as in the settlement
documents in the exercise of non-cash payments by natural persons;

70.12.4. filling by the natural persons identified in clause 70.1 of this Article, of the customs
declaration when crossing the customs border of Ukraine;

70.12.5. payment of taxes and fees by natural persons;

70.12.6. the state registration of individual entrepreneurs or issuance to such persons of spe-
cial permits (licenses, patents, etc.) on the exercise of certain economic activities as well as
registration of independent professional activity;

70.12.7. registration of property and other assets of individuals which constitute taxable item,
or the rights thereto;

70.12.8. submission to the regulatory authorities of declarations of income, assets, and other
assets;

70.12.9. registration of vehicles passing in the ownership of natural persons;

70.12.10. registration of allowances, subsidies and other social benefits from the state special-
ised funds for natural persons;

70.12.11. in other cases determined by the laws of Ukraine and other regulatory instruments.

70.13. Documents related to the transactions envisaged by the clause 70.12 of this Article,
which do not have the registration number of the taxpayer registration card or passport num-
ber and series (for individuals who because of their religious beliefs refuse to accept the
registration number of the taxpayer registration card and notified the appropriate regulatory
authority thereof and have a special stamp in their passports) are considered executed in
violation of the law of Ukraine.

70.14. The regulatory authority specifies the registration number of taxpayer registration
card or passport number (for individuals who because of their religious beliefs refuse to ac-
cept the registration number of the taxpayer registration card and notified the appropriate
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regulatory authority thereof and have a special stamp in their passports) in all notices addressed to him or her.

Each taxpayer indicates registration number of his or her taxpayer registration card or passport series and number (for individuals who because of their religious beliefs refuse to accept the registration number of the taxpayer registration card and notified the appropriate regulatory authority thereof and have a special stamp in their passports) in all accounting or other documents, as well as in other cases stipulated by the legislation of Ukraine.

70.15. Data from the National Register:

70.15.1. are to be used exclusively for the regulatory authorities to monitor compliance with the tax legislation of Ukraine;

70.15.2. constitute restricted access information, except for information on registration of individual entrepreneurs and persons conducting independent professional activity.

70.16. Executive authorities and local self-government authorities, self-employed persons and tax agents submit free of charge according to the procedure established by the Cabinet of Ministers of Ukraine, to the regulatory authorities at their location information if the natural persons related to the registration of such persons as taxpayers, accrual, payment of taxes and control over compliance with Ukrainian tax legislation, indicating registration number of the taxpayer registration card or series and number of passport (for individuals who because of their religious beliefs refuse to accept the registration number of the taxpayer registration card and notified the appropriate regulatory authority thereof and have a special stamp in their passports) in particular:

70.16.1. executive authorities and local self-government authorities, legal entities and individual entrepreneurs and tax agents — on the date of employment or termination of employment of natural persons within 40 calendar days following the last calendar day of the reporting (tax) quarter, including information specified in Article 51 of this Code;

70.16.2. law enforcement agencies — on the vehicles for which a natural person's property rights either originate or terminated, on a monthly basis, but not later than the 10th date of the following month;

70.16.3. state registration authorities for ships, boats and aircrafts — on items, for which the property rights of natural persons arise or terminate, on a monthly basis, but not later than the 10th date of the following month;

70.16.4. state civil registration — on deceased natural persons (before closing of the registration cards), as well as on changing by the natural persons of their surname, name and patronymic, date and place of birth, on a monthly basis, but not later than the 10th date of the following month;

70.16.5. authorities responsible for the registration of private notary, attorney and another independent professional activity, and provide evidence of the right to conduct such activi-
ties — on the issue or cancellation of the registration certificate — within five days from the date of the action in question;

70.16.6. state registration of the rights — on taxable real property in respect of which a property right of the natural person ceases, within the term and in the manner prescribed by sub-clause 265.7.4 of the clause 265.7 of Article 265 of this Code;

70.16.7. child welfare authorities, educational, medical institutions, social protection and other institutions, which in accordance with the laws, exercise care, custody or control of property of the person under the wardship, are required to report on the physical custody established in respect of the persons found legally incapable by court, as well as on the guardianship, custody and administration of property for minors and other minors, natural persons of limited capacity established by court, legally capable natural persons on whom the guardianship is established in the form of patronage, custody or administration of property for natural persons in case of adjudication of disappearance determined by court, as well as on the subsequent changes in the custody or control over the mentioned property, to regulatory authorities at its his or her location no later than five calendar days from the date of such decision;

70.16.7.1. authorities responsible for the registration of natural persons — on natural persons who have registered their residence in the relevant locality or whose place of residence were removed from their place of registration in such locality, on a monthly basis, but not later than the 10th date of the following month, as well as on lost and stolen passports of the citizen of Ukraine within five days from the date of receipt of the relevant statements from natural persons and on the passports of Ukrainian citizens of deceased citizens, on a monthly basis, but not later than the 10th date of the following month;

70.16.8. other executive and local self-government authorities — information on other taxable items.

70.17. State register of Individual taxpayers is based on the State Register of Natural Persons — Payers of Taxes and Other Compulsory Payments. Registration cards of natural persons who at the time of entry into force of this Code were registered in the State Register of Natural Persons — Payers of Taxes and Other Compulsory Payments, are assigned with numbers corresponding to the identification numbers of individual taxpayers. Documents for registration of natural persons in the State Register of Individual Payers of Taxes and Other Compulsory Payments, issued by the regulatory authorities in the manner specified by the legislation in force before the entry into force of this Code, shall be valid for all the cases referred to for the use of registration numbers of registration cards of natural persons are not subject for compulsory exchange and are considered to be the proof of registration of Natural Persons in the State Register of Individual Taxpayers.
Article 71. Definition of information and research support of the regulatory authority

71.1. Information and research support of regulatory authorities is a set of measures for collection, procession and use of information required to perform functions assigned to the regulatory authorities.

Article 72. Collection of tax information

72.1. For information and research support of the regulatory authority, the information is used which was received:

72.1.1. from taxpayers and tax agents, in particular information:

72.1.1.1. contained in the tax declarations, payments and other accounting documents;

72.1.1.2. contained in the copies of documents for accounting of revenues, expenditures and other indicators related to the definition of the taxable items (tax liability), source documents which are maintained in electronic form, ledgers, financial statements and other documents relating to the calculation and payment of taxes and fees provided by major taxpayers in electronic form;

72.1.1.3. on financial and economic transactions of taxpayers;

72.1.1.4. on application of payment transactions;

72.1.2. from the executive authorities, local self-government authorities and the National Bank of Ukraine, in particular information:

72.1.2.1. on the taxable items that are provided and / or registered with such authorities. This information shall include, in particular, the form, characteristics, individual features of the taxable item (if any) by which it can be identified;

72.1.2.2. on the implementation of state control over business activity of the taxpayer;

72.1.2.3. contained in the accounting documents (except for personalised statistical information), which are submitted by the taxpayer to executive authorities and / or local self-government authorities;

72.1.2.4. on the rates of local taxes and fees established by the local self-government authorities and tax concessions granted by such authorities;

72.1.2.5. on the permits, licenses, patents, certificates for the right to conduct certain activities, which shall include, inter alia:
name of the taxpayer, to whom such permits, licenses and patents were issued;
tax identification number or registration number of the registration card of a natural person;
type of permission document;
type of activity for which the permission document is issued;
the date when the permission document was issued;
duration of the permission document, information on termination (suspension) of validity of permission document indicating with the grounds for such termination (suspension);
payment of the appropriate fees for the issuance of permit;
a list of places of activity for which the certificate has been issued;
72.1.2.6. on export and import transactions of taxpayers;
72.1.3. from banks and other financial institutions — information on availability and movement of funds in the taxpayer's accounts;
72.1.4. from the authorities of other countries, international organizations and non-residents;
72.1.5. the results of tax audits;
72.1.6. for information and research support, other information is also used, which was declared as information to be disclosed in accordance with the law and / or voluntarily or at the request provided by the regulatory authority in the manner prescribed by law.

Article 73. Collection of tax information by regulatory authorities

73.1. Information specified in Article 72 of this Code shall be provided to regulatory authorities free of charge on a regular basis or upon a separate written request of the regulatory authority within the period specified in paragraph 73.2 of this Code.

73.2. Information that is made available on a regular basis, also includes information defined in paragraphs 72.1.1.1, 72.1.1.2, 72.1.1.3 (in part of the taxpayer's obligation to provide transcript of the tax credit and tax liabilities by in terms if counterparties specified by Section V of the Code), 72.1.1.4, 72.1.2.1, 72.1.2.3, 72.1.2.4, 72.1.2.5, 72.1.2.6 of sub-clauses 72.1.2 and 72.1.5 of Article 72 of this Code.

Unless other sections of this Code defines other terms of the provision of such information:

73.2.1. information referred to in sub-clauses 72.1.2.1 and 72.1.2.5 of the sub-clause 72.1.2 of the clause 72.1 of Article 72 of this Code shall be provided by the executive authorities and
local self-government authorities on a monthly basis, within 10 calendar days of the month following the reporting period;

73.2.2. information referred to in sub-clause 72.1.2.3 of sub-clause 72.1.2 of the clause 72.1 of Article 72 of this Code, shall be provided by the executive authorities and local self-government authorities within 10 calendar days from the date of submission of such reports to the relevant executive or local self-government authority. The state statistics authorities shall provide information under the plan of the state statistical observations;

73.2.3. information referred to in sub-clause 72.1.2.4 of the sub-clause 72.1.2 of the clause 72.1 of Article 72 of this Code, shall be provided by local self-government authorities not later than 10 calendar days from the date of entry into force of the relevant decision;

73.2.4 excluded;

The Cabinet of Ministers of Ukraine establishes the procedure for furnishing information to regulatory authorities.

73.3. The regulatory authorities shall have the right to address the taxpayers and other agents of information relations with a written request for information (an exhaustive list of grounds for which is provided by law) which are necessary to perform the functions and tasks assigned to the regulatory authorities, and its document evidence.

Such request shall be signed by the head (deputy head) of the regulatory authority and shall contain a list of the information requested and the documents that prove it, as well as the reasons for the request.

A written request for information is sent to the taxpayer or others agents of information relations in case of at least one of the following grounds:

1) based on analysis of tax information obtained in accordance with the law, there was evidence found as to violation by the taxpayer of tax, currency legislation and legislation in the field of prevention and counteraction to legalization (laundering) of proceeds of crime or financing of terrorism and other legislation, control over compliance of which is assigned to the responsibility of the regulatory authorities;

2) for the purposes of determining the level of regular price of the goods (works, services) during inspections and in other cases provided for in Article 39 of this Code;

3) if unreliability of the data contained in the tax declaration submitted by the taxpayer was revealed;

4) in respect of the taxpayer a complaint was filed as to his failure to provide a tax invoice to the buyer or as to violation of rules for filling of the tax invoice;

5) in the case of a counter verification;
6) in other cases stipulated by the present Code.

Request is considered to have been provided if it is sent by post mail with a return receipt for tax address or the address provided to the taxpayer against the receipt or to other agent of information relations or to an official.

Taxpayers and other agents of information relations are required to provide the information specified upon the request of the regulatory authority, and its documented evidence within one month from the day following the day of receipt of the request (unless otherwise provided in this Code). If the request is brought in violation of the requirements set out in the first and second paragraphs of this clause, the taxpayer is exempted from the obligation to respond to such a request.

Information on the request of the regulatory authority is provided by the National Bank of Ukraine, other banks free of charge in the manner and amount established by the Law of Ukraine “On Banks and Banking Activity”.

Procedure for collection of information by the state tax authorities upon their written request is established by the Cabinet of Ministers of Ukraine.

73.4. Information on the availability and flow of funds in the accounts of the taxpayer shall be provided in amount greater than those prescribed by the clause 73.3 of this Article, to regulatory authorities by banks and other financial institutions, upon decision of the court. For purposes of collection of this information, the regulatory authority applies to the court.

73.5. In order to obtain tax information, the regulatory authorities have the right to counter verification the data of business entities in relation to the taxpayer.

Counter verification constitutes a comparison of the source accounting data and other documents of a business entity which is conducted by the regulatory authorities to document the relations of business entity with the payer of taxes and fees, as well as confirmation of the relations, the type, amount and quality of operations and transactions, which were carried out between them, to understand their the reality and completeness of the records of the taxpayer reflected.

Counter verification do not constitute the inspection and is carried out in the manner specified by the Cabinet of Ministers of Ukraine.

According to the results of counter verification, the certificate drawn which is provided to a business entity within a ten day period.

**Article 74. Procession and use of tax information**

74.1. Tax information collected in accordance with this Code may be stored and processed in data bases of regulatory authorities or directly by officers (officials) of the regulatory authorities.
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The list of databases, as well as the forms and methods of procession are determined by central executive authority responsible for the formation and implementation of national tax and customs policy.

74.2. The tax information collected and the results of procession thereof are used to perform functions and tasks assigned to the regulatory authorities.
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INSPECTIONS

Article 75. Types of inspections

75.1. The regulatory authorities shall have the right to conduct office and document (scheduled or unscheduled; field or remote abroad) audits as well as to ex post review.

Office and document audits are carried out by the regulatory authorities within their powers only in cases and in the manner prescribed by this Code, and the ex post review — by this Code and other laws of Ukraine, control over compliance with which is entrusted to the regulatory authorities.

75.1.1. Office audit is an inspection, which is held in the premises of the regulatory authority only on the basis of the information specified in tax declarations (calculations) of the taxpayer.

75.1.2. Document audit is an inspection subject of which is the timeliness, reliability, completeness of calculation and payment of all taxes and fees envisaged by this Code, as well as compliance with the currency and other laws, control over compliance with which is entrusted to the regulatory authorities, compliance with the law by the employer when concluding an employment contract, registration of labour relations with employees (salaried persons), and which is carried out on the basis of tax declarations (calculations), financial, statistical and other reports, registers, tax and accounting, maintenance of which is stipulated by law, the source documents used in the accounting and tax accounting and related to the calculation and payment of taxes and fees, compliance with the requirements of other legislation, control over compliance with which is entrusted to the regulatory authorities, as well as documents and tax information, including the results of audits of other taxpayers obtained by the regulatory authority in the manner established by legislation.

Scheduled document audit is conducted in accordance with the audit schedule.

Transfer pricing issues specified in Article 39 of this Code do not constitute the subject of a scheduled document audit.

Unscheduled document audit is not envisaged in the schedule of the regulatory authority and is conducted given at least one of the circumstances specified in this Code.

Document field audit is an audit which is held at the location of the taxpayer or the location of the property with respect to which such audit is carried out.

Document remote audit is an audit, which is conducted in the premises of the regulatory authority.

Unscheduled document field electronic audit (hereinafter — the “electronic audit”) is carried out on the basis of an application filed by the taxpayer with a low risk, determined in accordance with the clause 77.2 of Article 77 of this Code, to the regulatory authority with which he
is registered for tax purposes. The application is submitted within 10 days prior to the start of the electronic audit. The application form, procedure for submission thereof, decision on conducting an audit is determined by the central executive authority responsible for the formation and implementation of national tax and customs policy.

75.1.3. The ex post review is an inspection, which takes place at the place of actual exercise of activities of the taxpayer, at the location of economic and other property of such taxpayer. Such an inspection is carried out by the regulatory authority as to compliance with of the legislation on regulation of cash turnover, procedure for settlement transactions conducted by taxpayers, exercise of cash transactions, availability of licenses, patents and certificates, including for the production and circulation of excisable goods, compliance with the law by the employer when concluding an employment contract, registration of labour relations with employees (salaried persons).

Article 76. Office audit procedure

76.1. Office audit is conducted by officials of the regulatory authority without any special decision of the head of such authority or the relevant instruction to do so.

All tax reporting shall be the subject to the office audit as a continuous procedure.

Consent of the taxpayer for the audit and his presence during the office audit is not required.

76.2. Procedure for presentation of results the office audit is established in accordance with the requirements of Article 86 of this Code.

Article 77. Document scheduled audit procedure.

77.1. Document scheduled audit shall be envisaged in the plan of the scheduled document audit.

77.2. The plan of the scheduled document audit includes taxpayers which were chosen due to the risk of non-payment of taxes and fees, failure to comply with other legislation, control over which is entrusted to the regulatory authorities.

Periodicity of document scheduled audits of taxpayers is determined by the degree of risk in the activities of taxpayers, which is categorized into high, average and small. Low risk taxpayers are included in the schedule for the audit not more frequently than once every three calendar years, average risk taxpayers — not more frequently than once every two calendar years, high risk taxpayers — not more frequently than once per calendar year.

Procedure for composition and approval of the schedule, a list of risks and their division depending on the degree is established by central executive authority responsible for the formation and implementation of national tax and customs policy.

Corporate taxpayers that meet the criteria defined by the clause 154.6 of Article 154 and for which the amount of the value added tax paid to the budget is not less than five percent of the reported income for the reporting period as well as self-employed persons, for whom the
amount of taxes paid is not less than five percent of the reported income for the reporting period, are to be included in the schedule not more frequently than once every three calendar years. This rule does not apply to such taxpayers in case of a violation of Articles 45, 49, 50, 51 and 57 of this Code.

77.3. It is prohibited to conduct scheduled document audit on certain types of liabilities to the budgets, except for the correctness of calculation, completeness and timeliness of payment of individual income tax and liabilities on budgetary loans and credits that are guaranteed by the budget funds.

77.4. The head of the regulatory authority decides on scheduled document audit to be carried out for which the relevant order is issued.

The right to conduct a scheduled document audit of the taxpayer is granted only if copy of the order on the scheduled document audit and written notice specifying the starting date of the audit was delivered to such taxpayer against receipt or sent by registered letter with acknowledgment of receipt no later than 10 calendar days before the date of the said audit.

77.5. In case of the audits are planned in respect to the same taxpayer, the regulatory authorities and state financial control authorities carry out such audits together at the same time within the reporting period such. Coordination procedure for such audits and involvement of other authorities envisaged by law, is established by the Cabinet of Ministers of Ukraine.

77.6. Admission of officers of the regulatory authorities to conduct a scheduled field audit is carried out in accordance with Article 81 of the Code. Scheduled field audit is carried out in the manner provided in Article 79 of this Code.

77.7. The timeline for scheduled document audit is determined by Article 82 of this Code.

77.8. The list of materials that can be the basis for the findings during the scheduled document audit, and procedure for provision of the documents by the taxpayer for such an audit is established by Articles 83, 85 of this Code.

77.9. Procedure for presentation of results of the scheduled document audit is determined in Article 86 of this Code.

**Article 78. Unscheduled document audit procedure**

78.1. Unscheduled document audit is carried out in case of at least one of the following circumstances:

78.1.1. the results of audits of other taxpayers or receipt of tax information revealed the evidence of possible violations by the taxpayer of tax, currency and other laws, control over compliance with which is entrusted to the regulatory authorities, if the taxpayer failed to provide an explanation and documentary evidence thereof on the compulsory written request of the regulatory authority within 10 business days following the receipt thereof, indicating possible violations by this taxpayer of tax, currency and other laws;
78.1.2. the taxpayer failed to timely submit within the statutory period a tax declaration or exercise payments if submission thereof is required by law;

78.1.3. the taxpayer submitted to the regulatory authority clarifying calculation of the appropriate tax for the period, which has been audited by the regulatory authority;

78.1.4. unreliability of the data contained in the tax declarations submitted by the taxpayer is revealed if the taxpayer fails to provide an explanation and documentary evidence on the written request of the regulatory authority within 10 business days following the receipt thereof, indicating the unreliability;

78.1.5. the taxpayer submitted in the prescribed manner to the regulatory authority an appeal to the audit report or complaint to the tax decision notice taken upon its results thereof requiring a full or partial revision of the results of relevant audit or cancellation of tax decision notice taken upon its results in case if the taxpayer in his complaint (appeal) refers to circumstances that were not examined during the audit, and objective consideration thereof is no possible without an audit. Such audit shall be conducted only on matters that were the subject of the appeal;

78.1.6. excluded;

78.1.7. procedure of reorganization of a legal entity (other than transformation), termination of a legal entity or business activity of a sole proprietor is commenced, permanent establishment or standalone unit of a legal entity, including that one of the foreign company or organization, is dissolved, bankruptcy proceedings are commenced or an application for deregistration of the taxpayer is filed;

78.1.8. taxpayer filed a declaration that stated for recovery of the value added tax, if there is a reason to conduct an audit defined in Section V of this Code, and / or a negative value of the value-added tax, which amounts to over 100 thousand hryvnia.

Unscheduled document audit on the grounds specified in this subclause shall be limited to the lawfulness of the claim for recovery of the value added tax and / or a negative value of the value-added tax, which amounts to over 100 thousand hryvnia;

78.1.9. there is a complaint filed against a taxpayer on the failure to provide a tax invoice to the buyer or on violation of the rules for completion of the tax invoice in case of failure of such taxpayer to provide explanations and documentary evidence on a written request of the regulatory authority, indicating information on complaint or on violation of rules for completion of the tax invoice;

78.1.10. excluded;

78.1.11. there was a court judgment (investigating magistrate) obtained on the appointment of audit or an order of the authority, engaged in the operational investigation activity, as well as an order of investigator, prosecutor, issued in accordance with the law;

78.1.12. regulatory authority of the highest level as part of its control over the actions or omissions of officials of the lower-level regulatory authority, conducted an audit of documents of the taxpay-
er’s regulatory reporting or of the materials of document audit conducted by the lower-level regulatory authority, at the result of which it was found that conclusions of the latter audit do not correspond to the requirements of the law or investigation of issues to be investigated during such audit was incomplete for purposes of objective opinion on the taxpayer’s compliance with requirements of the legislation, control over compliance with which is entrusted to the regulatory authorities.

The decision to conduct unscheduled document audit in this case is taken by the regulatory authority of the highest level only if there is an internal investigation commenced in the respect of the officials of the lower level regulatory authority that carried out document audit of the specified taxpayer or they are notified of them being suspected in having committed a criminal offense;

78.1.13. if there is information about evasion of a tax agent from taxation of the wages, paid (accrued) to the salaried persons (including, without documentation maintained), as well as of passive income, fringe benefits, other allowances and reimbursements that are taxable, including as a result of failure to conclude contracts of employment to be concluded between the taxpayer and salaried persons in accordance with the law, and exercise by such person of economic activity without state registration. Such audit shall be conducted only on matters which became the reason therefor;

78.1.14. in case of a deviation of prices of the regulated transaction from the level of regular (market) prices in the manner established in sub-clause 39.5.1 of the clause 39.5 of Article 39 of this Code;

78.1.15. Failure of the taxpayer to submit or submission in violation of the requirements of the clause 39.4 of Article 39 of this Code, of a report on regulated transactions and / or mandatory documentation or in case of violations during monitoring of such report or documentation in accordance with the requirements of the clause 39.4 and sub-clause 39.5.1 of the clause 39.5 of Article 39 of the Code.

78.2. Restrictions on the grounds of audits conducted in respect of taxpayers established by this Code shall not apply to inspections carried out upon application of the taxpayer, or inspection carried out in the framework of criminal proceedings.

78.3. Tax police officers are prohibited from participating in the scheduled and unscheduled field audits of taxpayers conducted by the regulatory authorities, if such audits are not related to the operational investigation cases, or to criminal proceedings in respect of such taxpayers (officers of taxpayers) that are subject to their jurisdiction. Inspections conducted by the tax police are carried out within the competence defined by law and in the manner prescribed by the Law of Ukraine “On operational and investigation activity”, the Criminal Procedure Code of Ukraine and other laws of Ukraine.

78.4. The head of the regulatory authority decides on unscheduled document audit to be carried out for which the relevant order is issued.

The right to conduct unscheduled document audit of the taxpayer is granted only if copy of the order on the unscheduled document audit is handed to him against prior before such audit starts.
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78.5. Admission of officers of the regulatory authorities to conduct an unscheduled field audit is carried out in accordance with Article 81 of the Code. Unscheduled field audit is carried out in the manner provided in Article 79 of this Code.

78.6. The timeline for unscheduled document audit is determined by Article 82 of this Code.

78.7. The list of materials that can be the basis for the findings during the unscheduled document audit, and procedure for provision of the documents by the taxpayer for such an audit is established by Articles 83, 85 of this Code.

78.8. Procedure for presentation of results of the unscheduled document audit is determined in Article 86 of this Code.

Article 79. Individual aspects of the document remote audit

79.1. Document remote audit shall be conducted in case if the head of the regulatory authority decides so and in the circumstances defined for the document audit by Articles 77 and 78 of this Code. Remote document audit is carried out as to the documents and information referred to in the sub-clause 75.1.2 of the clause 75.1 of Article 75 of this Code, provided by the taxpayer, in cases determined by this Code, or obtained by other means envisaged by law.

79.2. Unscheduled remote audit is carried out by officials of the regulatory authority solely on the basis of decision of the head of the regulatory authority, executed as the order, provided that a copy of the order on the unscheduled remote audit and written notification on the date and place for such an audit was sent to the taxpayer by registered mail with acknowledgment of receipt or handed over to him or his authorized representative against receipt.

Compliance with the requirement of this Article gives the officials of the regulatory authority the right to proceed with the document remote audit.

79.3. The presence of taxpayers during the document remote audit is required.

79.4. Audit of the completeness of the taxpayer’s calculation and payment of taxes and fees in the exercise of regulated transactions is carried out taking into account the special aspects thereof set out in Article 39 of this Code.

Article 80. Ex post review procedure

80.1. The ex post review is carried out without prior notice to the taxpayer (a person).

80.2. The ex post review can be carried out based on the decision of the head of the regulatory authority, executed as the order, a copy of which is given to the taxpayer or his authorized representative, or persons who actually carry out settlements transactions against receipt before the start of such review, and in case of at least one of the following circumstances:

80.2.1. if the results of audits of other taxpayers revealed evidence of possible violations by the taxpayer of the law in relation to the production and sale of excisable goods, exercise of
settlement transactions, cash transactions by the taxpayer, the availability of patents, licenses and other documents, control over availability of which is entrusted to the regulatory authorities, and there is a need to verify these facts;

80.2.2. if in the manner established by law, an information was obtained from government agencies or local governments, which indicates possible violations of law by the taxpayer, control of which is entrusted to the regulatory authorities, in particular, exercise by taxpayers of settlement transactions, conducting cash transactions, the availability of patents, licenses and other documents, control over availability of which is entrusted to the regulatory authorities, production and sale of excisable goods;

80.2.3. in case of written request of the buyer (consumer), filed in accordance with the law, as to violation by the taxpayer of established procedure for the settlement transactions, cash transactions, patenting and licensing;

80.2.4. failure of a business entity to submit within the period determined by law of the regulatory reporting on the use of cash registers, accounting books and books of account of settlement transactions, presenting them with zero performance;

80.2.5. receipt in due process of law of information concerning the violation of legal requirements for production, accounting, storage and transportation of alcohol, alcohol beverages and tobacco products and of intended use of alcohol by taxpayers, as well as performance of functions defined by the legislation in the sphere of production and distribution of alcohol, alcohol beverages and tobacco products;

80.2.6. in case violations of the legislation on the issues identified in the clause 75.1.3 revealed at the result of previous audits;

80.2.7. in case receipt in the manner established by law of information about the employment of salaried persons without proper documentation of labour relations and revenue payments produced by employers in the form of wages without paying taxes to the budget, and exercise by a natural person of a business activity without state registration thereof.

80.3. The ex post review that is carried out in case of the circumstances described in the clause 80.2.6, can be carried out to monitor violations of the legislation to be ceased as to the issues identified in the clause 75.1.3, once during 12 months from the date of filing of the report on the results of the previous audit.

80.4. Before the start of the ex post review on compliance with the procedure for settlement transactions and cash transactions, officials of the regulatory authorities may under sub-clause 20.1.9 of the clause 20.1 of Article 20 of this Code carry out the control settlement transaction.

80.5. Admission of officers of the regulatory authorities to conduct an ex post review is carried out in accordance with Article 81 of the Code.

80.6. During the ex post review in terms of employer's compliance with the legislation on the employment contract, registration of labour relations with employees (salaried persons),
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including those on probation for the proper execution of the employment relations, issues of
accounting are clarified as to the work performed by the employee, excluding labour costs,
information on salary payments to employees. In order to determine proper registration of
the fact of the employment relations with the employee engaged in labour activities, identity
documents, or other personal identification documents can be used (service certificate, driv-
ing license, sanitary book, etc.).

80.7. The ex post review is carried out by two or more officers of the regulatory authority in
the presence of officials of the company or its representative and / or the person who actually
performs the settlement transactions.

80.8. During the review, officials who carry out such an inspection may exercise time keep-
ing of the business transactions. According to the results such time keeping, a report is filed
which is signed by officials of the regulatory authority and the company or its representative
and / or persons who actually performs the settlement transactions.

80.9. Te time period of the ex post review is established by Article 82 of this Code.

80.10. Procedure for presentation of results of the ex post review is set out in Article 86 of
this Code.

Article 81. Conditions and procedure for admission of officials of the regulatory
authorities to document field audits and ex post reviews.

81.1. Officials of the regulatory authority have the right to proceed with the document field
audit, the ex post review if there are grounds to conduct those determined by this Code, and
subject to submission or presentation in the cases specified in this Code, of the following
documents:

assignment for carrying out such inspections, stating the date of issue thereof, title of the
regulatory authority, details of the order to conduct the appropriate inspection, the name and
details of the subject (last name, first name and patronymic of an individual taxpayer to be
audited), or an item subjected to the audit, purpose, type (scheduled document / unsched-
uled or ex post), grounds therefor, the starting date and duration of the inspection, position
and surname of the official (officer) who will conduct an audit. Assignment for the inspection
in this case is valid upon signature of the head of the regulatory authority, or his deputy, who
bears the seal of the regulatory authority;

copies of the order for the inspection;

service certificate of the persons specified in the assignment for the audit.

Failure to submit or send in cases specified in this Code, to the taxpayer (his officials (offic-
ers) or his authorized representative, or persons who actually perform settlements transac-
tions) of these documents or submission of these documents executed in violation of the
requirements of this clause shall be grounds to deny the admission of such officials (officers)
of the regulatory authority to conduct document field audit or ex post review.
The refusal of the taxpayer and / or his officials (officers) (their representatives or persons who actually perform settlements transactions) from admission to audit on other grounds other than those established the fifth paragraph of this clause is not allowed.

Upon presentation of the assignment to the taxpayer and / or officials (officers) of the taxpayer (or their representatives to persons who actually perform settlements transactions), such persons sign the assignment indicating their names, first names and patronymic, as well as their positions, date and time of reference of the assignment.

In case of failure of the taxpayer and / or officials (officers) of the taxpayer (or their representatives persons who actually perform settlements transactions) to sign the assignment for the audit by officials (officers) of the regulatory authority, a report is drawn acknowledging the fact of the refusal. In such a case, the report on refusal to sign the assignment to the inspection shall be the basis for beginning of the inspection.

81.2. In case of failure of the taxpayer and / or officials (officers) of the taxpayer (or their representatives persons who actually perform settlements transactions) to admit official (officer) of the regulatory authority for the audit, a report shall be drawn acknowledging the fact of the refusal.

81.3. During the audit, officials (officers) of the civil service authorities must act within their competence set forth in this Code.

Heads and relevant officials of corporate and individual taxpayers during the audit, carried out by the authorities, shall comply with requirements of the regulatory authorities as to elimination of violations of tax laws discovered and sign the report (statement) of the audit and have the right to submit their objections to this reports (statement).

When holding audits the officials of the regulatory authorities shall have no right to require from the taxpayer to obtain extract from the relevant register on registration of such a taxpayer in accordance with provisions hereof.

**Article 82. Time period of the field audits**

82.1. Duration of the audit defined in Article 77 of this Code, shall not exceed 30 working days for major taxpayers, for small businesses — 10 business days, and for other taxpayers — 20 working days.

The period of the audit, as defined in Article 77 of this Code, may be extended upon the decision of the head of the regulatory authority for not more than 15 working days for major taxpayers, for small businesses — no more than 5 working days, for other taxpayers — not more than for 10 working days.

82.2. Duration of the audit defined in Article 78 of this Code (except for the audits which are carried out in the circumstances specified in sub-clause 78.1.8 of the clause 78.1 of Article 78 of this Code, the duration of which is established in Article 200 of this Code), shall not exceed 15 working days for major taxpayers, for small businesses — 5 working days, for
individual entrepreneurs who do not have employees, subject to the conditions specified in paragraphs three — eight of this clause — 3 working days, and for other taxpayers — 10 working days.

The period of the audit, as defined in Article 78 of this Code, may be extended by decision of the head of the regulatory authority for not more than 10 working days for major taxpayers, for small businesses — for not more than 2 working days, and for other taxpayers — for not more than 5 working days.

Unscheduled document audit on the grounds specified in sub-clause 78.1.7 of the clause 78.1 of Article 78 of this Code, for individual entrepreneurs who do not have employees, is conducted within the time period determined by the first paragraph of this clause, upon all of the following conditions during the last two calendar years:

the taxpayer submits the tax declaration with no income received from the economic activities;

the taxpayer is not registered as a payer of the value added tax;

the regulatory authorities do not possess tax information as to the following:

use by the taxpayer hired labour of natural persons;

opening by the taxpayer of accounts with banks and other financial institutions.

82.3. Duration of the audit defined in Article 80 of this Code, shall not exceed 10 days.

The time period for such audit can be extended by the decision of the head of the regulatory authority for not more than 5 days.

The grounds for extending the audit include:

82.3.1. application of the business entity (in case he needs to submit the documents relating to the audit);

82.3.2. operation in shifts or summarized accounting of the working time of the business entity and / or his commercial facilities.

82.4. Conducting scheduled field audit and unscheduled audits of a major taxpayer may be suspended by decision of the head of the regulatory authority, which issues the order, a copy of which is handed over to the taxpayer or his authorized representative on receipt not later than the next working day, followed by further resumption of the audit for the time that was not used.

Suspension of the scheduled field audit, unscheduled audits breaks duration of the term of the audit in case of delivery of copies of the order on suspension of the scheduled field audit, unscheduled audit to the taxpayer or his authorized representative against receipt.
The audit can be suspended for a total period not exceeding 30 working days, and in case of the need for expertise, information from foreign government officials on the taxpayer, end of the adjudication procedure of the claims on issues related to subject of the audit, recovery of lost documents of the taxpayer, the audit may be suspended for the time necessary to complete these procedures.

Total period of the audits specified in clauses 200.10 and 200.11 of Article 200 of this Code, taking into account the terms for suspension set forth by this clause stop cannot exceed 60 calendar days.

**Article 83. Materials that constitute the basis for audit report**

83.1. The basis for reports of officials of the regulatory authorities during the audits includes:

83.1.1. documents specified in this Code;

83.1.2. tax information;

83.1.3. expert reports;

83.1.4. judicial decisions;

83.1.5. excluded;

83.1.6. other materials obtained in the manner and by method provided by this Code or other laws, control over compliance with which is entrusted to the regulatory authorities.

**Article 84. Expert examination during the tax control by regulatory authorities**

84.1. The expert examination is carried out to address issues relevant to the implementation of tax control, which require special knowledge in the field of science, art, technology, economics, and other fields. Engagement of an expert is carried out on a contractual basis at the expense of the party initiating engagement of such an expert.

84.2. Expert examination shall be appointed at the request of the taxpayer or by decision of the head of the regulatory authority (or his deputy), which shall include:

84.2.1. grounds for the expert to be engaged;

84.2.2. surname, name and patronymic of the expert;

84.2.3. details of the taxpayer with respect to which the tax control is conducted;

84.2.4. questions before the expert;

84.2.5. documents, items and other materials that are provided to the expert.
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84.3. Regulatory authority, the head (or his deputy) that appoints the expert examination, the taxpayer is obliged to inform the taxpayer (or his representative) of the decision as to the expert examination, and after the expert examination — with an expert’s opinion.

84.4. excluded.

84.5. The expert shall have access to the materials before him which are related to the subject of the expert examination, and has the right to request for additional materials to be provided.

The expert has the right to refuse to produce an opinion if the materials provided were not sufficient therefor or if an expert lacks the sufficient knowledge to exercise such examination.

84.6. The expert is responsible for provision of misleading opinion in accordance with the law.

Article 85. Provision of documents by taxpayers

85.1. It is prohibited to request the documents from the taxpayer by any officials (officers) of the regulatory authorities in cases not envisaged by this Code.

85.2. The taxpayer must provide the officials (officers) of the regulatory authorities with all documents in full belonging to or related to subject of the audit. The taxpayer is obliged to do so from beginning of the audit.

In this case, a major taxpayer must also submit copies of the documents on accounting the income, expenses, and other performance related to the specified taxable items (tax liabilities), source documents, accounting records, financial statements, other documents relating to the calculation and payment of taxes and fees in electronic form in compliance with the conditions of registration of the electronic signature of accountable persons (if such documents were created in electronic form), not later than the working day following the day of the beginning of the scheduled field audit, unscheduled document audit and document remote audit.

For taxpayers who, in accordance with this clause must provide information in electronic format, a common format and procedure for submission of such information are determined by central executive authority responsible for the formation and implementation of national tax and customs policy. In case of failure to establish an electronic format and procedures for provision of such information, the taxpayer is exempted from the obligation to provide it in electronic form.

For purposes of electronic audit, the taxpayer ensures submission to the regulatory authority of documents which are related to the calculation and payment of taxes and fees in electronic form (if such documents were created in electronic form and are stores in machine-readable media) in compliance with the conditions of registration of the electronic signature of accountable persons in electronic form. The general format and procedure for the provision of such information are determined by central executive authority responsible for the formation and implementation of national tax and customs policy.
85.3. Documents containing trade secrets or confidential information, shall be transferred separately indicating official (officer) who has received it. The transfer of such documents for the audit, examination and return shall be executed as an act of any form, which is signed by an official (officer) of the regulatory authority and the taxpayer (or his representative).

85.4. During the audits officials of the regulatory authority shall have the right to receive from taxpayers duly certified true copies of the source financial, economic, accounting and other documents that indicate hiding (understatement) of taxable items, evasion from payment of taxes and fees, as well as breach of the requirements of other legislation, control over compliance with which is entrusted to the regulatory authorities. Such copies shall be certified with the signature of the taxpayer or taxpayer’s official and the seal (if available) shall be affixed thereto.

85.5. It is prohibit to seize originals of source financial, economic, accounting and other documents except as envisaged by the criminal procedure law.

85.6. In case of failure of the taxpayer or his legal representatives to provide copies of official documents to the official (officer) of the regulatory authority, such person draws a report in any form, acknowledging the fact of such refusal, indicating position, surname, name and patronymic of the taxpayer (his legal representative) and the list of documents that he requested to submit. The report shall be signed by official (officer) of the regulatory authority and the taxpayer or his legal representative. In case of failure of the taxpayer or his legal representative to sign the report, a relevant record is made therein.

85.7. Obtaining copies of documents shall be executed in the relevant inventory list. A copy of the inventory list shall be drawn up official (officer) of the regulatory authority, and provided to the taxpayer or his legal representative under the signature. If the taxpayer or his legal representative refuses from signing the inventory list or from signing the receipt of a copy thereof, the official (officer) of the regulatory authority, who received the copies, shall make a relevant record therein on the refusal of the signature.

85.8. Official (officer) of the regulatory authority conducting the audit, in cases provided by this Code shall be entitled to receive from the taxpayer or his legal representatives copies of documents relating to the audit. Such copies must be certified by the signature of the taxpayer or his official and sealed (if available).

85.9. In case if, prior to or at the time of the audit, the originals of the source documents, records and other registers, financial and statistical reports, and other documents related to the calculation and payment of taxes and fees, as well as in compliance with the requirements of other legislation, control over compliance with which is entrusted to the regulatory authorities, were seized by law enforcement and other authorities, these authorities are obliged to provide the regulatory authority with copies of such documents or to provide access to examination thereof for the purposes of the audit.

These copies, stamped and signed by officials (officers) of law enforcement and other authorities that have seized the original documents, or to whom the access for examination of the documents seized was granted, shall be provided within three business days of receipt of the written request of the regulatory authority.
If the documents referred to in the first paragraph of this clause, were seized by law enforce-
ment and other authorities, the period for such audit, including the one that has been already
begun, shall be extended to the date of receipt of the copies of documents mentioned or the
access thereto.

**Article 86. Execution of results of inspections**

86.1. Results of inspections (except for office and electronic audits) are executed in the form
of a report or a statement, signed by officials of the regulatory authority and the taxpayers or
their legal representatives (if any). In case if violations were discovered during the inspection
a report is drawn up. If no violation was discovered, a statement is executed.

Report (statement), drawn up at the result of inspection and signed by the officials who con-
ducted the inspection, within the terms defined by this Code, is provided to the taxpayer or
his legal representative for signing.

The term for the report (statement) to be drawn up on the inspection is not included into the time
period assigned for the inspection and established by this Code (including extension thereof).

In case of disagreement of the taxpayer with the conclusions, the taxpayer shall sign the
report of inspection indicating his objections which he is entitled to make, together with a
signed copy of the report or separately within the terms determined herein.

86.2. According to results of the office audit in case if violations were discovered, the report is
executed in two copies, signed by the officials of the authority who conducted the audit, and
after registration thereof with the regulatory authority, is handed over or sent to the taxpayer
for signature during three working days in the manner specified in Article 42 of this Code.

86.3. Report (statement) of the document field audit identified in Articles 77 and 78 of this
Code shall be made in duplicate, signed by the officials of the regulatory authority, who car-
rried out audit, and registered with the regulatory authority within five working days from the
day following the last day of the period established for the audit (for taxpayers with branches
and / or on consolidated payment — within 10 working days).

In case of failure of the taxpayer or his legal representatives to sign the report (statement) of-
icials of the regulatory authority draw up the appropriate act acknowledging the fact of such
refusal. One copy of the report or statement of the results of scheduled field or unscheduled
document audit is handed over or sent to the taxpayer or his legal representative on the day
of its signing or refusal to sign.

The refusal of the taxpayer or his legal representatives to sign the report of the audit or receive
the copy thereof does not relieve the taxpayer from the obligation to pay money liabilities
determined by regulatory authority upon the audit.

In case of failure of the taxpayer or his legal representative to obtain a copy of the report or
statement of the audit, or if it is impossible to deliver and sign it due to the absence of the tax-
payer or his legal representative at the location, the report or statement is sent to the taxpayer
in the manner specified by Article 58 of the Code for delivery of the tax decision notices. As specified in this paragraph, the enforcement authority draws up the relevant report.

86.4. Report (statement) of the remote document audit is made in two copies, signed by the officials of the regulatory authority, who carried out the audit, and is registered with the regulatory authority within five working days from the day following the last day set of the period established for the audit (for taxpayers with branches and/or on consolidated payment—within 10 working days).

Report (statement) of the remote document audit after its registration shall be delivered personally to taxpayer or his legal representatives or sent by registered mail, return receipt requested. In case of failure of the taxpayer or his legal representatives to sign the report (statement), officials of the regulatory authority draws up the appropriate report acknowledging such refusal. Refusal of the taxpayer or his legal representatives to sign report of the audit does not relieve the taxpayer from the obligation to pay money liabilities determined by regulatory authority upon the audit. Appeals to the audit report are discussed in the manner and time stipulated in paragraph 86.7 of this Article. Tax decision notice is executed in the manner and time stipulated in paragraph 86.8 of this Article.

86.5. Report (statement) on the results of ex post review defined in Article 80 of this Code, shall be made in two copies, signed by the officials of the regulatory authorities who conducted the audit, and registered no later than the next working day after the end of the inspection. Report (statement) on the results of the audit shall be signed by the person exercising the payment settlement transaction, the taxpayer and his legal representatives (if any).

If a taxpayer (its separate subdivisions) operates not in the main place of registration of the taxpayer, the regulatory authority, that carried out the audit, no later than three working days from the date of registration of the report (statement) by this authority, submits the report (statement) to the regulatory authority in the main place of registration of the taxpayer. A copy of the report (statement) of the audit with the note of registration in the Register of Reports (Statements) of Audits is stored in the regulatory authority which carried out the audit.

Signing of the report (statement) of such inspections by a person carrying out settlement transactions, the taxpayer and/or his legal representatives and officials of the regulatory authority, conducting the inspection, is carried out at the place of inspection or in the premises of the regulatory authority.

In case of refusal of the taxpayer, his legal representative or the person who carries out the settlement transactions from signing the report (reference), officials of the regulatory authority draws up the report acknowledging the fact of such refusal. One copy of the report or statement on results of the audit is handed over or sent to the taxpayer, his legal representative or the person who carries out the settlement transactions no later than the next business day after it is registered in the Register of Reports of the Regulatory Authority and no later than the day following its registration.

In case of failure of the taxpayer or his legal representative to obtain a copy of the report (statement) or if it impossible to deliver it to the taxpayer or his legal representatives or the
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person who carries out the settlement transactions for any reason, such a report or statement is sent to the taxpayer in the manner specified by Article 58 of the Code for delivery tax decision notices. As specified in this paragraph, the enforcement authority draws up the relevant report or makes a relevant note in the report or statement on results of the inspection.

86.6. Refusal of the taxpayer or his legal representative or the person who carries out the settlement transactions from signing a report of the audit or from receipt of the copy thereof does not relieve the taxpayer from the obligation to pay money liabilities determined by regulatory authority upon the audit.

86.7. In case of disagreement, the taxpayer or his legal representatives with the conclusions of the audit or with facts and data contained in report (statement) of the audit, they have the right to file their objections to the regulatory authority at the main place of registration of the taxpayer within five working days of receipt of the report (statement). Such objections are considered by the regulatory authority during five working days following the day of receipt (the day of completion of the inspection carried out due to the need to clarify the circumstances that have not been examined during the inspection and mentioned in the comments), and the response is sent to the taxpayer in the manner established by Article 58 of the Code delivery of the tax decision notices. The taxpayer (his authorized person and / or representative) has the right to participate in the review of objections, for which the taxpayer applies in the objections.

If a taxpayer has expressed a desire to participate in the consideration of his objections to the audit report, the regulatory authority shall notify the taxpayer of the place and time of the review. Such notification shall be sent to the taxpayer not later than the next business day from the date of receipt of the objection from him, but not later than two working days prior to review thereof.

Participation of the head of the relevant regulatory authority (or his authorized representative) to consider objections to the audit of the taxpayer is required. Such objections are an integral part of the report (statement) of the inspection.

The decision on the definition of money liabilities is resolved by the head of the regulatory authority (or his deputy) with due account to the objections of the taxpayer (if available). The taxpayer or his legal representative may be present at resolution of such decision.

86.8. The tax decision notice is adopted by the head of the regulatory authority (or his deputy) within ten working days from the day following the day of delivery of the inspection report to the taxpayer as provided in Article 58 of this Code for delivery of the tax decision notices (based on the results actual audit — from the day of registration (receipt) of report of such inspection by the regulatory authority of the principal place of the taxpayer’s registration), and in case of objections of officials of the taxpayer to the audit, it is adopted with consideration of the results of the objections to the audit — within three working days following the day of the objections and the provision (delivery) of a written response to the taxpayer.

86.9. If the money liability is calculated by the regulatory authority upon results of the audit conducted in the circumstances specified in sub-clause 78.1.11 of the clause 78.1 of Article
78 of this Code, for criminal proceedings, in which a criminal offense is being investigated as to public official(s) of the taxpayer (legal entity) or individual entrepreneur under the audit and the subject of which relates to taxes and / or fees, tax decision notice on the results of such audition is adopted by the regulatory authority within 10 working days from the day following the day of receipt by this regulatory authority of the effective court decision (guilty verdict, a decision to close criminal proceedings on non-rehabilitating grounds).

Materials of such inspection, together with conclusions of the regulatory authority are transferred to authority that assigned the inspection.

86.10. Report of the inspection indicates both facts of understatement and the facts of overstatement of tax liabilities of the taxpayer.

86.11. Upon the results of electronic audit, a statement is made in two copies, signed by the officials of the regulatory authority that carried out the audit, and registered with the regulatory authority within three working days from the last day of the period established for the audit (for taxpayers with branches and / or on consolidated payment — within five working days).

Statement for electronic audit after its registration shall be delivered personally to taxpayer or his legal representatives for review and signature within five working days from the date of delivery.

In case of disagreement of the taxpayer or his legal representatives with the conclusions of inspection or the facts and data contained in the statement, drawn up from upon the results of electronic audit, they are required to sign this statement and have the right to file their objections, which are an integral part of such statement, along with the signed copies of the statement.

Such objections are considered by the regulatory authority during five working days from the receipt thereof and a response is sent to the taxpayer in the manner specified by Article 58 of the Code for delivery of the tax decision notices. Such a response is an integral part of the statement of electronic audit. The taxpayer (his authorized person and / or representative) has the right to participate in the consideration of objections, for which the taxpayer applies in the objections.

86.12. The results of audits of the taxpayer for the completeness of calculation and payment of taxes and fees in the exercise of regulated transaction are executed taking into account special aspects thereof set out in Article 39 of this Code.
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REPAYMENT OF TAX DEBT OF TAXPAYERS

Article 87. Sources of payment of money liabilities or repayment of tax debt of taxpayers

87.1. The sources for independent payment of money liabilities or repayment of tax debt of tax taxpayer are any owned funds, including the proceeds from the sale of goods (works, services), property, issuance of securities, including corporate rights received as a loan (credit), and derived from other sources, taking into account special provisions defined in this Article, as well as the amount of excess payments to the relevant budgets.

The payment of money liabilities or repayment of tax debt of the taxpayer for the relevant payments can also be made at the expense of overpaid amounts for such payment (without application of the payer) or at the expense of wrongly paid and / or overpaid amounts for other payments (based on the appropriate application of the payer) to the relevant budgets.

87.2. Sources of repayment of tax debt of the taxpayer refers to any property of the taxpayer subject to the limitations set forth in this Code and other regulatory instruments.

87.3. The following cannot be used as a source for repayment of tax debt of the taxpayer:

87.3.1. taxpayer's property transferred by him as a pledge to other persons (for the period of the pledge), if such a collateral is registered under the law in the relevant public registers until the right for tax lien emerges;

87.3.2. property owned by other persons and is in the taxpayer's possession or use, including (but not exclusively) property transferred to the taxpayer in lease (rent), for storage (custody), Lombard storage, on commission (consignment); supplied raw materials provided to the enterprise for procession, except the part thereof, which provided to the taxpayer as payment for such services, as well as the property of other persons received by the taxpayer in the pledge or mortgage, trust or any other form of agency management;

87.3.3. property rights of other persons, provided to the taxpayer for use or possession, as well as non-property rights, including intellectual (industrial) property transferred for the use of such a taxpayer, without the right of alienation;

87.3.4. Funds of loans or credits provided to the taxpayer by financial institution, which are accounted on credit accounts opened for such taxpayer, the amount of letters of credit issued in the name of the taxpayer, but not opened, advance payments and prepaid amounts under the contracts concluded in the shipbuilding industry (Class 35.11 Group 35 the Classifier of Economic Activities KVED DK 009:2005) received from customers of sea and river vessels and other floating craft;

87.3.5. property included in the integral property complexes of state enterprises not subject to privatization, including state-owned enterprises. Procedure for reference of such property
to be included in the integral property complex of a state-owned enterprise is established the State Property Fund of Ukraine;

87.3.6. property, free circulation of which is prohibited under the laws of Ukraine;

87.3.7. property, which cannot be pledged in accordance with the Law of Ukraine “On Mortgage”;

87.3.8. funds of other persons, provided to the taxpayer as a contribution (deposit) or for trust management, as well as own funds of the legal entity used for the payment of arrears of the basic salary for the time actually worked to natural persons having employment relations with such legal entity.

87.4. Officials, including state enforcement officers, who decided to use property defined by the clause 87.3 of this Article, as a source of repayment of liability of the taxpayer or of the tax debt, shall bear responsibility in accordance with the law.

87.5. In case of implementation of measures for the sale of property of the taxpayer did not result in full repayment of the amount of tax debt, tax recovery agency may determine accounts receivable of the taxpayer which is matured and claims of which have been assigned to the regulatory authorities as additional source of repayment of the tax debt.

Such receivables continues to be an asset of the taxpayer having tax debt, until the funds are transferred to the budget at the expense of collection of the receivable. The Regulatory authority shall notify the taxpayer of such transfer during the five days of the receipt of the document.

87.6. In case if a taxpayer that is a subsidiary, a separate subdivision of a legal entity, lacks the property sufficient to repay its money liability or tax debt, the property of such legal entity to which the recovery may be levied in accordance with the this Code will be the source of repayment of the liability or tax debt of the taxpayer.

Procedure for application of paragraphs 87.5 and 87.6 of this Article is established by the central executive authority responsible for the formation and implementation of national tax and customs policy.

87.7. Any assignment of the liability of the taxpayer or the tax debt to third parties is prohibited. Provisions of this clause shall not apply to cases in which the guarantor for full and timely repayment of money liabilities of the taxpayer are other persons, if such right is provided for by this Code.

87.8. In addition to the sources identified in the clause 87.1 of this Article, the source of repayment of the tax debt of banks, non-bank financial institutions, including insurance companies may be the funds, regardless of their sources of origin and without the limitations specified in sub-clauses 87.3.4 and 87.3.8 of the clause 87.3 of this Article, in an amount not exceeding the amount of their equity capital (excluding insurance and similar mandatory
reserves established in accordance with the law). The amount of equity capital is determined in accordance with the laws of Ukraine.

87.9. In case if the taxpayer has a tax debt, the regulatory authorities are required to credit the funds paid by such taxpayer to pay off the tax debt in accordance in the order of its occurrence, regardless of the purpose of the payment determined by the taxpayer. The same procedure applies for crediting the funds which are to be received as a payment of the tax debt of the taxpayer in accordance with Article 95 of this Code, or by the court decision in the cases provided by law.

Directing the funds for repayment of the money liability by the taxpayer before the tax debt is fully paid is prohibited, except for directing the funds for payment of salaries and of a single fee for compulsory state social insurance.

87.10. From the moment of the court resolution as to the proceeding in the bankruptcy case of the taxpayer, procedure for repayment of money liabilities included in claims of the bankruptcy creditors of the regulatory authorities to such a debtor is determined according to the Law of Ukraine “Restoring Debtor Solvency or Declaring a Debtor Bankrupt” without application of provisions of this Code.

87.11. Recovery agency applies to court with a claim for recovery of the amount of the tax debt of the individual taxpayer. Collection of the tax debt by the court is exercised by the state executive service in accordance with the law on enforcement proceedings.

87.12. If the tax debt incurred from transactions that are carried out in performance of joint venture agreements, the source of repayment of the tax debt is the property of the taxpayers which are parties to such contract.

**Article 88. Subject of the tax lien**

88.1. In order to ensure that the taxpayers perform their obligations defined by this Code, the property of the taxpayer having tax debt is subjected to the tax lien.

88.2. The right to a tax lien originates in accordance with this Code and does not require to be executed in a written form.

88.3. If the tax debt incurred from transactions that are carried out in performance of the joint venture agreements, to the taxpayer’s property, who according to the terms of the contract was responsible for the transfer of taxes to the budget and / or property contributed to the joint venture and / or is the result of joint venture taxpayers, is subjected to a tax lien. If the property of such taxpayer is not sufficient, the property of other participants in the joint activity agreement, proportionate to their participation in such joint activities is subjected to the tax lien.

**Article 89. Origin of right of tax lien**

89.1. The right to a tax lien originates in the case of:
89.1.1. a failure to pay within the time prescribed by this Code, the amount of the money liability, independently determined by the taxpayer in the tax declaration — from the day following the last day of that period;

89.1.2. failure to pay within the time prescribed by this Code, the amount of the money liability, independently defined by the regulatory authority, — on the day of origin of the tax debt.

89.2. Subject to the provisions of this Article, the right of tax lien extends to any property of the taxpayer owned by him (or in economic or operational management) on the day of origin of such right and the carrying value of which corresponds to the amount of the tax debt of the taxpayer, except as provided in the clause 89.5 of this Article, and also to other property to which the taxpayer acquires property rights in the future.

In case if the carrying value of the property which is subject to a tax lien, is less than the amount of the tax debt of the taxpayer, the right to apply a tax lien extends to such property.

In case if the carrying value of such property is not defined, its description is made upon the assessment carried out in accordance with the Law of Ukraine “On Appraisal of Property, Property Rights and Professional Valuation Activities in Ukraine.”

In the case of increase of the amount of the tax debt, an inventory report is drawn to the amount corresponding the amount of tax debt of the taxpayer, in the manner provided by this Article.

The right of tax lien does not extend to the property defined in sub-clause 87.3.7 of the clause 87.3 of Article 87 of this Code, to mortgage assets which are held by the issuer and which constitute the relevant security for the issue of mortgage certificates with a fixed income, to the cash proceeds from such mortgage assets until liabilities of the issuer under this issue of mortgage certificates with a fixed income are paid in full, as well as to the composition of the mortgage and the income from it until the issuer’s liabilities under the relevant issue of straight mortgage bonds are paid in full.

The right to a tax lien does not apply if the total amount of the tax debt of the taxpayer does not exceed twenty personal exemptions.

89.3. The property, which is covered by the right to a tax lien, is formalized in a property description act.

Property description act includes liquid assets that can be used as a source of repayment of the tax debt.

Property description in the tax lien is based on the decision of the head of the regulatory authority, which shall be delivered to a taxpayer who has a tax debt.

Property description act for the property which is subject to the right of the tax lien, is drawn up by a tax administrator in the manner and form approved by central executive authority responsible for the formation and implementation of national tax and customs policy.
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The refusal of the taxpayer from the signing of the property description act, which lies within the scope the right to a tax lien does not relieve the taxpayer of application of a tax lien on the property described. In such case, the description is carried out in the presence of at least two witnesses.

89.4. If a taxpayer does not admit the tax administrator to implementation of the description of property of the taxpayer for the tax lien and / or does not provide documents required for such a description, tax administrator draws up a report on refusal of the taxpayer from the description of the property for a tax lien.

The regulatory authority applies to the court to suspend expenditure transactions in the accounts of the taxpayer, to restrain such taxpayer from alienation of property and compel the taxpayer to admit tax administrator to exercise description of the property for the tax lien.

Suspension of expenditure transactions in the accounts of the taxpayer and prohibition for the taxpayer to alienate the property are effective until the date of taking property description act of the property of taxpayer for the tax lien by tax administrator or of an act of a lack of property that can be described for a tax lien, or repayment of the tax debt in full. Tax administrator no later than the working day following the date of preparation of these instruments is obliged to send to banks, other financial institutions, and also to the taxpayer the decision draw up the acts, which are the basis for the resumption of expenditure transactions and the abolition of the ban on alienation of property.

89.5. If, at the time of drawing up the description act, the property is missing or its carrying amount is less than the amount of the tax debt, the right of a tax lien extends to other property to which the taxpayer acquires property rights in the future.

The taxpayer shall not later than the working day following the day of receipt of the title to any property, report to the regulatory authority of availability of such property. The regulatory authority shall, within three working days of receipt of the notification, take a decision on inclusion of such property in the property description act which is subject to the right of the tax lien and the carrying value of which corresponds to amount of the tax debt of the taxpayer or to refuse to include such property in the property description act.

If the regulatory authority shall decide on the inclusion of property in the property description act, the relevant property description act is drawn up, a copy of which is sent to the taxpayer with a return receipt.

Before the regulatory authority takes the relevant decision, the taxpayer is not entitled to dispose of such property.

In case of violation by the taxpayer of the requirements of this clause, he bears the responsibility under the law.

89.6. If the taxpayer's property is indivisible and its carrying amount is greater than the amount of the tax debt, such property shall be described for a tax lien in full.
89.7. Replacement of the subject of the pledge may be exercised only upon consent of the regulatory authority.

89.8. The regulatory authority must register a tax lien in the appropriate public register free of charge.

**Article 90. Tax priority**

90.1. The priority of a tax lien against priority of other encumbrances (including other liens) is established in accordance with the law.

**Article 91. Tax administrator**

91.1. The head of the regulatory authority at the place of registration of the taxpayer having a tax debt, shall appoint a tax administrator to such taxpayer. Tax administrator must be an official (officer) of the regulatory authority. Tax administrator has the rights and responsibilities set out in this Code.

91.2. Procedure for appointment and dismissal, as well as the functions and powers of the tax administrator are determined by the central executive authority responsible for the formation and implementation of national tax and customs policy.

91.3. Tax administrator describes the property of the taxpayer having a tax debt, tax lien, checks the safe state of the property in a tax lien, conducts description of the property, which is covered by the right to a tax lien, for its sale in the cases provided by this Code, receives information from the debtor on the transactions with the pledged property, and in case of alienation thereof without consent of the regulatory authority (provided that such consent is required pursuant to the requirements of the Code) requests an explanation from the taxpayer or his official (officers). In the case of the sale to pay off the tax debt of the taxpayer that is subject to the right of the tax lien, tax administrator is entitled to receive from such taxpayer the documents certifying the title over the property.

91.4. In case if a taxpayer who has a tax debt, impedes the tax administrator from exercising his powers specified in this Code, a tax administrator draws up the act for obstructing the exercise of such powers by the taxpayer in the manner and form established by the central executive authority responsible for the formation and implementation of national tax and customs policy.

The Regulatory authority applies to the court regarding the suspension of expenditure transactions in the accounts of the taxpayer and compelling the taxpayer to comply with legitimate requirements of the tax administrator under this Code. The period for which expenditure transactions can be suspended is determined by the court but can be no more than two months.

Suspension of expenditure transactions in the accounts of the taxpayer may be prematurely terminated by decision of the tax administrator or a court.
Article 92. Coordination of transactions with pledged property

92.1. The taxpayer retains the right to use the property, which is located in a tax lien, unless otherwise provided by law.

A taxpayer may dispose of the property located in a tax lien, only with the consent of the regulatory authority, and if the regulatory authority did not provide an answer to such taxpayer consent (refusal thereof) within ten days of receipt of the appropriate request of the taxpayer.

If a tax lien covers only finished products, goods and inventory, the taxpayer may dispose of such property without the consent of the regulatory authority for the funds at prices not lower than regular prices, and provided that the proceeds from such disposal will be used in full for payment of salaries, single fee for compulsory state social insurance and / or repayment of the tax debt.

92.2. In case of the alienation or rent (leasing) of property in the tax lien, the taxpayer upon consent of the regulatory authority is obliged to replace it with another property of equal or greater value. Reduction of value of the replaced property is permitted only upon consent of the regulatory authority subject to partial repayment of the tax debt.

92.3. If carrying out operations with the property in a tax lien, without the prior consent of the regulatory authority the taxpayer shall bear responsibility in accordance with the law.

Article 93. Termination of a tax lien

93.1. Taxpayer’s property is exempted from tax lien from the day of:

93.1.1. obtaining by the regulatory authority confirmation of full payment of the amount of the tax debt in the manner established by law;

93.1.2. the recognition of the tax debt as uncollectable;

93.1.3. the entry into force of a court decision on termination of a tax lien under the procedures established by the legislation on bankruptcy;

93.1.4. the taxpayer received a decision of the relevant authority on cancellation of the earlier decisions on calculation of amount of the liability or a part thereof (interest fines and penalties) due to the procedure of administrative or judicial review.

93.1.5. excluded;

93.2. The ground for exemption of property of the taxpayer from the tax lien and its exclusion from the relevant public registries is the document certifying the end of any of the events specified in sub-clauses 93.1.1–93.1.5 of the clause 93.1 of this Article.

93.3. Procedure for application of the tax lien is established by central executive authority responsible for the formation and implementation of national tax and customs policy.
93.4. When selling a property in the tax lien, in accordance with Article 95 of this Code, the property is exempted from tax lien (with amendments to the relevant public registers made) from the date of receipt by the regulatory authority confirmation of the receipt of funds in the budget resulted from the sale.

Article 94. Administrative seizure of property

94.1. Administrative seizure of property of the taxpayer (hereinafter — the “seizure of property”) is a special method to enforce performance by the taxpayer of his duties as defined by law.

94.2. Seizure of property may be used in one of the following circumstances:

94.2.1. the taxpayer violates the rules on alienation of property in the tax lien;

94.2.2. a natural person with a tax debt, travels abroad;

94.2.3. taxpayer refuses to conduct document audit in case of legal grounds therefor or to admit officials of the regulatory authority;

94.2.4. No permission (license) for economic activities, trade patents are available, as well as in the absence of cash registers registered in the manner prescribed by law, except for the cases determined by law;

94.2.5. the person is not registered with the regulatory authority as a taxpayer, if such registration is mandatory in accordance with this Code, or when the taxpayer who received a tax notice or has a tax debt, performs actions on transfer of property outside Ukraine, its concealment or transfer thereof to other persons;

94.2.6. taxpayer refuses from verification of the safe state of property in the tax lien;

94.2.7. the taxpayer does not allow the tax authority to draw up property description act as to the property in the tax lien.

94.3. Seizure of property refers to ban on the taxpayer regarding actions as to his property which is subject to seizure, specified in paragraph 94.5 of this Article.

94.4. Seizure of property may be exercised by the regulatory authority as to any property of the taxpayer, other than property which cannot be levied in accordance with the law, as well as cash in the account of the taxpayer.

94.5. Seizure of property can be full or conditional.

Full seizure of property refers to the ban against taxpayer to use his rights for disposal or use of property. In this case, the risk associated with the loss of functional or consumer qualities of such property shall be vested in the authority that adopted the decision on such a ban.
Conditional seizure of property refers to limitation of the taxpayer to use his rights as the owner of such property, which is subject to mandatory prior authorization by the head of the relevant regulatory authority for implementation by the taxpayer of any transaction with such property. Such authorization may be issued by the head of the regulatory authority if, upon conclusion of the tax administrator implementation by the taxpayer of a single transaction will not lead to increase of his tax debt, or to a less probability of repayment thereof.

94.6. The head of the regulatory authority (his deputy) in case of any of the circumstances set out in clause 94.2 of this Article, shall take a decision on application of seizure of property of the taxpayer, which is sent to:

94.6.1. taxpayer with the requirement to temporarily suspend alienation of his property;
94.6.2. other persons having the property of the taxpayer in their possession, disposal or use, with the requirement to temporarily suspend alienation thereof.

The seizure of accounts of the taxpayer is carried out solely on the basis of a court decision upon application of the regulatory authority to court.

Release of the funds seized is exercise by bank or other financial institution upon decision of the court.

94.7. Seizure of property can also be applied to products that are manufactured, stored, transferred or sold in violation of the rules defined by the customs legislation of Ukraine or the legislation on the of excise duty taxation, as well as to goods, including currency values, which are sold in violation of the procedure established by legislation if the owner thereof is not identified.

In this case, the official (officers) of the regulatory authorities or other law enforcement agencies in accordance with their authority temporarily seize such property with protocol, which must contain information on reasons for the seizure with the quote of a violation of a specific law provision; description of the property, its generic features and quantity, details of the person (s) from whom such goods were seized (if any); the list of rights and obligations of such persons arising due to such seizure. The form of the protocol is approved by the Cabinet of Ministers of Ukraine.

Head of the law enforcement agency to which official (officer) who prepared the report on the temporary seizure of the property, is reporting, shall immediately inform the head of the regulatory authority (his deputy), on the territory of which such seizure was carried out, with a obligatory delivery of copy of the protocol.

On the basis of the information provided in the protocol, the head of the regulatory authority (his deputy) shall decide on the seizure of such property or refusing to so by refraining from taking the relevant decision.

The decision on seizure of property is to be taken up to 24 o’clock of the working day following the day of the protocol of the temporary seizure of the property, but when in accordance
with the laws of Ukraine the operation hours of the regulatory authority finishes earlier such term expires at the end of its operation hours.

In case if the decision as to seizure of the property is not taken within the specified period, the property is considered to be released from the temporary seizure, and officers or official preventing such a release shall bear responsibility under the law.

94.8. When exercising seizure of the property in the cases specified in the clause 94.7 of this Article, decision of the head of the regulatory authority (his deputy) is immediately handed over to the person (persons referred to in the clause 94.6 of this Article) specified in the protocol on the temporary seizure of the property, without the implementation of the provisions of the clause 94.6 of this Article.

94.9. If the location of the persons specified in the protocol for the temporary seizure of the property is not determined or when the property was seized, and the persons to whom it belongs by the right of ownership or other rights, are not identified, the decision on seizure of the property is taken by the head of the regulatory authority (or his deputy) without delivery thereof to the persons specified in the clause 94.6 of this Article.

94.10. Seizure of property may be subject to the decision of the head of the regulatory authority (his deputy), the validity of which must be verified by the court during 96 hours.

This time period may be extended by administrative order, including upon decision of other government agencies, unless the owner of the seized property was not identified (not determined). In such cases, the property shall stay in administrative seizure for a period determined by law to declare it abandoned, or if the property is perishable — within the time limit specified by the legislation. Procedure for handling the property the owner of which has not been established, is determined by the legislation on treatment of abandoned property.

Period specified by this clause do not include hours falling on weekends and public holidays.

94.11. Decision of the head of the regulatory authority (his deputy) for the seizure of the property may be appealed by the taxpayer in an administrative or judicial procedure.

In all cases, when a higher level regulatory authority or a court cancel the decision on seizure of the property, the higher level regulatory authority conducts an internal investigation of the motives of the head of the regulatory authority (or his deputy) for the decision on seizure of the property and decides to bring those responsible to justice in accordance with the law.

94.12. The decision on seizure of the bank’s property cannot be imposed on its correspondent account.

94.13. The taxpayer is entitled to damages and non-pecuniary damage caused by the regulatory authority as a result of wrongful seizure of the taxpayer, at the expense of the state budget allocated to regulatory authorities, according to the law. The decision on such reimbursement is issued by the court.
94.14. Functions of the executor of the decision for seizure of property of the taxpayer are vested on the tax administrator or other employee of the regulatory authority, appointed by the head thereof (his deputy). Executor of the decision on seizure:

94.14.1. sends the decision on seizure of property pursuant to the clause 94.6 of this Article;

94.14.2. organizes the description of property of the taxpayer.

94.15. Description of property of the taxpayer is conducted in the presence of his officials or representatives, and witnesses.

In the absence of officials of the taxpayer or their representatives of the description of his property is carried out in the presence of witnesses.

For purposes of description of property, the appraiser is engaged, if needed.

Representatives of the taxpayer whose property is subject to administrative seizure, have their rights and obligations read to and clarified.

Employees of the regulatory authorities and law enforcement authorities, as well as other persons whose participation as witnesses is limited by the Law of Ukraine “On Enforcement Proceedings” cannot be the witnesses.

94.16. During description of property of the taxpayer, persons conducting the description must present to officials of the taxpayer or their representatives, the decision on administrative seizure, as well as documents confirming their authority to conduct such description. According to results of the description of property of the taxpayer, a protocol is drawn up containing the list and description of the property, which is being seized, indicating the name, quantity, weight, and of individual features, and subject to the presence of an appraiser, the value determined by the appraiser. All property subject to the description, is presented to officials of the taxpayer or their representatives and witnesses, and in the absence of officials or their representatives — to witnesses for inspection.

94.17. An official of the regulatory authority executing the decision on administrative seizure of property of the taxpayer, determine the order of its preservation and protection.

94.18. Implementation of provisions of clauses 94.15–94.17 of this Article, in the period from 20 o’clock to 9 o’clock the next day is not allowed.

94.19. Termination of administrative seizure of property of the taxpayer is carried out due to:

94.19.1. absence during the period referred to in the clause 94.10, of the court’s decision on justification of the seizure;

94.19.2. repayment of tax debt of the taxpayer;

94.19.3. elimination by the taxpayer of causes for application of administrative seizure;
94.19.4. liquidation of the taxpayer, including as a result of the bankruptcy proceedings;

94.19.5. provision to the relevant regulatory authority by a third party of adequate proof of the seized property being the property of a third party;

94.19.6. cancellation by a court or regulatory authority of the decision of the head of the regulatory authority (his deputy) as to the seizure;

94.19.7. the court's decision on the termination of administrative seizure;

94.19.8. provision by the taxpayer of permits (licenses) for exercise of activities, of trade patents, as well as a document confirming the registration of cash registers carried out in the manner prescribed by law, except for in cases determined by law;

94.19.9. the actual conduct by the taxpayer of the description of fixed assets, inventory items, facilities, including the removal of residual inventory and cash.

94.20. In the cases specified in sub-clauses 94.19.2–94.19.4, 94.19.8 and 94.19.9 of the clause 94.19 of this Article, the decision to release property from is adopted by the regulatory authority within two working days following the day on which the regulatory authority became aware of the grounds for termination of administrative seizure.

If the decision to release the property is adopted in relation to the seizure, which was recognized by the court as justified, the regulatory authority shall communicate its decision to the relevant court not later than the next working day.

94.21. If the taxpayer’s property is released from administrative seizure in cases determined by clauses 94.19.1, 94.19.6, 94.19.7 and 94.19.9, re-imposition of administrative seizure on the grounds of the first seizure is not allowed.

**Article 95. Sale of property in tax lien**

95.1. The regulatory authority shall for the taxpayer and in favour of the state implement measures to pay the tax debt of the taxpayer by recovery of the funds in his ownership, as in case of insufficiency thereof — through the sale of the property of such taxpayer in tax lien.

95.2. Recovery of assets and sale of property of the taxpayer is carried out not earlier than 60 calendar days from the date of delivery of the tax order to such taxpayer.

95.3. Recovery of funds from the taxpayer's accounts in bank providing its services to such taxpayer, is conducted by decision of the court which is communicated to the regulatory authorities for further execution, in the amount of the tax debt or part thereof.

The regulatory authority applies to the court with request for the authorization to repay the full amount of the tax debt at the expense of the taxpayer’s property in a tax lien.
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The court’s decision to grant such authorization is the basis for the regulatory authority to issue the decision on repayment of the full amount of the tax debt. Decision of the regulatory authority is signed by the head thereof and sealed with the official seal of the regulatory authority. The list of information specified in such decision shall be established by the central executive authority responsible for the formation and implementation of national tax and customs policy.

95.4. The regulatory authority pursuant to a court decision carries out collection of funds for repayment of the tax debt at the expense of the cash belonging to the taxpayer. Collection of the cash is exercised pursuant to the procedure established by the Cabinet of Ministers of Ukraine.

95.5. Cash funds recovered pursuant to this Article shall be deposited by the official of the regulatory authority to the bank on the day of collection thereof to be transferred to the appropriate budget or a state trust fund to pay off the tax debt of the taxpayer. If it is not possible to deposit these funds during the same day, they must be deposited to the bank on the next business day. Security of these funds until they are deposited to the bank is ensured by the appropriate regulatory authority.

95.6. If the amount of funds received from the sale of property of the taxpayer exceeds the amount of his liability and tax debt, the difference is credited to the account of the taxpayer or his legal successors.

95.7. Sale of property of the taxpayer is carried out on a public market and / or through trade organizations.

Sale of property of the taxpayer by public auction is carried out in the following procedure:

95.7.1. property, which can be grouped and standardized, is to be sold exclusively for the funds during the stock exchange trades, conducted by stock exchanges that are established in accordance with the law and determined by the regulatory authority on a competitive basis;

95.7.2. securities — on the stock exchanges in accordance with the Law of Ukraine “On Securities and Stock Market”;

95.7.3. other property, movable or immovable property, as well as integral property complexes of enterprises are to be sold for funds only at the targeted auctions organized upon proposal of the relevant regulatory authority on these stock exchanges.

95.8. The property which is perishable and other property, the amount of which is not sufficient for the organization of public auction, are to be sold for funds on commercial terms through the trade organizations, determined by the regulatory authority on a competitive basis.

The property of the debtor, circulation of which a restriction is imposed by law, is sold at private auctions conducted on a competitive basis. Such closed bidding involves persons who, under the law, are eligible to own such property or to have it under other proprietary rights.
95.9. In case of the sale of an integral property complex of the enterprise whose property is the state or communal property, or if, under the law on privatization for the alienation of property of enterprise, prior consent of the privatization authority or other public body authorized to manage corporate rights is required, the sale of the property of such an enterprise is organized by the state privatization authority upon proposal of the relevant regulatory authority in compliance with the legislation on privatization. In this case, other methods of privatization except for the cash privatization are not allowed.

State privatization authority shall arrange the sale of the integral property complex within 60 calendar days from the date of receipt of proposal of the regulatory authority.

95.10. For purposes of sale of the property in the tax lien, as assessment is carried out as to the value of such property to determine the initial price of the sale. Such an assessment is carried out in the manner specified by the Law of Ukraine “On Appraisal of Property, Property Rights and Professional Valuation Activities in Ukraine.”

95.11. Assessment is not carried out as to the property, which can be grouped or standardized or has marketable (current) value and / or is listed on commodity exchanges.

95.12. The taxpayer has the right to make an independent assessment by conclusion of a contract with the appraiser. If the taxpayer does not exercise independent assessment within two months from the date of decision on the sale of property, the regulatory authority itself enters into a contract for an assessment of the property.

95.13. When selling a property in the commodity markets, the regulatory authority enters into a contract with a broker (brokerage office) who undertakes actions for the sale of such property at the request of the regulatory authority under the best price offer.

95.14. The buyer of the property in a tax lien, acquires ownership over such property in accordance with the conditions specified in the agreement (contract) to be entered into by the results of the auction.

95.15. Procedure for increase or decrease of the initial sales price of property of the taxpayer is established by the Cabinet of Ministers of Ukraine, except for in cases specified by the clause 95.9 of this Article which shall be regulated by the legislation on privatization.

95.16. Information on the property of taxpayers, intended for sale, shall be published by the relevant exchange. Compensation of the costs related to the organization and conduct of the auction for the sale of the taxpayer’s property in a tax lien, and payment of the bank fees for the transfer of the funds to the relevant budget shall be carried out in the procedure established by the Cabinet of Ministers of Ukraine, at the expense of the funds received from the sale of such property at the expense of funds recovered.

95.17. Information on the time and conditions of the public auction for property of taxpayers is published by the relevant exchange.
95.18. The information referred to in the clause 95.17 of this Article, and procedure for publication thereof is determined by the Cabinet of Ministers of Ukraine.

95.19. The taxpayer or any other person exercising management of property of the taxpayer or control over their use, is required to provide unimpeded access on demand of the tax administrator and participants of the public auction for inspection and valuation of the property being offered for sale, as well as unhindered acquisition of title to the property by a person who acquired it at a public auction.

95.20. If the taxpayer at any time before the conclusion of the contract of sale of its assets fully repays the amount of the tax debt, the regulatory authority shall cancel decision on the sale and take measures to suspend trading.

95.21. Sales transactions of the property defined in this Article on the exchange and auctions are not subject to notary certification.

95.22. The regulatory authority applies to the court to recover from debtors of the taxpayer who has a tax debt, accounts receivable, matured and claims of which have been assigned to the regulatory authorities to repay tax debt of the taxpayer. The amount of money that comes as a result of collection of accounts receivable, in its entirety (but within the amount of the tax debt) shall be credited to the appropriate budget or a state trust fund to pay off tax debt of the taxpayer. Amount of receivables charged more than the amount of tax debt, is transferred at the disposal of the taxpayer.

95.23. excluded;

95.24. If the amount of funds received from the sale of the taxpayer’s property is insufficient to pay off tax debt of the taxpayer, a tax administrator provides additional description of the property tax lien in the manner specified in Article 89 of this Code.

Article 96. Repayment of the tax debt of state-owned enterprises not subject to privatization, and public utilities

96.1. If the amount of funds received from the sale of property of the municipal enterprise in a tax lien does not cover the amount of his tax debt and expenses related to the organization and conduct of public auction, or in case of lack of personal property of the debtor which in accordance with the laws of Ukraine can be placed in the tax lien and alienated, the regulatory authority must apply to the local self-government authority or the executive authority, in whose management the property of such taxpayer is entrusted, with the proposal for a decision on:

96.1.1. the selection of the local budget for the payment of the tax debt of the taxpayer. The decision to finance such expenditure is considered at the next session of the relevant council;

96.1.2. approval of the plan of out-of-court recovery of the taxpayer, which involves paying off his tax debt;

96.1.3. elimination of the taxpayer and appointment of a liquidation committee;
96.1.4. Adoption by the session of the relevant council of the decision to initiate bankruptcy proceedings against the taxpayer.

96.2. If the amount of funds received from the sale of property of a public enterprise in a tax lien which is not subject to privatization, including of a state-owned enterprise, does not cover the amount of the taxpayer’s tax debt and expenses related to the organization and conduct of public bidding, or in the absence of property which in accordance with the laws of Ukraine may be transferred to tax lien and alienated, the regulatory authority must apply to the executive authority, in whose management the property of such taxpayer is entrusted, with the proposal for a decision on:

96.2.1. provision of appropriate compensation from the budget of the funds allocated to support of such executive authority, in whose management such taxpayer is entrusted;

96.2.2. out-of-court recovery of the taxpayer at the expense of the state budget;

96.2.3. liquidation of the taxpayer and the appointment of a liquidation committee;

96.2.4. exclusion of the taxpayer from the list of state property facilities which are not subject to privatization under the law, to initiate bankruptcy proceedings, in accordance with the laws of Ukraine.

96.3. Response as to acceptance of one of the decisions specified in clauses 96.1 and 96.2 of this Article is sent to the regulatory authority within 30 calendar days from the date of the proposal.

In the case of non-receipt of this response within period of time defined by this clause or receipt of the response to dismiss the claims of its regulatory authority is obliged to go to court with a claim to foreclose the tax debt at the expense of the state authority or local self-government authority in whose management such public (municipal) enterprise or its assets is entrusted.

96.4. The emergence tax debt of a state-owned or municipal enterprise is a ground for termination of the employment agreement (contract) with the head of the enterprise.

96.5. Employment agreements (contracts) concluded with the head of state-owned or municipal enterprise shall contain provisions on the specified liability which is essential condition thereof.

Provisions of this clause shall not apply in cases of a tax debt due to acts of God (force majeure) or the non-performance or improper performance of the obligations of public authorities for payment for goods (works, services) purchased from such taxpayer from the budget funds, provision to the taxpayer of subsidies or grants provided by the law or on the refund to the taxpayer of the overpaid taxes and fees or budgetary compensation thereof in accordance with this Code and tax legislation of Ukraine.

96.6. Any agreements on the transfer of shares (other corporate rights) in the state or communal property to administration of third parties must include the obligation of such third
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parties to avoid the tax debt to occur after such transfer, as well as condition for termination of the contract in case of a tax debt, respectively, the right of the state or local community to the unilateral (non-judicial) termination of such agreements in case of such a tax debt.

Article 97. Repayment of financial liabilities or tax debt in case of liquidation of the taxpayer not related to the bankruptcy.

97.1. In this Article the liquidation of the taxpayer shall mean the elimination of the taxpayer as a legal entity or suspension of state registration of termination of economic activity by an individual entrepreneur or registration of termination of independent professional activity of a natural person (provided such a registration was the condition of carrying our of independent professional activity) with the relevant authority, resulting in the closure of their accounts and/or the loss of their status as a taxpayer in accordance with the law.

97.2. In case when the owner or his authorized body decides on the liquidation of the taxpayer, which is not related to the bankruptcy, the property of the specified taxpayer is used as defined in accordance with the laws of Ukraine.

97.3. If in the result of the liquidation of the taxpayer a part of its liabilities or of a tax debt remains unredeemed due to insufficient assets, such part shall be redeemed from the assets of the founders or members of the enterprise, if they are fully or additionally liable for obligations of the taxpayer under the law within their full or additional liability, and in case of liquidation of the branch, department or other standalone unit of a legal entity — at the expense of a legal entity regardless of whether it is a taxpayer in respect of which a money liability or a tax debt arose for such branch, office or other standalone unit.

In case of state registration of termination of business activity of a sole proprietor or registration of termination of independent professional activity of a natural person (provided such a registration was the condition of carrying out of independent professional activity) with the relevant authority the liabilities and/or tax debt shall be redeemed from the assets of the mentioned person.

In other cases money liabilities or tax debt that remain outstanding after liquidation of the taxpayer shall be considered an uncollectable debt and should be written off in the manner specified by the Cabinet of Ministers of Ukraine.

97.4. The person responsible for the repayment of liabilities or tax debt of the taxpayer is:

97.4.1. in respect of the taxpayer — the liquidation committee or other body conducting the liquidation under the laws of Ukraine;

97.4.2. for branches, offices and other separate subdivisions of the taxpayer, which are being closed — such a taxpayer;

97.4.3. in respect of a sole proprietor or a natural person who carries out independent professional activity — such a natural person;
97.4.4. in respect of a natural person who died or was recognized by the court as missing or declared deceased or recognized as legally incapacitated — persons who have the right of inheritance, or authorized to dispose of the property of such person;

97.4.5. in respect of co-operatives, credit union or other collective businesses — their members (shareholders), jointly and severally;

97.4.6. in respect of the investment funds — the investment company managing such investment fund.

97.5. In case if taxpayer who is liquidated, has the amounts of overpaid liabilities or the amounts of unrecovered taxes from the appropriate budget, such amount is to be offset against its money liabilities or tax debt before such budget.

97.6 In case if the amount of overpaid liabilities or the amount of unrecovered taxes from the corresponding budget exceeds the amount of liabilities or tax debt before this budget, the overpaid amount is used to pay off liabilities or tax debt to other budgets, and in the absence of such money liabilities (debt) are re-calculated back at the disposal of the taxpayer. Procedure for off-sets defined in this clause shall be determined by the central executive authority responsible for the formation and implementation of national tax and customs policy.

**Article 98. Procedure for repayment of liabilities or tax debt in case of reorganization of taxpayer or transfer of the integral property complex of state-owned or municipal enterprise to lease or concession**

98.1. Reorganization of the taxpayer in this Article refers to a change in its organizational and legal status, which provides for any of such action or combination thereof:

98.1.1. for business companies — change of organizational and organizational and legal status of the company, which entails changing the code according to the Unified State Register of Enterprises and Organizations of Ukraine;

98.1.2. merger of taxpayers, namely the transfer of property of the taxpayer in the share capital of other taxpayers, which results in elimination of the taxpayer, which merges with the other ones;

98.1.3. Split-up of the taxpayer for more than one person, namely the split-up of property between his newly formed statutory funds of legal entities and / or natural persons which results in elimination of the organizational and legal status of the taxpayer, which is being split-up;

98.1.4. spin-off of the taxpayer from other taxpayers, namely the transfer of the property of the taxpayer, which was reorganized into the share capital of other taxpayers in exchange for their corporate rights, which does not results in liquidation of the taxpayer, which is being reorganized;
98.1.5. registration of a natural person as a business entity without cancellation of his previous registration as other business entity or with such cancellation.

98.2. If the owner of the taxpayer or its authorized body decides on the reorganization of the taxpayer, or the integral property complex of the state-owned or municipal enterprise is rented for lease or concession, money liabilities or tax debt shall be settled in the following manner:

98.2.1. if the reorganization is performed by changing the names, organizational and legal status or place of registration of the taxpayer, after the reorganization, he acquires all the rights and responsibilities in respect of repayment of money liabilities or tax debt arising prior to its reorganization;

98.2.2. if the reorganization is performed by combining two or more taxpayers in a single taxpayer with the liquidation of the taxpayers merged, one single taxpayer acquires all the rights and responsibilities in respect of repayment of money liabilities or tax debts of all taxpayers that have merged together;

98.2.3. if the reorganization is carried out by splitting-up the taxpayer into two or more persons with the liquidation of the original taxpayer, all taxpayers that appear after such reorganization, acquire all the rights and responsibilities in respect of repayment of money liabilities or tax debt accrued prior to such reorganization;

98.2.4. in case of a lease or concession of the integral property complex of a state-owned or municipal enterprise, the taxpayer — the tenant or concessionaire after acceptance of the integral property complex of the state-owned or municipal enterprise to lease or concession, acquires all the rights and responsibilities in respect of repayment of money liabilities or tax debt incurred by the state or municipal enterprise before the transfer of integral property complex to lease or concession.

These liabilities or a debt are distributed among the newly formed taxpayers in proportion to the book value of the property received by them in the course of the reorganization according to the demerger balance sheet.

In case if one or more newly formed entities are not taxpayers as to which money liabilities or reorganized debt of the taxpayer occurred, such liabilities or tax debt is fully distributed among the persons who are subject to such taxes, in proportion to the shares they obtained the property, excluding property provided to persons who are not payers of such taxes.

98.3. The reorganization of the taxpayer through the spin-off for other taxpayers or contributing of portion of the taxpayer’s property to the authorized capital of another taxpayer without liquidation of the reorganized taxpayer, does not entail the distribution of liabilities or tax debt between such taxpayer and persons established in the process of reorganization, or emergence of joint liability for violation of tax laws, except when the regulatory authority concludes that such reorganization may lead to inappropriate maturity of money liabilities or tax debt of the taxpayer which is being reorganized. The decision to apply joint or several liability for the violation of tax laws may be adopted by regulatory authority in case where
property of the taxpayer being reorganized is in tax lien at the time of the decision on a reorganization.

98.4. A taxpayer whose property is transferred to a tax lien, or the one that used the right for tax debt restructuring, must inform the regulatory authority in advance of the decision to conduct any kinds of reorganization and submit to the regulatory authority plan of such reorganization. If the regulatory authority finds that a plan of reorganization results or may in the future lead to the inappropriate maturity of money liabilities or a tax debt, it has the right to decide on:

98.4.1. distribution of the amount of money liabilities or tax debt between taxpayers that arise as a result of the reorganization, taking into account the expected profitability (liquidity) of each of such taxpayers without applying the principle of tax apportionment established in clauses 98.2 and 98.3 of this Article;

98.4.2. repayment of liabilities or a tax debt secured by a tax lien, prior to such reorganization;

98.4.3. establishment of joint and several liability for the payment of the liabilities of the taxpayer being reorganized as to all persons established in the process of reorganization that involves application of the regime of a tax lien as to the total assets of such persons;

98.4.4. application of the right of a tax lien to the property of the taxpayer, created by combining other taxpayers if one or more of them had money liabilities or a tax debt secured by a tax lien.

98.5. decision of the regulatory authority adopted pursuant to the clause 98.4 of this Article may be appealed in the manner and within the time limits specified in this Code for the appeal of the money liability accrued by the regulatory authority.

98.6. reorganization in violation of the rules defined in the clause 98.4 of this Article shall entail liability established by law.

98.7. reorganization of the taxpayer does not change the maturity of liabilities or a tax debt for taxpayers, created as a result of this reorganization.

98.8. In case if a taxpayer which is being reorganized, has the amount of overpaid money liabilities, such amounts shall be credited to the account of its outstanding liabilities or tax debt for other taxes. The amount specified shall be distributed among the budgets and state trust funds in proportion to total amounts of the money liability or a tax debt of the taxpayer.

98.9. In case if the amount of overpaid money liabilities or unrecovered taxes and fees of the taxpayer exceeds the amount of money liabilities or a tax debt for other taxes, overpaid amount shall be transferred to the disposal of such taxpayer’s successors in proportion to his share in the property, which is being distributed according to the demerger balance sheet or transfer act, and in case of the integral property complex of the state-owned or municipal company transferred to lease or concession, the overpaid amount shall be transferred to disposal of the taxpayer — the tenant or concessionaire under the transfer balance sheet or act.
Article 99. Procedure for performance of money liabilities and/or redemption of a tax debt of a natural person (including sole proprietors carrying out independent professional activity) in case of their death or declaring them missing or legally incapacitated as well as of minor/underage persons

99.1. Money liabilities of a natural person and/or redemption of such person’s tax debt (including that of a sole proprietor or a natural person carrying out independent professional activity) in case of its death or declaring it deceased in court shall be performed by its heirs who have accepted the inheritance (other than the state) to the value of the property inherited and proportionally to the share of inheritance as of the date of its opening.

Claims to heirs are brought by the regulatory authorities in accordance with the civil legislation of Ukraine for claims by creditors of the testator.

After expiration of time period for acceptance of inheritance, money liabilities and/or the tax debt of the testator become financial obligations and/or tax debt of the heirs.

During the term of the inheritance to the liabilities and/or tax debts of the testator no interest fine is charged.

In case of transfer of the inheritance to the state, money liabilities of the deceased person terminates.

99.2. Money liabilities of minor/underage persons are performed by their parents (adoptive parents), trustees (custodians) before the minor/underage persons get full civil capacity.

Parents (adoptive parents) of minor/underage persons and minor/underage persons themselves in case of failure to perform liabilities of minor/underage persons are jointly financially liable for redemption of money liabilities and/or tax debt.

99.3. Money liabilities of a natural person (including a sole proprietor or a natural person carrying out independent professional activity) which is recognised as legally incapacitated by court are performed by his or her guardian at the expense of the property of such a natural person in the manner prescribed by this Code.

The trustee of a disabled person performs liabilities arising on the day of recognition of such a person as disabled at the expense of the property of such a natural person which may be seized in accordance with the law.

99.4. Money liabilities and tax debt of a natural person (including a sole proprietor or a natural person carrying out independent professional activity) recognized by the court as missing are performed by the person to who under the established procedure is responsible for taking care of property of the missing person.

The person exercising custody of the property of a missing person, performs money liabilities arising on the date of recognition of such a person as missing, at the expense of the property of such a natural person which may be seized in accordance with the law.
99.5. Parents (adoptive parents) and trustees (custodians) of minor/underage persons, trustees of legally incapacitated persons, persons who are responsible for taking care of the property of missing persons (the legal representatives of individual taxpayers) shall on behalf of the relevant natural persons:

99.5.1. in case of relevant grounds, file an application to the regulatory authority for registration of such natural persons in the State Register of Individual Taxpayers and in the cases provided by this Code, or other information required for the maintenance of such State Register;

99.5.2. timely submit properly completed declarations on income and assets;

99.5.3. keep records of income and expenses in the cases provided by this Code;

99.5.4. perform other duties as specified in this Code.

99.6. Legal representatives of individual taxpayers are liable under this Code and other laws for the taxpayers, for neglecting their duty referred to in paragraph 99.5 of this Article.

99.7. If the assets of the incapacitated or missing person is not enough to ensure performance of money liabilities or redemption of tax debt of such a natural person as well as for payment of the accrued penalties (punitive penalties), the amount of the tax debt shall be written off in the manner established by the central executive authority responsible for formation and implementation of the national tax and customs policy.

99.8. In case of cancellation by court of the decision recognition of a natural person missing or adoption of decision on resumption of civil capacity of the natural person who was previously recognised as legally incapacitated, money liability of such natural person is renewed in the amounts of taxes written off in accordance with the clause 99.7 of this Article. Penalties (punitive penalties) in this case are not paid for the period from the date of entry into force of the court decision on the recognition of the natural person as missing or legally incapacitated and until entry into force of the decision to cancel the decision on recognition of the natural person as missing or decision on recovery of the civil capacity of a natural person.

Article 100. Instalment and deferral of liabilities or tax debt of taxpayer

100.1. Instalment, deferral of money liabilities or tax debt is the postponement of the payment of the money liability or the tax debt of the taxpayer at interest, the amount of which is equal to the interest fine specified in the clause 129.4 of Article 129 of the Code.

If the instalment (deferred amount) includes the amount of the interest fine, in order to make calculations of interest fine, the amount less the amount of interest fine is taken.

100.2. The taxpayer has the right to appeal to the regulatory authority with the application for instalment and deferred tax liabilities or debt. A taxpayer who appeals to the regulatory authority with the application for instalment, deferred liabilities, is deemed to have agreed on the amount of the money liability.
100.3. Instalment and deferral of money liabilities or a tax debt within the procedure of recovery of the solvency of the debtor are carried out in accordance with the law on bankruptcy.

100.4. The basis for the instalment of money liabilities or a tax debt of the taxpayer is provision by such taxpayer of sufficient evidence of the existence of circumstances listed by the Cabinet of Ministers of Ukraine, indicating the threat of occurrence and accumulation of a tax debt of such taxpayer, as well as feasibility studies that demonstrate the payment of money liabilities and tax debt and / or an increase in tax revenues to the appropriate budget instalment due to application of the deference regime, during which the policy for production management or marketing of such taxpayer will be changed.

100.5. The reason for deferral of money liabilities or tax debt of the taxpayer is provision by such taxpayer of sufficient evidence of the existence of circumstances listed by the Cabinet of Ministers of Ukraine, indicating force majeure circumstances that led to the threat of occurrence and accumulation of a tax debt of such taxpayer, as well as feasibility studies that demonstrate the payment of money liabilities and tax debt and / or an increase in tax revenues to the appropriate budget instalment due to application of the deference regime, during which the policy for production management or marketing of such taxpayer will be changed.

100.6. Deferred amount of money liabilities or a tax debt (including separately — the amount of penalties (punitive penalties) are repaid in equal instalments starting from the month following the month in which the decision to grant such instalments was received.

100.7. The amount of deferred tax liabilities or tax debt are to be repaid in equal instalments starting from any month specified by the relevant regulatory authority or the relevant local authority, which is in accordance with paragraph 100.8 of this Article adopts the decision on instalment or deferred money liabilities or tax debt, but no later than 12 calendar months from the date of occurrence of such a money liability or tax debt, or by a lump sum in full.

100.8. The decision on instalments and deferred money liabilities or tax debt within one fiscal year shall be made in the following order:

concerning state taxes and fees — by the head of the regulatory authority (or his deputy);

on local taxes and fees — by the head of the regulatory authority (or his deputy) and approved by the financial authority of the local executive authorities, to the budget of which such local taxes or fees are credited.

100.9. The decision on instalments and deferred money liabilities or tax debt as to national taxes and duties for a period extending beyond one and / or more fiscal years, is adopted by the head of the central executive authority responsible for the formation and implementation of national tax and customs policy (his deputy), which is reported to the central executive authority responsible for the formation of national financial policy.

100.10. The decision on instalments and deferred money liabilities or tax debt of specific taxpayers shall be published annually by the central executive authority responsible for the formation and implementation of national tax and customs policy.
100.11. Instalment or deferral are provided separately for each tax and levy. Terms of payment of instalments (deferred funds) or parts thereof may be transferred by a separate decision and making appropriate changes to the instalment (deferred payment) contract.

100.12. Agreements on instalment (deferred payment) can be early terminated:

100.12.1. on the initiative of the taxpayer — in case of early repayment of instalments the amount of the money liability and the tax debt or deferred money liability or tax debt for which the agreement on instalments, deference was reached;

100.12.2. on the initiative of the regulatory authority in case if:

it was found that information provided by the taxpayer at the conclusion of these agreements was inaccurate, distorted or incomplete;

taxpayer is deemed to have a tax debt of money liabilities arising after conclusion of these agreements;

taxpayer violates the terms of repayment of instalments of the money liability or tax debt or deferred money liability or deferred tax debt.

100.13. The order of instalments and deferral of money liabilities or tax debt of the taxpayer is established by central executive authority responsible for the formation and implementation of national tax and customs policy.

100.14. Instalment, deferral of tax debt does not relieve the taxpayer’s property in tax lien.

Article 101. Writing-off of uncollectable tax debt

101.1. Uncollectable tax debt is subject to the writing-off including interest fines and punitive penalties accrued on such tax debt.

101.2. The term “uncollectable” means:

101.2.1. tax debt of the taxpayer recognized as bankrupt in the prescribed manner, the requirements to which have not been met because of insufficiency of the property of a bankrupt;

101.2.2. tax debt of a natural person who:

Was recognized by courts as legally incapacitated, missing or declared deceased, in case of insufficiency of property which may be levied in accordance with the law;
died, in case of insufficiency of property which may be levied in accordance with the law;
is missing for over 720 days;
101.2.3. taxpayer’s tax debt for which the statute of limitations established by this Code has expired;

101.2.4. taxpayer’s tax debt, which arose as a result of acts of God (force majeure);

101.2.5. tax debt of the taxpayer as to which an entry of termination was made in the State Register upon a court decision, and for the banks — by decision of the Deposit Guarantee Fund as to approval of the report on the completion of liquidation of the bank or by decision of the National Bank of Ukraine on the approval of the liquidation balance sheet, approval of the report of the liquidator and completion of the liquidation procedure.

101.3. In the case where a natural person who was declared missing or deceased by court, appears or if the natural person who was missing for over 720 days, was found, written off debts of such persons shall be restored and recovered in a general manner in compliance with the statute of limitations from the date of restoration of the tax debt.

101.4. Recovery agencies are withdrawing settlement documents providing for the recovery of interest fines, penalties and uncollectable tax debt written off in accordance with this Code.

101.5. Regulatory authorities quarterly carry out writing-off of uncollectable tax debt. Procedure for such writing-off is established by the central executive authority responsible for the formation and implementation of national tax and customs policy.

Article 102. Statute of limitations and application thereof

102.1. Regulatory authority, except in cases specified by the clause 102.2 of this Article, shall have the right to determine the amount of money liabilities of the taxpayer in the cases specified in this Code, no later than the end of 1095 day following the last day of the deadline for submission of tax declaration and / or the deadline for payment of money liabilities accrued by the regulatory authority, and if such tax declaration was filed later — following the day it was actually filed. If within this period the regulatory authority does not determine the amount of money liabilities, the taxpayer is considered to be free of his money liability, and the dispute concerning such a declaration and / or tax notice is not subject to administrative or judicial proceedings.

In case if the taxpayer clarifies calculation of the tax declaration, the regulatory authority has the right to determine the amount of the tax liability on such income tax declaration during 1095 days from the date of submission of the clarifying calculation.

102.2. Money liability can be credited or proceedings for the recovery of such tax may be initiated regardless of the statute of limitations specified in the first paragraph of the clause 102.1 of this Article if:

102.2.1. tax declaration for the period during which the tax liability originated, was not filed;

102.2.2. official of the taxpayer (an individual taxpayer) was found guilty for evasion of this money liability or the decision to close criminal proceedings on the non-rehabilitating grounds was adopted and entered into force.
102.3. Running of the statute of limitations shall be suspended for any period during which the regulatory authority according to the court is prohibited to inspect the taxpayer or the taxpayer is outside Ukraine, if such a stay is continuous and constitute or is longer than 183 days.

102.4. If a money liability is accrued by the regulatory authority before the expiry of the statute of limitation specified in paragraph 102.1 of this Article, the tax debt incurred due to denial of independent payment of such money liability can be recovered during the next 1095 days of the date when the tax debt originated. If the payment is charged by the court, the time period for collection thereof shall be established until such payment is exercised in full or is recognised as uncollectable debt.

102.5. Application for the refund of overpaid liabilities or their compensation in cases provided for in this Code may be submitted no later than 1095 day following the date of such overpayment or becoming eligible for a refund.

102.6. Deadlines for submission of tax declarations, applications for review of decisions of regulatory authorities, applications for refund of overpaid liabilities are subject to renewal by head of the regulatory authority (or his deputy) upon the written request of the taxpayer, if within the deadlines such a taxpayer:

102.6.1. was outside Ukraine;

102.6.2. was sailing on vessels outside Ukraine as a member of the team (crew) of such vessels;

102.6.3. was imprisoned under a court sentence;

102.6.4. had freedom of movement was restricted due to being imprisoned or in thrall in other states or due to other acts of God, confirmed by documents;

102.6.5. was recognized by the court as missing or wanted in cases provided by law.

Penalties specified in this Code do not apply for periods of extended deadlines for submission of the tax declarations in accordance with this clause.

102.7. The clause 102.6 of this Article applies to:

102.7.1. individual taxpayers;

102.7.2. officials of the legal entity, if within the specified time period, a legal entity had no other officials authorized in accordance with the laws of Ukraine to charge, collect and contribute taxes to the budget, and maintain accounting records, prepare and file tax declarations.

102.8. Procedure for application of paragraphs 102.6–102.7 of this Article shall be determined by the central executive authority responsible for the formation and implementation of national tax and customs policy.
SECTION 10.
APPLICATION OF INTERNATIONAL AGREEMENTS AND TAX DEBT REPAYMENT AT THE REQUEST OF THE COMPETENT AUTHORITIES OF FOREIGN COUNTRIES

Article 103. Procedure for application of Convention of Ukraine for the Avoidance of Double Taxation on the full or partial exemption from taxation of non-residents originating from Ukraine

103.1. Application of the rules of the international treaty of Ukraine is carried out by exemption from taxation of income originating from Ukraine, reducing the tax rate, or by returning the difference between the amount paid and the amount of tax that must be paid by a non-resident in accordance with an international treaty of Ukraine.

103.2. The person (tax agent) has the right to apply for the tax exemption or reduced tax rate provided by the relevant international treaty of Ukraine at the time of the payment of income to a non-resident if such non-resident is the beneficial (actual) recipient (s) of the income and is a resident of a country with which an international treaty of Ukraine is concluded.

Application of provisions of international treaty of Ukraine regarding the tax exemption or application of a reduced tax rate is allowed only if a non-resident provides the person (tax agent) a confirmation of his status as a tax resident in accordance with the requirements of the clause 103.4 of this Article.

103.3. Beneficial (actual) recipient (s) of income for the purposes of application of a reduced tax rate under provisions of the international treaty of Ukraine to dividends, interests, royalties, compensations, etc. of a non-resident derived from sources in Ukraine, is the person who has the right to receive such income.

In this case, the beneficial (actual) recipient (owner) of the income cannot be legal entity or natural person, even if that person is entitled to receive income, but is an agent, nominee holder (nominee owner) or is just an intermediary with respect to such income.

103.4. The basis for the exemption (decrease) from taxation of revenues originating from Ukraine is provision by a non-resident taking into account peculiarities provided for in clauses 103.5 and 103.6 of this Article, the person (tax agent), which pays income to him, of a certificate (or notarized copy thereof) which confirms that the non-resident is a resident of a country with which an international treaty of Ukraine is concluded (hereinafter — the “certificate”), as well as other documents, if it is provided by an international agreement of Ukraine.

103.5. Certificate shall be issued by the competent (authorized) agency of the country as defined by international agreement of Ukraine, in the form approved under the laws of the relevant country, and must be duly legalized and translated in accordance with the laws of Ukraine.

103.6. If necessary, this information can be requested from a non-resident by a person who pays income to him, or by the regulatory authority when considering the refund of amounts of the money liabilities overpaid to another date prior to the date of payment of income.
If necessary, the person paying the income to the non-resident may appeal to the regulatory authority at his location (place of residence) for submission by the central executive authority responsible for the formation and implementation of national tax and customs policy, of the request to the competent authority of the country with which an international treaty Ukraine is concluded, for confirmation of the information specified in the certificate.

103.7. For banks and financial institutions of Ukraine in the exercise of transactions with foreign banks associated with interest payments, the confirmation of a foreign bank being a resident of a country with which an international treaty of Ukraine is concluded is not required if it is confirmed by the extract from the international catalogue of “International Bank Identifier Code” (published by S.W.I.F.T., Belgium International Organization for Standardization, Switzerland).

103.8. The person paying the income to the non-resident in the reporting (tax) year, in case of submission by the non-resident of the certificate with information for the previous tax reporting period (year), may apply the rules of the international treaty of Ukraine, in particular regarding the exemption (decrease) from taxation in the reporting (tax) year with obtaining a certificate at the end of the reporting (tax) year.

103.9. The person paying the income to the non-resident shall in the case of exercising in the reporting period (quarter) of payments of income to non-residents originating from Ukraine submit to the regulatory authority at its location (place of residence) report on the income paid, withheld and remitted to the budget of taxes on income of non-residents within the time period and in the form established by central executive authority responsible for the formation and implementation of national tax and customs policy.

103.10. In case of failure by a non-resident to file the certificate pursuant to the clause 103.4 of this Article, the non-resident's income originating from Ukraine is subject to taxation in accordance with the laws of Ukraine on taxation.

103.11. If the resident believes that a tax amount which was withheld from his income exceeds the amount due in accordance with the rules of the international treaty of Ukraine, consideration of the matter of compensation of a difference is carried out on the basis of submission to the regulatory authority at the location (place of residence) of the person that paid the income to the non-resident and withheld tax therefrom, of application for the refund of tax on the income originating from Ukraine.

The necessary documents are to be submitted by a non-resident or official (authorized) person who must confirm his or her powers in accordance with the laws of Ukraine.

103.12. The regulatory authority shall verify compliance with the information specified in the application and supporting documents, evidence and relevant international treaty of Ukraine, as well as the fact of transfer to the budget of the related tax amounts by a person who has paid income to a non-resident.

In the case of confirmation of the excess withholding of tax amounts, the regulatory authority takes decision on the return of appropriate amount to a non-resident, copies of which are to
be provided to a person who during payment of income to a non-resident withheld taxes and to a non-resident (authorized person). Conclusion on the return of overpaid taxes is sent to the relevant authority responsible for treasury servicing of budget funds.

In case of refusal to refund the tax amount, the regulatory authority must provide a non-resident (authorized person) with a reasoned response.

103.13. The authority responsible for treasury servicing of budget funds based on the opinion of the regulatory authority transfers funds in the amount determined in the conclusion to the account of the person who excessively withheld tax from the income of non-residents.

103.14. The person who has paid the income to a non-resident returns him the difference between the amount of tax that was withheld, and the amount payable in accordance with the international agreement of Ukraine, after receiving copies of the decision of the regulatory authority for the refund of overpaid money liabilities or after the crediting the finds from the relevant authority responsible for treasury servicing of budget funds.

The funds that by the decision of the regulatory authority shall be return the person who excessively withheld the tax from the income of a non-resident may be used as an off-set for payment of other tax liabilities of such a person upon his written request, which is provided during consideration of the application of a non-residents as to return the overpaid amount of tax withheld. In this case, the conclusion as to return of overpaid tax amounts is not sent to the relevant authority responsible for treasury servicing of budget funds.

Article 104. The procedure for providing assistance in collection of the tax debt in international legal relations

104.1. Provision of assistance in collecting the tax debt in international legal relations under international treaties of Ukraine is carried out in the manner prescribed by this Code, taking into account the peculiarities specified by this Article.

104.2. The regulatory authority after receipt the instrument of a foreign state, according to which the collection of the amount of the tax debt is carried out in international legal relations, determines within thirty days compliance of such an instrument with provisions of the international treaties of Ukraine. In the case of non-compliance of the instrument, it is returned to the competent authority of a foreign state. If the instrument is consistent with international agreements of Ukraine, the regulatory authority shall send the taxpayer a tax notice in international legal relations in the manner provided by Article 42 of this Code.

104.3. Tax debt in international legal relations is recomputed in local currency at the official exchange rate of hryvnia to foreign currencies set by the National Bank of Ukraine for the date when the tax notice is sent to such taxpayer.

Article 105. Approval of the amount of the tax debt in international legal relations

105.1. If a taxpayer believes that the tax debt in international legal relations, defined by the regulatory authority on the basis of an instrument of foreign state, in which the collection of the amount
of the tax debt does not correspond to the facts, such a taxpayer is entitled during a period of ten calendar days following the date of receipt tax notice in international legal relations on the determination of the tax debt in international legal relations, to submit through a regulatory authority to the competent authority of a foreign state a complaint for the review of such decision.

105.2. During the appeal of the amount of the money liability in international legal relations such obligation cannot be considered as a tax debt before obtaining from the competent authority of a foreign state of a final instrument on accrual of the tax debt in international legal relations. This instrument is sent by the regulatory authority of the taxpayer with a tax notice in international legal relations in the manner specified in Article 58 hereof. Such a tax notice in international legal relations is not subject to administrative appeal.

105.3. Review of requests of taxpayers of the decision of the competent authority of a foreign state is not subject to the provisions of Article 56 of this Code.

Article 106. Review of tax notices in international legal relations or tax orders

106.1. Tax notice in international legal relations or tax orders shall be deemed to have been withdrawn if the competent authority of a foreign country cancels or modifies an instrument of a foreign state, according to which the collection of the amount of the tax debt in international legal relations is carried out. Such tax notices in international legal relations or tax orders shall be deemed to have been withdrawn from the date of receipt by the regulatory authority of the instrument by the competent authority of a foreign state, the decision to cancel or modify the previously accrued amount of the tax debt in international legal relationships which originated in a foreign country.

Article 107. Measures to recover the amount of the tax debt in international legal relations

107.1. The regulatory authority shall transfer the amount of the tax in local currency debt in international legal relations and take measures to recover the amount of the tax debt of the taxpayer not later than the end of 1095 the day following the last day of the deadline for payment of taxes and duties in a foreign country specified in the instrument of the competent authority of a foreign state according to which the collection of the amount of the tax debt in international legal relations is carried out. The deadline for collection of the tax debt in international legal relations is determined in accordance with the clause 102.4 of Article 102 of the Code, unless otherwise provided by an international agreement of Ukraine.

Article 108. Accrual of the interest fine and punitive penalties on the amount of the tax debt in international legal relations

108.1. No interest fine will be charged on the amount of the tax debt in international legal relations in performance of an instrument of a foreign state, according to which the collection of the amount of the tax debt in international legal relations is carried out.

108.2. Punitive penalties in the amount of the tax debt in international legal relations are not imposed in performance of an instrument of a foreign state, according to which the collection of the amount of the tax debt in international legal relations is carried out.
SECTION 11. LIABILITY

Article 109. General provisions

109.1. Tax violation is a wrongful act (action or omission) of taxpayers, tax agents, and / or their officers, as well as officials of the regulatory authorities, which led to the non-fulfilment or improper fulfilment of the requirements established by this Code and other laws, control over compliance with which is entrusted to the regulatory authorities.

109.2. Violations by taxpayers, their officers, and officials of the regulatory authorities of laws on taxation and of the requirements established by other legislative instruments, control over compliance with which is entrusted to the regulatory authorities, entails liability as provided by this Code and other laws of Ukraine.

Article 110. Persons held liable for violations

110.1. Taxpayers, tax agents and / or their officers shall be liable in case of violations, defined by laws on taxation and other laws, control over compliance with which is entrusted to the regulatory authorities.

Article 111. Types of responsibility for the violation of laws on taxation and other laws, control over compliance with which is entrusted to the regulatory authorities

111.1. For violation of laws on taxation and other laws, control over compliance with which is entrusted to the regulatory authorities, the following types of legal liability are envisaged:

111.1.1. financial liability;
111.1.2. administrative liability;
111.1.3. criminal liability.

111.2. Financial liability for the violation of laws on taxation and other legislation established and enforced in accordance with this Code and other laws. Financial liability is applied in the form of punitive (financial) penalties (penalties) and / or interest fine.

Article 112. General terms for financial liability

112.1. Bringing of taxpayers for violation of laws on taxation, other legislation, control over compliance with which is entrusted to the regulatory authorities, to the liability does not relieve their officers from administrative or criminal liability in case of relevant circumstances.

Article 113. Punitive (financial) penalties (penalties)

113.1. Terms of application, payment, collection and appeal of punitive (financial) penalties (penalties) are carried out in the manner specified in this Code for the payment, penalties
and appeal of the amounts of liabilities. The amount of punitive (financial) penalties (penalties) are credited to the budget, to which by law relevant taxes and fees are credited.

113.2. Application of punitive (financial) penalties (penalties) under this Section does not relieve the taxpayer from the obligation to pay to the budget the appropriate amount of taxes and fees, control over compliance with which is entrusted to the regulatory authorities, as well as the application to them of other measures provided for in this Code.

113.3. Punitive (financial) penalties (penalties) for violation of laws on taxation or other legislation, control over compliance with which is entrusted to the regulatory authorities, are applied in the manner and amount prescribed by this Code and other laws of Ukraine.

Application for violations of the laws on taxation or other legislation, control over compliance with which is entrusted to the regulatory authorities, of punitive (financial) penalties (penalties), not covered by this Code and other laws of Ukraine, is not permitted.

Article 114. Statute of limitations for the application of punitive (financial) penalties (penalties)

114.1. Deadlines for application of punitive (financial) penalties (penalties) to the taxpayers correspond to the statute of limitation period for calculation of tax liabilities as defined in Article 102 of this Code.

Article 115. Application of punitive (financial) penalties (penalties) in case of multiple violations

115.1. In case if a taxpayer commits two or more violations of the laws on taxation and other laws, control over compliance with which is entrusted to the regulatory authorities, punitive (financial) penalties (penalties) are applied for each single violation and continuing violation separately.

Article 116. Decision on application of punitive (financial) penalties (penalties)

116.1. In case of application by the regulatory authorities to the taxpayer of punitive (financial) penalties (penalties) for violation of laws on taxation and other laws, control over compliance with which is entrusted to the regulatory authorities, tax decision notices are sent (delivered) to such taxpayer.

116.2. For one tax violation, the regulatory authority can apply only one kind of punitive (financial) penalties (penalties) as provided by this Code and other laws of Ukraine.

Article 117. Violation of the rules established for registration as a taxpayer with the regulatory authorities

117.1. Failure to submit within the period and in the cases provided for in this Code, of applications or documents to register as a taxpayer with the relevant regulatory authority, registration of changes in location or other changes in their accounting data, failure to submit the
SECTION 11.

clarified documents for registration or introduction of changes, submission with mistakes or incomplete information or failure to provide information in respect of persons responsible for accounting and / or tax reporting, as required by this Code,—

entail imposition of a penalty on self-employed persons in the amount of 170 hryvnias, on legal entities, separate sub-divisions of a legal entity or legal entity responsible for calculation and payment of taxes to the budget during performance of the joint venture agreement,— 510 hryvnias

In case of failure to eliminate such violations or for the same actions committed by a person during a year, to which penalties for such violation were applied —

entails imposition of a penalty on self-employed persons in the amount of 340 hryvnias, on legal entities, separate sub-divisions of a legal entity or legal entity responsible for the calculation and payment of taxes to the budget during performance of the joint venture agreement,— 1,020 hryvnias.

Article 118. Violation of terms and procedures for reporting of the opening and closing of bank accounts

118.1. Failure of banks or other financial institutions to submit to the relevant regulatory authorities within the period established in accordance with Article 69 of this Code, the notice of opening or closing of accounts of taxpayers —

entails a penalty of 340 hryvnias for each case of failure or delay.

118.2. Exercise of expenditure transactions at the account of the taxpayer before submitting the notice to the relevant regulatory authority to register the account with the regulatory authorities —

entails a penalty on the bank or other financial institution in the amount of 10 percent of the sum of all transactions for the period before receipt of the notice exercised with the use of such accounts (except for the transaction on transfer of funds to budgets and state trust funds), but not less than 850 hryvnias.

118.3. Failure of the individual entrepreneurs and persons conducting independent professional activity to notify the bank or other financial institution of their status when opening an account —

entails a penalty of 340 hryvnias for each case of failure to notify.

Article 119. Violation by the taxpayer of the procedure for submission of information on individual taxpayer

119.1. Failure by the taxpayer to submit information for formation and maintenance of the State Register of Individual Taxpayers provided for in this Code or violation of procedure thereof, — entails a penalty of 85 hryvnias.
The same actions committed by the taxpayer to whom penalty for the same violation has been applied during a year — entail a penalty of 170 hryvnias.

119.2. Failure to submit, submission with violation of the established periods, submission of inaccurate or incomplete tax declaration or of a tax declaration containing mistakes on the amounts of income accrued (paid) for the benefit of the taxpayer, and the amount of tax withheld therefrom, shall such inaccurate information or mistakes result in reduction and/or increase of tax liabilities of the taxpayer and/or change of the taxpayer — entails a penalty of 510 hryvnias.

The same actions committed by the taxpayer to whom penalty for the same violation has been applied during a year — entail a penalty of 1,020 hryvnias.

Any penalties stipulated hereunder shall not apply in cases, when inaccurate information or mistakes in a tax declaration on the amounts of income accrued (paid) for the benefit of the taxpayer, and the amount of tax withheld therefrom, resulted from the tax agent’s failure to comply with requirements of clause 169.4 of Article 169 of this Code and the relevant corrections were made in accordance with Article 50 of this Code.

119.3. Execution of documents containing information on the taxable items, or the payment of taxes without indicating the registration number of the taxpayer registration card, or by using the false registration number of the taxpayer registration card, except for in cases specified by the clause 119.2 of this Article — entail a penalty of 170 hryvnias.

**Article 120. Failure to submit or late submission of tax accounts or failure to comply with the requirements regarding amendments to tax accounts**

120.1. Failure to submit or late submission by the taxpayer or others persons responsible for assessment and payment of taxes and fees, of tax declarations (calculations) — entails a penalty of 170 hryvnia, for each such failure or delay in performance.

The same actions committed by the taxpayer to whom penalty for the same violation has been applied during a year — entail a penalty of 1,020 hryvnias for each such failure or delay in performance.

120.2. Failure of the taxpayer to comply with the requirements of paragraphs three to five of the clause 50.1 of Article 50 of this Code, on the conditions of independent introduction of changes to tax accounts — entails a penalty in the amount of 5 percent of the amount of independently understated tax liability (underpayment).

At independent assessment of additional tax liability, other penalties provided by this Section of the Code, shall not apply.

120.3. Failure of a taxpayer to deliver a report and/or mandatory documentation on the regulated transactions exercised by him during the year in accordance with the requirements of the clause 39.4 of Article 39 of this Code, to the central executive authority responsible for
the formation and implementation of national tax and customs policy — entails a penalty in the amount of:

5 percent of the total amount of regulated transactions — in case of failure to report on regulated transactions;

100 times the minimum wage — in case of failure to submit documentation defined in sub-clause 39.4.8 of the clause 39.4 of Article 39 of this Code.

**Article 121. Violation of the time lines established for record maintenance established by the for the calculation and payment of taxes and fees, as well as for documents related to the compliance with the requirements of other legislation, control over compliance with which is entrusted to the regulatory authorities**

121.1. Failure of the taxpayer to store source documents of accounting and other registers, accounting and statistical reports, and other documents concerning the calculation and payment of taxes and fees for a time period established by Article 44 of this Code for storage thereof and / or failure of the taxpayer to provide to the regulatory authorities originals of the documents or copies thereof in the implementation of the tax control in the cases provided for in this Code, — entail a penalty of 510 hryvnias.

The same actions committed by the taxpayer to whom penalty for the same violation has been applied during a year — entail a penalty of 1,020 hryvnias.

**Article 122. Violation of the rules of the simplified taxation system by an individual entrepreneur**

122.1. Non-payment (failure to transfer) by a natural person — individual single tax payer, of advance payment of a single tax determined by sub-clauses 1 and 2 of the clause 291.4 of Article 291 of this Code, in the manner and within the time limits specified in this Code, entail a penalty of 50 percent of the single tax rate chosen by the single tax payer in accordance with this Code.

**Article 123. Punitive (financial) penalties (penalties) in the case of tax liability determined by the regulatory authority**

123.1. If the regulatory authority independently determines the amount of tax liability, decrease of the amount of budgetary compensation and / or negative value of the sum of value added tax of the taxpayer on the grounds specified in sub-clauses 54.3.1, 54.3.2, 54.3.4, 54.3.5, and 54.3.6 of the clause 54.3 of Article 54 of this Code — it entails a penalty for the taxpayer in the amount of 25 percent of the amount of tax liability, overstated amount of budgetary compensation.

During repeated determination by the regulatory authority during 1095 days of amount of the tax liability for this tax, decrease of the amount of budgetary compensation — entails a penalty on the taxpayer in the amount of 50 percent of the accrued tax liability, overstated amount of budgetary compensation.
123.2. Using by a taxpayer (officials of the taxpayer) of amounts that are not paid to the budget as a result of receipt (use) of tax concession for purposes other than intended and / or contrary to the terms or purposes of provision thereof in accordance with law on the relevant tax, fee and duties in addition to the penalties provided for in paragraph 123.1 of this Article —
it entails a recovery in the budget of the amount of taxes, fees and duties that were to be assessed without the use of tax concession. Payment of the penalty does not relieve such persons from liability for wilful tax evasion.

**Article 124. Alienation of the property in a tax lien, without the consent of the regulatory authority**

124.1. Alienation of the taxpayer’s property in tax lien, without prior consent of the regulatory authority, if such approval is required under this Code,—
entails a penalty in the amount of the value of the alienated property.

**Article 125. Violation of the procedure for obtaining and using of trade patent**

125.1. Business entities that conduct commercial activities, carry out trade in cash currency values, activities in the sphere of entertainment and render paid services:

for violation of the use of a trade patent referred to in sub-clauses 267.6.1–267.6.3 of the clause 267.6 of Article 267 of this Code, shall pay a fine in the amount of one calendar month payment (for activities in the sphere of entertainment — in the amount of the fee for one quarter);

for the implementation of the activities provided for in Article 267 of this Code, without the relevant trade patents or in violation of procedure for use of trade patents referred to in sub-clauses 267.6.4–267.6.6 of the clause 267.6 of Article 267 of this Code (except for activities in the sphere of entertainment), shall pay a penalty of the double amount of the fee for the entire period of the activity, but not less than its double volume for one month;

for the exercise of sales of goods identified by clause 267.2 of Article 267 of the Code, without a preferential trade patent or in violation of procedure of its receipt and use prescribed in sub-clauses 267.6.4–267.6.6 of the clause 267.6 of Article 267 of this Code, shall pay a penalty of five-time amount of the fee for the entire period of such activity, but not less than five-time its volume during the year;

for exercise of the trade activities without a short-term patent or in violation of procedure of its receipt and use prescribed in sub-clauses 267.6.4–267.6.6 of the clause 267.6 of Article 267 of this Code, shall pay a penalty of double amount of the fee for the duration of such activities;

for carrying out activities in the sphere of entertainment provided for in Article 267 of this Code, without trade patent or violation of procedure for use of trade patents referred to in sub-clauses 267.6.4 and 267.6.5 of the clause 267.6 of Article 267 of this Code, shall pay a
penalty of eight-time amount of the fee for the entire period of the activity, but not less than eight-time of its volume for one quarter.

Non-payment (failure to transfer) by a business entity of the fee for implementation of certain types of business activities referred to in sub-clause 267.1.1 of the clause 267.1 of Article 267 of this Code, in the manner and within the time period specified in this Code,—

entails a penalty of 50 percent of rates of the fee established by Article 267 of this Code.

Article 126. Violation of the rules for the payment (transfer) of taxes

126.1. If a taxpayer fails to pay the agreed amount of the liability and / or advance instalments on corporate income tax within the period defined by this Code, a taxpayer is held liable to a penalty as follows:

for delay of up to 30 calendar days or less following the last day of the term of payment of the money liability — 10 per cent of repaid amount of the tax debt;

for delay of more than 30 calendar days following the last day of the term of payment of the money liability — at 20 per cent of repaid amount of the tax debt.

Article 127. Violation of the rules for calculation, withholding and payment (transfer) of taxes to sources of payment

127.1. Failure to calculate, withhold and / or pay (failure to transfer) of taxes by the taxpayer, including by a tax agent before or at the time of payment of income in favour of another taxpayer —

entails penalty of 25 percent of amount of the tax to be calculated and / or paid to the budget.

The same actions committed repeatedly during 1095 days —

entail penalty of 50 percent of amount of the tax to be calculated and / or paid to the budget.

Actions envisaged by the paragraph one of this clause committed during 1095 days for a third time or more —

entail penalty of 75 percent of amount of the tax to be calculated and / or paid to the budget.

Responsibility for repayment of the tax liability or tax debt amount arising from the commission of such acts, and obligation to repay such tax debt is imposed on the person defined by this Code, including a tax agent. In this case, the taxpayer — the recipient of such income shall be exempted from the obligations of repayment of such amount of tax liabilities or tax debt, except as required by Section IV of the Code.

Any penalties stipulated hereunder shall not apply, when failure to accrue, collect and/or pay (calculate) the tax for income of natural persons is independently revealed by the tax agent
as part of re-calculation of the relevant tax in accordance with clause 169.4 of Article 169 of this Code and the relevant corrections are made within the next tax periods throughout the tax (accounting) year subject to provisions of this Code.

Article 128. Failure to submit or delay in submission of tax information to regulatory authorities by banks or other financial institutions

128.1. Failure to submit or delay in submission of tax information to the regulatory authorities by banks or other financial institutions in violation of the time period specified in this Code,—

entails a penalty of 170 hryvnia.

The same acts committed within a year after application of the penalty —

entails a penalty of 340 hryvnia.
SECTION 12.
INTEREST FINE

Article 129. Interest fine

129.1. The interest fine is charged:

129.1.1. upon expiration of the time period established for repayment of the approved money liability established by this Code, the interest is accrued to amount of the tax debt.

Accrual of the interest fine begins:

a) for independent calculation of a money liability by the taxpayer — from the first working day following the last day of the deadline for payment of money liabilities as defined by this Code;

b) for calculation of the amount of the money liability by the regulatory authorities — from the first working day following the last day of the deadline for the payment of a money liability specified in the tax decision notice under this Code;

129.1.2. on the day of maturity of the tax liabilities accrued by the taxpayer or the regulatory authority in case of discovery of understatement thereof for the amount of such understatement and for the entire period of understatement (including the period of administrative and / or judicial review);

129.1.3. on the day of maturity of the tax liability specified in the payment by a tax agent when paying (calculating) the income in favour of individual taxpayers and / or by the regulatory authority during the audit of such tax agent.

129.2. In case of cancellation of money liability (or part thereof) by accrued regulatory authority in administrative and / or judicial review, the interest fine for understatement of the period of the money liability (or part thereof) is cancelled.

129.3. Accrual of interest fine ends:

129.3.1. on the day of crediting of the funds to the appropriate account of the authority responsible for treasury servicing of budget funds and / or in other cases, the repayment of tax debts and / or money liabilities;

129.3.2. on the day of the settlement of outstanding counter obligations of the relevant budget to such taxpayer;

129.3.3. on the day of introduction of moratorium on satisfaction of creditors’ claims (in case of appropriate court resolution in a bankruptcy case or a decision of the National Bank of Ukraine to that effect);

129.3.4. when deciding on the withdrawal or cancellation of the amount of the tax debt (or part thereof).
In the case of a partial repayment of the tax debt, the amount of such part is determined by taking into account the interest accrued on such part.

129.4. The interest fine defined in sub-clause 129.1.1 of the clause 129.1 of this Article, is charged on the amount of the tax debt (including the amount of punitive penalties, if any, and without taking into account the amount of the interest) at the rate of 120 percent of annual discount rate of the National Bank of Ukraine, effective on the date of occurrence of such tax or on the a day of its maturity (part thereof), depending on which of such rates is greater, for each calendar day of delay of payment.

The interest fine defined in sub-clause 129.1.2 of the clause 129.1 of this Article, is charged at the rate of 120 percent of annual discount rate of the National Bank of Ukraine, effective on the day of understatement.

The interest fine defined in sub-clause 129.1.3 of the clause 129.1 of this Article, is charged at the rate of 120 percent of annual discount rate of the National Bank of Ukraine, effective on the date of payment (accrual) of income in favour of individual taxpayers.

129.5. Specified amount of the interest fine applies to all taxes, fees and other money liabilities, except for the interest, which is charged for missing the deadline for the calculation in the field of foreign economic activity, which is determined by the relevant legislation.

129.6. For missing the deadline for crediting of taxes to the budgets or public trust funds established by the Law of Ukraine “On Payment Systems and Funds Transfer in Ukraine,” due to the fault of the bank, such bank shall pay an interest fine for each day of delay, including the date of payment, as well as punitive penalties in the amounts set forth in this Code and also bears liability established by this Code for violation of the timely and full payment of taxes, fees and duties to the state budget or state trust fund. In this case, the taxpayer is exempted from liability for failure to transfer or incomplete transfer of such taxes, fees and other duties to the budget and state trust funds, including accrued interest fine or punitive penalties.

129.7. Violation committed due to the fault of the bank as a result of regulation by the National Bank of Ukraine of economic standards of such bank, which leads to a lack of available cash balance on the correspondent account, is not considered to be a violation of the terms of transfer of taxes, fees and duties.

If in the future, the bank or its successors restore the solvency, the term for transfer of taxes, fees and other payments starts to run from the moment of such a recovery.

129.8. For the recovery of funds and property of taxpayers — bank customers, policyholders of insurance companies or members of other non-bank financial institutions established in accordance with the law, the regulatory authorities or state enforcement officers do not have the right to foreclose on the balances on correspondent accounts with banks, as well as for insurance and similar reserves of the banks, insurance companies or financial institutions established under the laws of Ukraine.
Article 130. Suspension of terms of interest fine

130.1. If the head of the regulatory authority (his deputy), in accordance with the procedure for administrative appeal, decides to extend the terms of review of the complaint of a taxpayer over the time period specified in Article 56 of this Code, no interest fine is to be charged for such additional term, regardless of the outcome of the administrative appeal.

Article 131. Procedure for payment of interest fines for failure to comply with tax liability

131.1. Amount of the interest accrued by the regulatory authority shall be independently paid by the taxpayer.

131.2. By payment of the amount of the tax debt (or part thereof) the funds paid by such taxpayer, are in the first place credited to the account of a tax liability. In case of full repayment of the amount of the tax debt, the funds paid by such taxpayer are further credited to repay the fines, and the interest fine account is credited the last.

If the taxpayer does not comply with the rules of priority of payments established by this clause or does not define it in the payment document (or determines in violation of the established procedure), the regulatory authority itself carries out distribution of such amount in the manner specified in this clause.

131.3. The amount of interest is credited to the budgets or state trust funds, to which applicable taxes are credited by law.

Article 132. Procedure for calculation of interest in case of violations of conditions under which the exemption (conditional exemption) from taxes on goods imported into customs territory of Ukraine is granted

132.1. In case of violation of customs regimes, under which conditional exemption from taxation is granted, as well as in case of violation of conditions of the intended use of products, with import of which the exemption from taxation was granted in accordance with this Code, the person responsible for compliance with the customs regime, and the person responsible for compliance with the conditions under which the exemption from taxation (as to intended use of the products) is granted, are obliged to pay the amount of tax liability on which the exemption was granted (conditional exemption) as well as the interest fine accrued on the amount of such tax liability for the period from the date of granting the exemption (conditional exemption) from taxation until the day of payment.

In case of submission of the claims as to the payment of tax liabilities to guarantor, the interest fine shall be imposed for a period not exceeding 3 months from the day following the last day of the period of performance of obligations secured by the guarantee.

During the transportation under the Customs Convention on the International Transport of Goods under Cover of TIR Carnets of 1975, charge of the interest fine shall be suspended for
up to three months from the date of receipt of the claim by the guarantee association and is resumed if, after this period, the claim remains unresolved.

132.2. For the purposes of calculation of the interest fine, the period of payment of customs duties shall be as follows:

132.2.1. in case of use of the goods for purposes other than those for which exemption (conditional exemption) from customs payments was granted — the first day when the person violated restrictions on the use and disposal of the goods.

If such day cannot be determined, a period of payment of customs duties shall be the day of acceptance by the regulatory authority of the customs declaration for such products;

132.2.2. in case of violation of the requirements and conditions of customs procedures, which in accordance with the tax legislation entails the obligation to pay customs duties — the day of such violation. If such day cannot be determined — a period of payment of customs duties shall be the day of commencement of the relevant customs procedure;

132.2.3. in other cases — the day of the obligation to pay customs duties.

132.3. If a taxpayer prior to the audit thereof by the regulatory authority reveals itself the fact of understatement of tax liability, and repays it, no interest fine is charged.

This rule does not apply if:

a) the taxpayer does not file a tax declaration for the period during which such understatement was made;

b) the court established the fact of the offense committed by officials of the taxpayer or by individual taxpayer in relation to wilful evasion of the specified tax liability.
SECTION III.
CORPORATE INCOME TAX

Article 133. Taxpayers

133.1. The following entities are the taxpayers from amongst the residents:

133.1.1. business entities — legal persons who carry out their business activity in Ukraine and abroad;

133.1.2. railway administration that draws income from core activity of railway transport. The list of works and services comprising core activity of railway transport shall be determined by the Cabinet of Ministers of Ukraine. The railway income drawn from core railway activity is determined as part of yield income redistributed among the railways in accordance with the procedure established by the Cabinet of Ministers of Ukraine;

133.1.3. railway enterprises and their structural units that draw income from non-core activity of railway transport;

133.1.4. non-profit institutions and organizations in case of their drawing income from non-core activity and/or income subject to taxation hereunder;

133.1.5. standalone units of taxpayers listed in sub-clause 133.1.1 as determined according to Section I hereof except for establishments.

For the purpose hereof the establishment of taxpayer — a standalone unit of a legal entity located beyond its location and representing and protecting interests of the legal entity — should be financed by such legal entity and draw to other income except for passive income.

133.2. The following entities are the taxpayers from amongst the non-residents:

133.2.1. legal entities incorporated in any legal form that draw their income from the Ukrainian sources except for enterprises and organizations with diplomatic privileges or immunities under international treaties of Ukraine;

133.2.2. permanent establishments of non-residents that draw their income from the Ukrainian sources or act as agents (representatives) or act otherwise in respect of such non-residents or their founders.

133.3. Prior to commencement of its business activity a permanent establishment should be registered with the regulatory authority by its location in accordance with the procedure established by the central executive agency ensuring the formation and implementation of the state tax and customs policy. A permanent establishment that commenced its business activity prior to registration with the regulatory authority shall be treated as that avoiding paying taxes and any income drawn by the relevant permanent establishment shall be treated as that concealed from taxes.
Non-residents who carry out their activity subject to provisions of the Framework Agreement between the EBRD and Ukraine concerning the Operation of the Chernobyl Shelter Fund in Ukraine and Grant Agreement (Draft Action Plan on Nuclear Safety of Chernobyl Nuclear Power Plant) between the EBRD as Administrator of the Grant Funds allocated according to the Nuclear Safety Grant, the Government of Ukraine and Chernobyl Nuclear Power Plant may carry out their activity without being registered with the regulatory authority.

133.4. The National Bank of Ukraine shall make any settlements with the State Budget of Ukraine in accordance with the Law of Ukraine “On the National Bank of Ukraine”.

133.5. The criminal and executive system agencies and their enterprises involving the labour of special squads direct their income drawn from the activity determined by the central executive agency implementing the state policy in the sphere of criminal punishments execution for financing of business activity of such agencies and enterprises and include the amounts of such income to relevant financing estimates as approved by the mentioned executive agency.

133.6. Special tax collection by business entities applying the simplified tax, accounting and reporting system shall be determined in the Chapter 1 of Section XIV hereof.

Article 134. Taxable item

134.1. A taxable item herein should be considered as follows:

134.1.1. any income drawn from the Ukrainian and foreign sources determined through reduction of the amount of income for the accounting period as determined subject to Articles 135–137 hereof by the cost of goods realized, works executed, services provided and by the amount of other expenses incurred within the accounting period as determined subject to Art. 138–143 hereof with due regard being had to regulations established by Article 152 hereof;

134.1.2. income (profit) of a non-resident drawn from the Ukrainian sources that is subject to tax in accordance with Article 160 hereof.

Article 135. Procedure for determination of income and its composition

135.1. Any income considered for the purposes of calculation of taxable item shall be included to the income for the reporting period as of the date determined subject to Article 137 on the basis of documents listed in clause 135.2 hereof and shall comprise of:

income from operating activity determined subject to clause 135.4 hereof;

other income determined subject to clause 135.5 hereof except for the income determined in clause 135.3 hereof and in Article 136 hereof.

135.2. Income is determined on the basis of source documents confirming the receipt of income that shall be kept and retained according to the rules for maintaining accounting records and other documents as determined in Section II hereof.
135.3. The amounts forming the part of taxpayer's income is not subject to reintroduction to composition thereof.

135.4. Any income from operating activity shall be recognised in amount of agreed (contract) value that shall be no less than the amount of indemnity received in any form, including the reduction of obligations and shall include:

135.4.1. income from the goods realized, works executed and services provided, including the commissioner's (attorney's, agent's) fee etc.; peculiarities of determination of income from the goods realized, works executed and services provided for separate categories of taxpayers or income from individual transactions shall be determined herein;

135.4.2. income of banking institutions that includes:

a) interest income in credit and deposit transactions (including those in correspondent accounts) and yield on securities acquired by the bank;

b) commission income, including that in credit and deposit transactions, guarantees issued, cash and settlement services, encashment and transportation of valuables, securities transactions, currency market transactions, trust transactions;

c) positive result in securities transactions subject to clause 153.8 of Article 153 hereof;

d) income from currency exchange transactions and transactions on sales and purchase of banking metals;

e) positive value of exchange rate difference subject to sub-clause 153.1.3 of clause 153.1 of Article 153 hereof;

f) excess amounts of insurance reserve to be introduced into income subject to clauses 159.2, 159.4 of Article 159 hereof and amount of indebtedness to be introduced into the composition of income subject to clause 159.5 of Article 159 hereof;

g) income from assignment of claims for debt of a third person or execution by the debtor of the claim (factoring) subject to clause 153.5 of Article 153 hereof;

h) income related to realization of property pledged;

i) other income directly related to conducting banking transactions and provision of banking services;

j) other income as stipulated herein.

135.5. Other income includes:

135.5.1. dividend yield received from non-residents except for those determined in sub-clause 153.3.6 of clause 153.3 of Article 153 hereof, interest and royalty from debenture holdings;
135.5.2. income from rent/lease transactions determined subject to clause 153.7 of Article 153 hereof;

135.5.3. amounts of penalties (forfeits and/or interest fine) actually received by the decision of contracting parties or relevant state authorities or court;

135.5.4. cost of goods, works, services received by taxpayer free of charge within the accounting period determined at the level that is no lower than the standard cost, amounts of non-repayable financial assistance received by a taxpayer within the accounting tax period and uncollectable accounts, except for the cases when transactions on provision/getting of non-repayable financial assistance are held between the taxpayer and its standalone units being non-legal entities;

135.5.5. amounts of repayable financial assistance received by a taxpayer within the accounting tax period that remain outstanding at the end of such accounting period from persons who are not the payers of this tax (including non-residents) or from persons who have got tax exemptions subject to this Code, including the right to apply tax rates below those determined in clause 151.1 of Article 151 hereof.

Shall a taxpayer repay such repayable financial assistance (or part thereof) to the person who provided it, such a taxpayer increases the amount of expenses by the amount of such repayable financial assistance (or part thereof) based on the results of the accounting tax period within which such a repayment was made.

In this respect the income of such a taxpayer shall not increase by the amount of imputed interest and tax liabilities of the person who provided such repayable financial assistance shall not change either at provision or at getting back of such financial assistance.

The provisions of this clause shall not apply to amounts of repayable financial assistance received from the founder/member (as well a non-resident one) of such a taxpayer in case such assistance is repaid within 365 calendar days from the day of its receipt.

Transactions on receiving/provision of financial assistance between the taxpayer and its standalone units being non-legal entities shall not result in changes of their expenses or income;

135.5.6. amounts of outstanding funds repaid from insurance reserves as set forth in clause 159.2 of Article 159 hereof;

135.5.7. amounts of indebtedness to be introduced to income subject to clauses 159.3 and 159.5 of Article 159 hereof;

135.5.8. actually received amounts of stamp duty that was paid previously by the plaintiff repaid in his favour by the court decision;

135.5.9. amounts of excise duty paid by the buyers/calculated for the buyers of excise goods (at the buyers’ expenses) for the benefit of the payer of such excise duty who is authorised
hereunder to introduce it to the budget and rent income as well as amount of levy in form of additional levy to applicable tariff for electric and heat energy and natural gas;

135.5.10. amounts of grants, subsidies and capital investments from obligatory state social insurance funds or budgets received by the taxpayer;

135.5.11. income determined subject to Art. Art. 146, 147, 153 and 155–161 hereof;

135.5.12. amounts unaccounted at accounting of income for the periods prior to the accounting period and detected in the accounting tax period;

135.5.13. income from disposal of noncurrent tangible assets, asset portfolios and current assets, determined subject to provisions of Articles 146 and 147 hereof;

135.5.14. amounts of funds (other types of reimbursement) received by a taxpayer as payment for goods (works executed, services provided) dispatched within the period of application of simplified tax and accounting system to such a taxpayer that were not taxed and shall be included to income (except for the amounts of value added tax that arrived as the cost of such goods (works executed, services provided) within the accounting tax period of the receipt of such funds (other types of reimbursement).

135.5.15. other income of a taxpayer within the accounting tax period.

**Article 136. Income that is not considered for the purpose of determination of the taxable item**

136.1. The following income is not considered for the purpose of determination of the taxable item:

136.1.1. amount of prepayment and advances received as payment for goods, works executed and services provided;

136.1.2. amounts of value added tax, received/calculated by the payer of value added tax and calculated for the cost of goods realized, works executed and services provided, except for the cases when the seller (enterprise) is not a payer of value added tax.

The income of a taxpayer registered as a subject of special taxation treatment subject Article 209 hereof shall include the positive difference between the amounts of value added tax calculated by such an agricultural enterprise on the cost of agricultural goods supplied by it within the accounting and prior periods and the amounts of value added tax paid (calculated) by such an enterprise within the accounting period for the cost of production factors as determined in Article 209 hereof;

136.1.3. amounts of funds or fixed asset value received by a taxpayer as direct investments or reinvestments into corporate rights, issued by such a taxpayer, including cash or asset contributions as per agreements on cooperation within the territory of Ukraine in form of non-legal entity;
136.1.4. amounts of funds or fixed asset value received by a taxpayer as compensation (reimbursement) for compulsory assignment of other assets of a taxpayer by the state in cases as provided for in the legislation;

136.1.5. amounts of funds or fixed asset value received by a taxpayer by the court decision or by reason of satisfaction of claims in accordance with the statutory procedure as compensation for direct expenses or losses incurred by such a taxpayer in the result of breach of his rights and interests protected by law as well as amounts of compensation of non-pecuniary damage by the decision of the European Court in case such amounts were not charged by the taxpayer to expenses or reimbursed from insurance reserves;

136.1.6. amounts of funds equivalent to the part of excess taxes and charges paid refunded or to be refunded to the taxpayer from the budgets in case such amounts had not been introduced to the composition of expenses;

136.1.7. amounts of income of executive agencies and local government agencies drawn from provision of state services (grant of permissions (licensing), certification, authorization, registration and other services obligatory to be acquired under the legislation) in case of introduction of such income to the relevant budget;

136.1.8. amount of funds in form of contributions:

a) received by taxpayers that ensure non-state pension provision in accordance with legislation from depositors of pension funds, depositors of pension deposit accounts and persons who concluded insurance contracts under the Law of Ukraine “On Non-State Pension Provision” as well as persons who concluded contracts of insurance against risks of disability or death of member of non-state pension fund under the applicable law;

b) received and accrued in pension deposits, accounts of members of bank management funds under the applicable law;

c) drawn by non-profit enterprises and organizations subject to Article 157 hereof;

136.1.9. amounts of funds of collective investments, that is of funds, employed from investors of collective investment schemes, income from asset deals of such schemes and income accrued in assets of the indicated schemes as well as funds employed from the owners of certificates of real estate transactions funds and income accrued in assets of real estate transactions funds incorporated under the applicable legislation;

136.1.10. amount of paid-in capital received by a taxpayer;

136.1.11. nominal value of securities that were registered but remain outstanding (unpaid) and certify loan relations as well as of any payment instruments emitted (issued) by the debtor for the benefit (in the name) of a taxpayer as security or acknowledgement of such a debtor before the taxpayer mentioned (bonds, saving certificates, treasury obligations, bills, debt instruments, letters of credit, checks, warrants, bank orders and other similar payment instruments);
136.1.12. dividends received by a taxpayer from other taxpayers in cases as provided in clause 153.3 of Article 153 hereof;

136.1.13. funds or property returned to owner of corporate rights issued by legal entity upon complete and final liquidation of such an issuing legal entity or in case of reduction of amount of authorised capital of such a legal entity but not exceeding the cost of acquisition of stocks, shares and equities;

funds or property that were vested into the authorised capital and were not returned to the owner of corporate rights issued by a taxpayer or were not returned to the shareholder of business company owing to the lack or absence of assets following the repayment of obligations at termination of activity of such a taxpayer through liquidation of legal entity;

136.1.14. funds or property returned to the party of joint activity agreement being a non-legal entity in case of termination, cancellation or relevant amendment of joint activity agreement but not exceeding the value of a contribution;

136.1.15. funds or property received as international technical assistance provided under the applicable international treaties;

136.1.16. value of assets received free of charge by a taxpayer for the purpose of their use in the following cases:

in case such assets were received by the decision of central executive agencies or by the decisions of local government agencies taken within the limits of their authority;

in case electric power, gas, heat and water supply facilities and sewerage systems were received by specialized operating enterprises by the decisions of local executive agencies and executive agencies of councils taken within the limits of their authority;

in case social infrastructure facilities that had been on other companies’ books and had been maintained at their cost were received by municipal enterprises;

in case transport infrastructure facilities that had been on other companies’ books and had been maintained at their cost were transferred for operation to railway enterprises by the decision of such enterprises and were received by them.

The procedure for granting the assets indicated shall be determined by the Cabinet of Ministers of Ukraine.

136.1.17. funds or property granted as assistance to public organizations of the disabled and enterprises and organizations determined by clause 154.1 of Article 154 hereof;

136.1.18. amounts of funds or fixed asset value received by the founder of arbitration court as arbitration charge or for the purpose of covering other expenses related to dispute resolution by arbitration court in accordance with applicable legislation;
136.1.19. funds or property received by commissioner (attorney, agent etc.) under the commission, agency, consignment contracts and other analogous civil and law agreements;

136.1.20. principal amount of the received credits, loans and other income as determined hereunder that are not included for the purpose of determination of a taxable item;

136.1.22. cost of railway vehicles of public service transferred from one railway or railway enterprise to the other railways or railway enterprises by the decision of Ukrzaliznytsia. Such a transfer shall be deemed to be the operation of granting and shall result in change of balance value of the relevant group of assets of either receiving party or transferring party;

136.1.23. cost of property received by a taxpayer free of charge created in the result of implementation of measures provided for by state special-purpose, branch and regional programs for improvement of safety, labour conditions and production environment, programs for managing design and production of individual and collective protective means for workers as well as other prevention measures according to tasks of accident insurance;

136.1.24. cost of concession objects received (except for the cases as provided for in clause 137.19 of Article 137 hereof) by a taxpayer from the concesor and returned under the concesion agreements;

136.1.25. cost of property received (transferred) by a taxpayer free of charge in case such a transfer is performed by Ukrboronprom State Concern and state enterprises, including state-owned public enterprises, included to its composition for the purpose of demonstraion of military goods or its dual use (with further return of the property), performance of joint or independent tests of weaponry (with or without further return of the property), support of scientific and research as well as research and design activity of state enterprises and organizations (with or without further return of the property), maintenance of activity of Ukrboronprom State Concern and enterprises of military-industrial complex, included to its composition (with or without further return of the property).

Article 137. Procedure for income recognition

137.1. Income drawn from realization of goods shall be recognised by date of transfer of title for such goods to the buyer.

Income drawn from provision of services and execution of works shall be recognised by date of drafting of certificate or other document confirming the execution of work or provision of services and issued in accordance with the applicable law.

137.2. The following shall be recognised as income in case of receipt of special-purpose financial funds from obligatory state social insurance or budgets:

137.2.1. amount of funds equal to part of depreciation of investment facilities (non-current assets, intangible assets) proportional to the share of tax received by a taxpayer from the budget or out of proceeds of loan raised by the Cabinet of Ministers of Ukraine, special-purpose financing of capital investments worth a total of amount of investments made into the facility;
137.2.2. special-purpose financing for the purpose of reimbursement for expenses (losses) incurred by the company and financing for the purpose of provision of assistance to enterprise without establishing the conditions for spending such funds for taking certain future measures from the time of its actual receipt;

137.2.3. special-purpose financing, except for the cases specified in sub-clauses 137.2.1 and 137.2.2 hereof, during those periods the expenses related to fulfilment of conditions of special-purpose financing were incurred within.

137.3. In case a taxpayer produces goods, executes works or provides services with long-term (over one year) technological production cycle and no stage-by-stage delivery thereof is stipulated by the relevant agreements concluded for the purpose of production of goods, execution of works and provision of services, the income shall be accrued by a taxpayer independently according to degree of completion of production (operation on provision of services) as determined by percentage of expenses incurred during the accounting tax period in total expected amount of such expenses and/or by percentage of scope of services provided during the accounting tax period in total scope of services to be provided.

Upon transfer of title to goods (works, services) with long-term technological production cycle referred to in the above paragraph the executor shall adjust the actual income related to production of such goods (execution of works, provision of services) and accrued for the previous periods during the period of their production.

In such a case, shall the actual income drawn in form of final contract price (with due account of supplementary agreements) exceed the amount of income accrued previously based on the results of every tax period that occurred during the period of production of such goods (execution of works, performance of services), such an excess shall be credited to the income of the accounting period, within which the title to such goods (works, services) is transferred.

In case the actual income in form of final contract price (with due account of supplementary agreements) accrued previously based on the results of every tax period that occurred during the period of production of such goods (execution of works, performance of services), such a difference shall be subject to reduction of income for the accounting period, within which the title to such goods (works, services) is transferred.

137.4. The accounting period, within which the income that is taken into account at determination of a taxable item is recognised hereunder regardless of actual flow of income (accrual method) as determined with due account of the provisions of this clause and Article 159 hereof shall be deemed to be the date of generation of income.

137.5. In case the goods are sold by a taxpayer-principal under commission (agency) agreement, the date of the sale of goods owned by such a taxpayer-principal, indicated in the report of the commission agent, shall be deemed to be the date of generation of income.

137.6. In the case the trade in goods or services is carried out with the use of vending machines intended for the sale of goods (services) or other similar equipment that does not provide for availability of cash register and is operated by an authorised person, the date of
withdrawal of cash proceeds from such machines or similar equipment shall be deemed to be the date of income generation.

In case the trade in goods (works, services) is carried out through such vending machines with the use of slugs, cards or other money substitutes, expressed in currency units of Ukraine, the date of sale of such slugs, cards or other money substitutes, expressed in currency units of Ukraine, shall be deemed to be the date of income generation.

137.7. In case the trade in goods, works and services is carried out with the use of credit or debit cards, ‘traveller’s checks, commercial receipts, payable or other checks, the date of processing of relevant invoice (payment document) shall be deemed to be the date of income generation.

137.8. The date amount of recognition of a taxpayer’s income drawn from credit and deposit transactions shall be the date of recognition of interest (fees and other payments related to creation or acquisition of loans, deposits and amount thereof as determined in accordance with accounting rules.

137.9. The date of receipt of income of the owner of mortgage participation certificate on transactions with such a mortgage participation certificate shall be the date of accrual during the relevant accounting period of income drawn from consolidated mortgage debt (reduced by amount of fee for management and servicing of such mortgage assets).

137.10. The amounts of non-repayable financial assistance and goods (works, services) received free of charge shall be deemed to be the income as of the date of actual receipt of funds by the taxpayer of such goods (works, services) or as of the date of receipt of funds to the bank account or in cash by the taxpayer, unless otherwise provided herein.

137.11. The date of receipt of income in form of rental/lease payments (exclusive of part of lease payment provided as compensation of value of financial leasing unit) for the property leased out by a taxpayer as well as in form of license fees (including royalties) for the use of intellectual property items shall be the date of accrual of such income as determined in accordance with the terms of relevant contracts.

137.12. The date of receipt of income from the sale of foreign currency shall be the date of transfer of ownership to foreign currency.

137.13. The amounts of fines and/or forfeits or any interest fines received by the decision of parties to agreement or relevant state authorities and/or court shall be included to the taxpayer’s income by the date of actual receipt thereof.

137.14. The date of increase of income from insurance activity shall be the date incurrence of liability of the taxpayer-insurer before the insured under the relevant contract, arising from the terms of insurance/reinsurance contracts regardless of the insurance premium payment procedure specified in the relevant contract (except for long-term life insurance contracts and other insurance contracts concluded for a period exceeding one year as well as insurance contracts concluded under the Law of Ukraine “On Non-State Pension Provision”).
137.15. According to long-term life insurance contracts and other insurance contracts concluded for a period exceeding one year as well as insurance contracts concluded under the Law of Ukraine “On Non-State Pension Provision” the income in form of part of insurance premium shall be recognised as of the time of accrual of right for receipt of regular insurance premium under the terms of the mentioned contracts by the taxpayer.

137.16. The date of receipt of other income shall be the date of its accrual in accordance with accounting provisions (standards), unless otherwise provided herein.

137.17. The income of the taxpayer in form of value of fixed assets received for the purpose of their use, that is not included to composition of income during its crediting to the taxpayer’s balance hereunder, shall be recognised for tax purposes as income in amount equal to depreciation amount of the relevant assets accrued in the manner herein prescribed as of the time of accrual of such depreciation in case:

- electric power, gas, heat, water supply and sewerage system facilities, constructed by consumers on demand of specialized operating enterprises according to specifications for joining to the networks mentioned, were received free of charge;

- fixed assets were received or produced free of charge from budget funds or loans taken out by the Cabinet of Ministers of Ukraine or against guarantees of the Cabinet of Ministers of Ukraine in case of fulfilment of obligations under the guarantee of the Cabinet of Ministers of Ukraine;

- fixed assets of transport infrastructure held in the balance of other enterprises were received free of charge by railway enterprises of public service.

137.18. Amount of interest in securities acquired by the taxpayer for the purpose of their sale or withholding until further redemption shall be included to the taxpayer’s income under the regulations determined under accounting provisions (standards).

137.19. The income of concessionaire as a value determined at the level of regular price of fixed assets received by the taxpayer from the concessor under the Law of Ukraine “On Peculiarities of Leasing Out or Giving in Concession of Communal Facilities of District Water and Heat Supply and Sanitation” shall be recognised in amount equal to depreciation amount of the relevant assets as accrued in accordance with Article 145 hereof concurrently with its accrual.

137.20. The income of the taxpayer-licensee, drawn from supply of natural gas at regulated tariff (guaranteed provider) as determined in accordance with the Law of Ukraine “On the Principles of the Natural Gas Market Functioning” (hereinafter — the guaranteed provider) and included for the purpose of determination of taxable item in accordance with provisions hereof, shall be reduced by amount of budget funds that were accrued but not received during the accounting period under the program of financing of benefits and subsidies provided to certain population categories to pay for certain types of energy, goods and services.
The amount of budget debt in payment of benefits and housing subsidies, repaid from the budget in the next accounting (tax) period, shall be included to the amount of income determined as taxable item.

137.21. In case the borrower (debtor) shall delay payment of interest (commission), the creditor shall regulate such an arrear according to clause 159.1 of Article 159 hereof.

In this case the method of accrual of interest (commission) in such a loan shall not apply until full repayment of debt by the borrower (debtor) or until relief of debt which is recognised as uncollectible in accordance with Article 159 hereof.

**Article 138. Composition of expenses and procedure for their recognition**

138.1. Any expenses considered in calculation of a taxable item shall be composed of:

- expenses from operating activity as determined subject to clauses 138.4, 138.6–138.9, sub-clauses 138.10.2–138.10.4, clause 138.1 and clause 138.11 hereof;

- other expenses as determined subject to clause 138.5, sub-clauses 138.10.5, 138.10.6, clause 138.10, clauses 138.11 and 138.12 hereof, clause 140.1 of Article 140 and Article 141 hereof;

except for expenses determined in clause 138.3 hereof and in Article 139 hereof.

138.1.1. The expenses from operating activity shall include:

- cost of products realized, works executed, services provided and other expenses considered in determination of a taxable item subject to clauses 138.2 and 138.11 hereof, clauses 140.2–140.5 of Article 140, Articles 142 and 143 and other Articles hereof that explicitly provide for Peculiarities of the taxpayer’s expenses formation;

- expenses of banking institutions that include:

  a) interest expenses in loan and deposit transactions, including those in correspondent accounts and sight deposits, securities outstanding;

  b) commission expenses, including those in loan and deposit transactions, cash management services, encashment and transportation of valuables, securities transactions, foreign exchange market transactions and trust management transactions;

  c) negative result (loss) from foreign exchange transactions and transactions on purchase and sale of precious metals;

  d) negative exchange rate differences from revaluation of assets and liabilities due to changes of official national currency rate to foreign currency subject to sub-clause 153.1.3 of clause 153.1 of Article 153 hereof;

  e) amounts of insurance reserves formed in the manner provided in Article 159 hereof;
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f) amounts of funds (charges) contributed to the Deposit Guarantee Fund;

g) expenses in acquisition of the right to claim the fulfilment of liabilities in cash for goods delivered or services rendered (factoring);

h) expenses related to disposal of pledged property;

j) other expenses directly related to carrying out of banking transactions and provision of banking services;

j) other expenses stipulated hereunder.

138.2. The expenses considered for the purpose of determination of taxable item shall be recognised on the basis of source documents certifying the taxpayer's incurrence of expenses that are obligatory to be maintained and kept in accordance with accounting regulations as well as other documents provided for in Section II hereof.

If the taxpayer produces goods, executes works or provides services with long-term (over one year) technological production cycle, provided that the relevant agreements concluded for the purpose of production of such goods, execution of such works and provision of such services make no provisions for their stage-by-stage delivery, the expenses of the accounting tax period shall include the expenses related to production of such goods, execution of such works and provision of such services within such a period.

The taxpayer shall have a right to include expenses confirmed with the relevant documents drawn by non-residents in accordance with regulations of other countries for the purpose of determination of taxable item.

138.3. For the purpose of this Section the amounts represented in composition of the taxpayer's expenses, including those represented in part of depreciation of intangible assets, shall not be subject to their re-inclusion to composition of the taxpayer’s expenses.

138.4. The expenses forming the cost of goods realized, works executed, services provided, except for unappropriated fixed general production expenses included to composition of cost of the products realized during the period of their incurrence, shall be recognised as expenses of the reporting period in which the income from realization of such goods, execution of such works and provision of such services was recognised.

138.5. Other expenses shall be recognised as expenses of the reporting period in which they were incurred according to accounting regulations with due consideration of the below conditions:

138.5.1. the date of incurrence of expenses, accrued by the taxpayer in form of amounts of taxes and charges, shall be deemed to be the last day of the reporting tax period for which the accrual of tax and collection liabilities is carried out;

138.5.2. the date of recognition and amount of expenses of the taxpayer from loan and deposit transactions, including subordinated debt, shall be the date of recognition of interest (fees
and other payments related to creation or acquisition of loans, deposits and their amount as determined in accordance with accounting regulations.

For the purposes hereof the references to subordinated debt herein shall refer to regular unprivileged debt instruments (capital constituents), which cannot be taken out from the bank prior to expiration of a 5-year period under the contract, and in case of bankruptcy or liquidation shall be returned to investor upon repayment of claims of other creditors;

138.5.3. expenses incurred by the taxpayer in form of charitable or other contributions and/or cost of goods (works, services) to non-profit organizations, that in accordance with provisions hereof shall be considered for the purpose of determination of the taxpayer's taxable item, shall be included to composition of expenses as of the date of their actual transfer and/or transfer of cost of goods (works, services).

138.6. The cost of goods purchased and sold shall be formed subject to their purchase price with due account of import duty, shipping costs and costs for bring the goods to marketable condition.

138.7. The actual cost of finally rejected products shall not be included to composition of the taxpayer's expenses, except for expenses incurred due to defects, consisting of the cost of products finally rejected for technological production reasons (products, units, semi-finished products) and reoperation expenses in case of sale of such products.

The taxpayer shall have a right to independently determine the acceptance rate of technically unavoidable defects in the administrative order upon condition of justification of the defect scope. The self-established rates shall apply until establishment of such rates by central executive agencies in the relevant branch.

138.8. The cost of goods produced and realized, works executed, services provided shall consist of the costs directly related to production of such goods, execution of such works and provision of such services, that is:

direct material expenses;

direct labour expenses;

depreciation of fixed production assets and intangible assets directly related to production of goods, execution of works and provision of services;

general production expenses attributable to the cost of goods produced and realized, works executed, services provided in accordance with accounting regulations (standards);

cost of services purchased, directly related to production of goods, execution of works and provision of services;

other direct expenses, including expenses for electric energy acquisition (including reactive energy);
138.8.1. direct material expenses shall include the cost of raw materials and basic materials that form the basis for the goods produced, works executed, services provided, acquired semi-finished products and components, non-production and other materials that can be directly attributed to particular cost object. Direct material expenses shall be reduced by the cost of recyclable waste generated during production process that shall be evaluated in the manner prescribed in accounting regulations (standards);

138.8.2. direct labour expenses shall include the salaries and other benefits paid to workers engaged in production of goods (execution of works, provision of services) that can be directly attributed to a particular cost object;

138.8.3. taxpayers-licensees in production of electric and/or heat energy who use coal or heating oil for production of electric and/or heat energy, shall include the amount of fuel (coal and/or heating oil) reserve created for uninterrupted supply of electricity to consumers to the cost of goods produced, works executed, services provided during the year to direct material expenses instead of the cost of coal and/or heating oil spent during the production process.

Total fuel reserve amount shall be determined independently by the taxpayer monthly on the basis of average monthly cost of fuel (coal, heating oil) purchased for the previous year, but not less than the actual cost of fuel (coal, heating oil) purchased in the current month. At the end of the accounting year the reserve formed shall be adjusted by the cost of fuel (coal/heating oil) spent during the production process, that is:

if the actual cost of fuel (coal/heating oil) spent during the production process for the accounting year exceeds the amount of reserve accrued for the year, the cost of goods realized, works executed and services provided shall be increased by amount of difference between the cost of fuel (coal/heating oil) spent during the production process and reserve accrued according to results of the reporting year;

if the actual cost of fuel (coal/heating oil) spent during the production process for the accounting year is less than the amount of reserve accrued for the year, the cost of goods realized, works executed and services provided shall be reduced by the difference between the cost of fuel (coal/heating oil) spent during the production process and reserve accrued according to results of the reporting year;

138.8.4. taxpayers-licensees in transfer and/or supply of electric and/or heat energy in the reporting tax period to the cost of realization electric and/or heat energy, provision of services on transmission and/or supply of electric and/or heat energy also include the actual expenses incurred in such reporting period for the purpose of purchasing electric and/or heat energy.

138.8.5. The general production expenses shall include:

a) expenses for production management (payroll to management of shops and sections under the legislation etc.; contributions to social activities referred to in Article 143 hereof; medical insurance, insurance according to the Law of Ukraine “On Non-State Pension Provision”, insurance under long-term life insurance contracts to the extent determined in the
second and third sub-clauses of clause 142.2 of Article 142 hereof, staff of management of workshops and sections; business trip expenses of staff of shops, sections etc.;

b) depreciation of fixed general production (shop, section, linear) assets;

c) depreciation of intangible general production (shop, section, linear) assets;

d) expenses for maintenance, operation and repair, insurance, operating lease of fixed assets, other non-current general production assets;

e) expenses for improvement of production technology and organization (payroll and contributions to social activities referred to in Article 143 hereof, improvement of product quality, reliability, durability and other performance characteristics of the production process; material costs, components and semi-finished goods purchased, payment for services provided by independent organizations);

f) expenses for heating, lighting, water supply, sanitation and services on maintenance of production facilities;

g) expenses for maintenance of production process (general production staff payroll contributions to social activities referred to in Article 143 hereof; medical insurance, insurance according to the Law of Ukraine “On Non-State Pension Provision”; insurance under long-term life insurance contracts to the extent determined in the second and clause 142.2 of Article 142 hereof, for staff of management of workshops and sections; expenses for technological control over production processes and quality of goods, works and services;

h) expenses for labour protection and occupational safety incurred under the applicable legislation;

i) amounts of expenses related to confirmation of conformity of products, quality systems, quality management systems, environmental management systems, staff, as determined under the Law of Ukraine “On Confirmation of Conformity”;

j) amounts of expenses related to exploration/supplementary exploration and settlement of oil and gas fields (except for the expenses for construction of wells used for development of oil and gas fields, incurred upon credit of such wells to operating fund, as well as other expenses related to acquisition/production of fixed assets subject to depreciation in accordance with Article 148 hereof);

k) other general production expenses (in-house transfer of materials, components, intermediate products, instruments from shops and warehouses to finished product stocks); lack of inventories, lack and loss from damage to material assets in shops within the limits of natural loss in accordance with standards approved by central executive agencies and approved by the central executive authority ensuring the formation and implementation of state tax and customs policy;

138.8.6. expenses for purchasing of natural gas forming the cost of services of guaranteed provider supplying natural gas to consumers at regulated tariff in the reporting tax period
shall be recognised in amount of funds transferred to the owner of natural gas from current account opened with a bank under the legislation by the guaranteed provider with special treatment for transfer of funds received for the natural gas consumed from all the categories of consumers.

Once the acceptance certificate for natural gas between its owner and certified supplier had been executed, the expenses included to the cost of natural gas shall be subject to adjustment (upward or downward) subject to the amount of cost of natural gas purchased by the guaranteed supplier as determined in the natural gas acceptance certificate for the reporting tax period.

138.9. Other direct expenses shall include any other production expenses that can be directly attributed to a specific expenses object, including contributions for social activities referred to in Article 143 hereof, land and property share rent, cooperative payments to individual members of agricultural production cooperative who are not considered as entrepreneurs and are engaged in labour of such agricultural cooperative.

138.10. The other expenses shall include:

138.10.1. excluded;

138.10.2. administrative expenses directed to enterprise maintenance and management:

a) general corporate expenses, including organization costs, expenses for conduction of annual and other meetings of management board and hospitality expenses;

b) expenses for business trips and maintenance of management board (including labour costs for administrative staff) and other general working staff;

c) expenses for maintenance of fixed assets, other non-current tangible assets of general use (operative leasing (including auto rental), purchase of fuel and lubricants, parking costs, property property insurance, depreciation, maintenance, heating, lighting, water supply, sanitation and security costs);

d) fees for consulting, information, auditing and other services received by the taxpayer within the framework of his business activity;

e) expenses for communication services (mail, telegraph, telephone, telex, fax, wireless and other similar expenses);

f) depreciation of intangible assets of general commercial use;

g) costs of dispute resolution in courts;

h) fees for cash management services and other banking services;

i) other general commercial expenses;
138.10.3. merchandising costs, including expenses related to the sale of goods, execution of works and provision of services:

a) expenses for packing materials for package filling of goods in warehouses of finished product stores and distribution centres;

b) coopering costs;

c) wages and fees to merchants, sales agents and employees of sales departments;

d) advertising and marketing costs (market research), pre-delivery inspection costs;

e) business trip expenses of employees engaged in sales;

f) expenses for maintenance of the fixed assets and other non-current tangible assets, related to the sales of goods, execution of works and provision of services (operative leasing, insurance, depreciation, maintenance, heating, lighting, security costs);

g) costs for transportation, handling and insurance of goods, freight forwarding services and other services related to transportation of products (goods) under the (basis) supply contract;

h) guarantee repair and maintenance costs;

i) costs for transportation of finished products (goods) between the stores of the enterprise units;

j) other expenses related to the sales of goods, execution of works and provision of services;

138.10.4. other operating expenses, including, without limitation:

a) expenses in foreign currency transactions, losses from exchange rate differences as determined subject to Article 153 hereof;

b) depreciation of non-current assets leased; depreciation of non-current and intangible assets forming the part of objects concessed according to the Law of Ukraine “Law of Ukraine “On Peculiarities of Leasing Out or Giving in Concession of Communal Facilities of District Water and Heat Supply and Sanitation”;

c) other operating expenses related to business activity, including, without limitation:

amounts of funds contributed to insurance reserves in the prescribed in Article 159 hereof;

amounts of taxes and charges accrued as determined herein (except for those that are not determined in the list of taxes and charges established herein), single contribution for obligatory state social insurance, reimbursement of amounts of actual expenses to the Pension Fund of Ukraine for payment and delivery of pensions appointed in accordance with clauses “b” - “j” of Article 13 of the Law of Ukraine “On Pension Provision”, difference between the pension amount de-
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termined under the Law of Ukraine “On Scientific and Scientific and Technical Activities” and pension amount calculated according to other statutory acts that a person is entitled to and that shall be obligatory financed from the funds of enterprises, establishments and organizations under the applicable legislation, as well as other obligatory payments established by law, except for taxes and charges stipulated for in sub-clauses 139.1.6 and 139.1.10 of Article 139 hereof as well as penalties, interest fines and forfeits stipulated for in sub-clause 139.1.11 of Article 139 hereof.

For taxpayers whose core activity is the production of agricultural products, the composition of expenses shall include the land fee for the land that is not used in agricultural production;

expenses for information support of the taxpayer’s business activity, including those related to law issues, purchase of literature, payment for Internet services and subscription to specialized periodical literature;

amounts of funds sent by authorised banks to additional special pension deposit insurance reserve and additional special insurance reserves of bank management funds in accordance with the law regulating the establishment and operation of bank management funds;

138.10.5. financial expenses including expenses for accrual of interest (for the use of credits and loans, bonds issued and financial lease) as well as other costs of the enterprise within the limits stipulated herein, related to borrowings (except for financial expenses included to the cost of qualifying assets in accordance with accounting regulations (standards));

138.10.6. other expenses from regular activity (except for financial expenses) that are not directly related to production and/or sale of goods, execution of works and provision of services, including:

a) amounts of funds or cost of goods realized, works executed, services provided, that were voluntarily transferred (passed) within the reporting year to the State Budget of Ukraine or local budgets, to non-profit organizations determined Article 157 hereof, in amount not exceeding four percent of taxable income for the previous year;

b) amounts of funds transferred by employers to primary trade union organizations for the purpose of cultural, physical training and health improvement activities as foreseen by collective agreements (contracts) in accordance with the Law of Ukraine “On Trade Unions, Their Rights and Activity” within the limit of four percent of taxable income for the previous reporting year subject to paragraph “а” of sub-clause 138.10.6 of clause 138.10 hereof.

In this case if the taxpayer received a negative result of the taxable item during the previous reporting year, the amount of funds transferred shall be determined with due account of the taxable income drawn in the year preceding the year of declaration of such a negative result, but not earlier than in the previous four reporting years;

c) amounts of funds transferred by enterprises of all-Ukrainian associations of persons who suffered in Chernobyl disaster, employing full-time at least 75 percent of such persons, to such associations for charitable activities, but no more than 10 percent of taxable income for the previous reporting year;
d) expenses for formation of doubtful debt reserve shall be recognised for tax purposes as amount of uncollectible debt with due account of provisions of sub-clause 14.1.11 of clause 14 of Article 14 hereof. The provisions of this clause shall apply to banks and banking institutions with due account of provisions of Article 159 hereof;

e) cost of coal and coal or peat bricks provided free of charge in scope and according to description of occupations as determined by the Cabinet of Ministers of Ukraine, including compensation for the value of coal and coal or peat bricks:

to workers engaged in coal mining (processing) and employed with coal producing enterprises;

to pensioners with the following work experience in coal producing (processing) enterprises: mining — at least 10 years for men and at least 7 years 6 months for women, works related to underground conditions — at least 15 years for men and at least 12 years 6 months for women; works in process line on surface of operating mines or mines under construction, open-pit mines, treatment and briquetting factories — at least 20 years for men and at least 15 years for women;

to disabled war veterans and veterans of war and labour, persons awarded with the Miner’s Glory Medal or Miner’s Valor Medal of I, II, III degrees, persons disabled due to systematic diseases in case they used this right prior to onset of disability;

to families of workers who died in coal production (processing) enterprises that receive survivorship pension as well as to widows of deceased pensioners referred to in this sub-clause who enjoyed this right while alive;

f) amounts of funds or cost of property voluntarily transferred/passed for special-purpose use for the purposes of cultural heritage protection to scientific, educational, cultural institutions, nature reserves, museums, museum reserves in amount not exceeding 10 percent of the taxable income for the preceding reporting year;

g) amount of funds or cost of property voluntarily transferred/passed for the benefit of residents special-purpose use for the purposes of production of national films (including animation films) and audio-visual works in amount not exceeding 10 percent of the taxable income for the previous tax year;

h) taxpayer’s expenses related to maintenance and operation of nature protection funds (other than expenses subject to depreciation or reimbursement under the provisions of Articles 144–148 hereof) owned by the taxpayer; expenses for independent storage, processing, disposal or acquisition of services on collection, storage, transportation, disposal, removal of waste generated in the result of the taxpayer’s production, provided by third parties, wastewater treatment costs; other costs for preservation of ecological systems affected negatively by the taxpayer’s business activity. In case of any discrepancies between the regulatory authority and the taxpayer regarding expenses for environment preservation activities, the regulatory authority shall apply to the authorised authority whose expert opinion shall be the basis for taking decision by the regulatory authority;
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i) expenses for acquisition of licenses and other special permits (except for those the cost and terms of use of which meet the characteristics determined for fixed assets in Section I hereof and are subject to depreciation as part of intangible assets) issued by government agencies for carrying out business activity, including expenses for registration of enterprise in state registration authorities, expenses for acquisition of licenses and other special permits for the right to harvest fish and seafood outside Ukraine, as well as the provision of transportation services.

138.11. Amounts of expenses not included to composition of expenses of previous reporting periods due to loss, destruction or wearing out of documents, certifying the expenditures as set forth herein, and confirmed with such documents in the reporting tax period.

Amounts of expenses, not included to composition of expenses of previous reporting periods due to mistakes, and revealed in the reporting tax period in tax liability calculation.

Expenses specified herein, incurred in the previous reporting years, are represented as part of other expenses, and expenses incurred in the reporting tax year, are represented as part of expenses of the relevant group (cost of goods realized, works executed, services provided, general production expenses, administrative expenses etc.).

138.12. Other expenses shall include without limitation:

138.12.1. expenses determined in accordance with Articles 144–148, 150, 153, 155–161 hereof that are not included to the cost of goods realized, works executed, services provided hereunder;

138.12.2. other expenses from business activity that are in no way directly limited hereunder concerning their inclusion to composition of income;

138.12.3. amount of funds or cost of property voluntarily transferred (passed) to organizations of employers and their associations established under the relevant applicable legislation in form of admission, membership and special-purpose contributions in amount not exceeding 0.2 percent of the taxpayer’s payroll as calculated for the reporting tax year;

138.12.4. amounts of funds in amount equal to the annual reduction by the bank by 0.5 percent of the basic amount of outstanding debt over the next five years following the three-year period of full and timely fulfilment of restructured obligations under the credit agreement the borrower.

Article 139. Expenses that are not considered at determination of taxable income

139.1. The following expenses shall not be included to composition of expenses:

139.1.1. expenses that are not related to business activity, that is:

expenses for arrangement and holding of public functions, presentations, holiday and entertaining events, purchase and distribution of gifts (except for charitable contributions and
contributions made to non-profit organizations) as determined in accordance with Article 157 hereof and expenses related to advertising activity regulated by provisions of sub-clause 140.1.5 of clause 140.1 of Article 140 hereof).

The limitations stipulated by the second paragraph of this sub-clause shall not apply to taxpayers whose core activity is:

arrangement of public functions, presentations and holidays on request and at the expenses of other persons;

purchase of lottery tickets and other documents certifying the right to take part in a lottery;

financing of personal needs of individuals except for the payments stipulated in Articles 142 and 143 hereof as well as in other cases stipulated by provisions hereof;

139.1.2. taxpayer’s payments in amount of cost of goods in favour of consignor, principal etc. under commission contracts, agency agreements and other similar agreements, transferred by the taxpayer pursuant to these agreements;

139.1.3. amounts of provisional (advance) payment for the goods, works and services;

139.1.4. expenses for repayment of loans obtained, credits (except for repayment of reimbursable financial assistance included to composition of income under sub-clause 135.5.5 of clause 135.5 of Article 135 hereof);

139.1.5. expenses for acquisition, production, construction, reconstruction, modernization and other improvement of fixed assets and expenses related to mining as well as to acquisition (production) of intangible assets subject to depreciation according to Articles 144–148 hereof with due account of provisions of clauses 146.11 and 146.12 of Article 146 and clause 148.5 of Article 148 hereof;

139.1.6. amount of income tax as well as amounts of taxes established under clause 153.3 of Article 153 and Article 160 hereof; VAT included to the price of goods (works, services) acquired by the taxpayer for production or non-production use, taxes on personal income deducted from payment of such income subject to Section IV hereof.

For taxpayers who are not registered as VAT payers the composition of expenses shall include the amount of value added tax paid as part of purchase price of goods, works and services the price of which refers to expenses of such a taxpayer.

In case the taxpayer is registered as a VAT payer and at the same time he carries out transactions on the sale of goods (execution of works, provision of services) that are subject to VAT and exempt from taxation or are not subject to taxation, the VAT paid as part of expenses for purchase of goods, works and services, included to composition of expenses as well as fixed and intangible assets subject to depreciation, shall be included correspondingly to expenses or the cost of the relevant object of fixed or intangible asset shall be increased by amount that is not included to the tax credit of such a taxpayer pursuant to Section V hereof.
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In case the VAT payer pursuant to Section V hereof shall determine the tax base for accrual of VAT liabilities on the basis of remuneration (marginal profit, margin), the VAT paid as part of expenses for purchase of goods (services) included to composition of expenses and fixed or intangible assets subject to depreciation, shall be included to the cost of relevant object of fixed or intangible assets;

139.1.7. expenses for maintenance of management bodies of taxpayers’ unions, including maintenance of parent companies being independent legal entities;

139.1.8. dividends;

139.1.9. expenses that are not confirmed with relevant payment, settlement and other source documents obligatory to be maintained and kept in accordance with accounting and tax calculation regulations.

In case of loss, destruction or wearing out of the documents mentioned the taxpayer shall have the right to file relevant application in writing to the regulatory authority and take measures required for reissue of such documents. The written application shall be sent prior to or simultaneously with submission of calculation of tax liability for the reporting tax period. The taxpayer is obliged to restore any lost, destroyed or worn-out documents within 90 calendar days following the date of receipt of such application by the regulatory authority.

Shall the taxpayer restore the documents indicated in the following reporting periods, the confirmed expenses shall be included to the composition of expenses for the tax period within which such a restoration falls within.

139.1.10. amount of levy for certain types of business activity considered for the purpose of reduction of the taxpayer’s tax liability in the manner prescribed in clauses 152.1 and 152.2 of Article 152 hereof;

139.1.11. amounts of interest fines and/or penalties or forfeits by the decision of parties to the agreement or by the decision of relevant authorities or court to be paid by the taxpayer;

139.1.12. excluded from 1 January 2012;

139.1.13. expenses incurred (calculated) during the reporting period due to acquisition of consulting, marketing, advertising services (works) from a non-resident (except for expenses incurred (calculated) in favour of permanent establishments of non-residents subject to taxation in accordance with clause 160.8 of Article 160 hereof) in amount exceeding 4 percent of income (revenue) from the sale of goods (works, services) (excluding VAT and excise tax) for the year preceding the reporting year, and for the banks — in amount exceeding 4 percent of income from operating activity (net of VAT) for the year preceding the reporting year.

In this case the composition of expenses shall not include full amount of expenses incurred (accrued) during the reporting period due to acquisition of consulting, marketing, advertis-
ing services (works) from a non-resident if the person, in whose favour the relevant payments are made, is a non-resident enjoying an offshore status subject to provisions of clause 161.3 of Article 161 hereof;

139.1.14. expenses incurred (calculated) due to acquisition of engineering services (works) from a non-resident (except for expenses accrued in favour of permanent establishments of non-residents subject to tax under clause 160.8 hereof) in amount exceeding 5 percent of the customs value of equipment imported under the relevant contract as well as in cases stipulated by sub-clause 139.1.15 of clause 139.1 of Article 139 hereof;

139.1.15. expenses, accrued due to acquisition of engineering services (works) from a non-resident, are not included to composition of expenses in case either of the below conditions applies:

a) a person, in whose favour the fee for engineering services is charged, is a non-resident enjoying an offshore status subject to provisions of clause 161.3 of Article 161 hereof;

b) the person, in whose favour the fee for engineering services is charged, is not a beneficiary (actual) recipient (owner) of such payment for the services.

Article 140. Peculiarities of recognition of dual-purpose expenses

140.1. The following dual-purpose expenses shall be considered at determination of a taxable item:

140.1.1. the taxpayer’s expenses for provision of employees with special clothing, footwear, special (uniform) clothes, washing and decontaminating agents, personal protective equipment required for execution of their professional duties as well as with special food products according to the list established by the Cabinet of Ministers of Ukraine and/or branch policies of free-of-charge issue of special clothing, footwear and other personal protective equipment to employees.

Expenses (other than those subject to depreciation) incurred in the manner prescribed by law for the arrangement, maintenance and operation of free medical examination, free medical care and prevention points for employees (including supply with medicines, medical equipment, inventory and expenses for wages of employees);

140.1.2. expenses (other than those subject to depreciation) related to scientific and technical support of business activity, to invention and rationalization of business processes, conduction of research and experimental and design works, production and study of patterns and designs related to the taxpayer’s core activity, royalty expenses and expenses for acquisition of intangible assets (other than those subject to depreciation) for their use in the taxpayer’s business activity.

The composition of expenses shall not include the accrual of royalty within the reporting period in favour of:
1) non-resident (other than accruals in favour of permanent establishment of non-resident which is taxable under clause 160.8, accruals made by business entities in the sphere of television and radio broadcasting according to the Law of Ukraine “On Television and Radio Broadcasting” as well as charges for the right to use copyright and related rights for cinematographic foreign films, music and literary works) in amount exceeding 4 percent of income (revenue) drawn from the sale of products (goods, works, services) (net of VAT and excise tax) for the year preceding the reporting one, and for banks — in amount exceeding 4 percent of income from operating activity (net of VAT) for the year preceding the reporting one, as well as in cases when either of the below conditions is met:

a) the person, in whose favour the relevant royalties are accrued, is a non-resident enjoying an offshore status subject to provisions of clause 161.3 of Article 161 hereof;

b) the person, in whose favour the fee for such services is charged, is not a beneficiary (actual) recipient (owner) of such payment for the services except for the cases when beneficiary (actual) recipient (owner) vested the right to receive such fee on other persons;

c) the royalty is paid with regard to objects the intellectual property rights in respect of which firstly occurred by the resident of Ukraine.

In case of any discrepancies between the regulatory authority and the taxpayer regarding the person by whom the relevant intellectual property rights firstly occurred (were acquired), the regulatory authority shall apply to the authorised authority whose expert opinion shall be the basis for taking decision by the regulatory authority;

d) the person, in whose favour the royalty is accrued, is not subject to tax in respect of royalty in its resident state;

2) a legal entity exempt from this tax in accordance with Article 154 hereof or pays this tax at the rate other than one established in clause 151.1 of Article 151 hereof;

3) a person who pays tax as part of other taxes except for individuals who are taxable in the manner prescribed in Section IV hereof;

140.1.3. taxpayer’s expenses for professional training, retraining and advanced training of non-professional workers, as well as in case the law provides for compulsory periodic retraining or training;

expenses for training and/or professional training, retraining or advanced training in national or foreign institutions, in case the certificate of education in such institutions is obligatory for certain conditions of doing business activity, including but not limited to higher and vocational educational establishments of individuals (regardless of whether such individuals are engaged in labour relations with the taxpayer), who entered into written agreement
(contract) with the taxpayer wherein they oblige to work off by the taxpayer upon graduation from higher and/or vocational educational establishments and obtained occupation (qualification) throughout at least three years;

Expenses for arrangement of educational and production training in the taxpayer’s type of core activity or in subdivisions carrying out its business activity, for persons being educated in higher and vocational educational establishments.

In case of termination of the written agreement (contract) mentioned in the second paragraph of this sub-clause the taxpayer must increase the amount of income in amount of expenses actually incurred by him for education and/or professional training, included to composition of the taxpayer’s expenses. Due to such an increase in income, the additional tax liability and penalty in amount of 120 percent shall be accrued at the rate of the National Bank of Ukraine applicable as of the date of occurrence of tax liability from the tax that the taxpayer would have to pay in due time had he not enjoyed the tax exemption established herein, calculated in amount of such tax liability and calculated for each day of underpayment ending the date of increase in income. The amount of losses reimbursed to the taxpayer under such agreement (contract) shall not be subject to tax to the extent not exceeding the amount, by which the income was increased, as well as payment of additional tax liability and interest fine specified in this paragraph.

In case of any discrepancies between the regulatory authority and the taxpayer regarding the relation of expenses for the purposes specified herein to the taxpayer’s core activity, the regulatory authority shall apply to the authorised agency implementing the state educational policy, whose expert opinion shall be the basis for taking decision by the regulatory authority;

Appealing against the decisions of regulatory authorities, adopted on the basis of expert opinions from the central executive authority implementing the state educational policy, hall be carried out by the taxpayers according to the standard procedure;

140.1.4. any expenses for warranty repair (maintenance) or warranty replacement of goods sold by the taxpayer, the value of which shall not be compensated at the expense of the buyers thereof, to the extent corresponding the level of warranty replacements accepted/made public by the taxpayer.

In case of warranty replacement of goods the taxpayer must keep the records of buyers who enjoyed such a replacement of goods or repair (maintenance) services in the manner prescribed by the central executive agency ensuring the formation and implementation of the state tax and customs policy.

Replacement of goods with no return receipt of defective goods or with no due keeping of the records specified shall not give right to increase the expenses of the seller of such goods by replacement cost.

The procedure for warranty repair (maintenance) or warranty replacement as well as the list of goods that the warranty maintenance extends to shall be determined by the Cabinet of Ministers of Ukraine under the legislation on consumer rights protection.
The term “made public” shall mean the seller’s obligation to distribute in advertising, technical documentation, contract or other document the provisions on warranty maintenance conditions and periods;

140.1.5. the taxpayer’s advertising expenses;

140.1.6. any expenses on insurance of crop failure risks, transportation of the taxpayer’s good; civil liability related to operation of vehicles forming the part of the taxpayer’s fixed assets; any expenses on insurance of risks related to production of national films (in amount not exceeding 10 percent of the cost of national film production); environmental and nuclear damage that may be caused by the taxpayer to other persons; the taxpayer’s property; financial and operating leasing facility, concessions of state or communal property provided this is not stipulated under the contract; financial, loan and other risks of the taxpayer incurred due to his economic activity within the limits of regular price of insurance rate of the relevant type of insurance applicable as of the date of conclusion of insurance contract, except for insurance of life, health and other risks related to activity of individuals employed by the taxpayer which is not obligatory under the legislation or any expenses on insurance of third party individuals or legal entities.

In case the insurance conditions provide for the payment of insurance indemnity in favour of the insured taxpayer, the insured losses incurred by the taxpayer due to carrying out his business activity shall be included to expenses for the tax period, in which he incurred losses, and any amounts of insurance indemnity for the specified losses shall be included to income of such a taxpayer for the tax period they were incurred in.

140.1.7. travel expenses in favour of individuals employed by the taxpayer or being the members of governing bodies of the taxpayer within the limits of actual expenses of the detached person for travelling (including baggage allowance, booking of transport tickets) to business destination and back, in business destination (including those incurred in rented vehicles), accommodation fees (motels) as well as expenses included to such accounts for meals or personal services (laundry, cleaning, mending and ironing of shoes, clothes or linen), for rent of housing premises, payment of telephone calls, drawing up of travel passports, obtaining entry permits (visas), obligatory insurance, other documented expenses related to regulations for entry and stay in a place of business, including any charges and taxes payable in connection with such expenses.

The expenses mentioned in the first paragraph of this sub-clause may be included to composition of the taxpayer’s expenses upon availability of supporting documents certifying the value of these expenses in form of transport tickets or transport invoices (baggage receipts), including e-tickets upon availability of boarding passes and instrument of payment for all modes of transport, including charter flights, invoices received from the hotels (motels) or from other persons providing services on accommodation and placement for individuals, including booking reservations in accommodation places, insurance policies etc.

It is forbidden to include to composition of meal expenses the cost of alcoholic beverages and tobacco products and amounts of tips, except for the cases when such amounts are included to invoice in accordance with legislation of the host country, as well as entertainment events fees.
The composition of travel expenses shall as well include the expenses that cannot be documented for meal and financing of other personal needs of individual (daily costs), incurred in connection with business trip within the territory of Ukraine but not exceeding 0.2 of the minimum wages as determined under the legislation as of January 1 of the tax (reporting) year per each calendar day of the business trip, and for business trips abroad — not exceeding 0.75 of the minimum wages as determined under the legislation as of January 1 of the tax (reporting) year per each calendar day of the business trip.

The Cabinet of Ministers of Ukraine shall make separate provisions for daily limits of expenses to the members of crews of vessels/other vehicles or amounts allocated for meal of such crew members instead of daily costs in case such vessels (other vehicles):

- carry out commercial, industrial, scientific and research or fishing activity outside the territorial waters of Ukraine;
- carry out international flights for the purpose of navigation activity or commercial passenger or freight transportation outside the air or customs borders of Ukraine;
- are used for search-and-rescue operations outside the customs borders or territorial waters of Ukraine.

The amounts and composition of travel expenses for detachment of civil servants and other persons sent to business trips by enterprises, institutions and organizations that are fully or partially supported (financed) from the budget shall be determined by the Cabinet of Ministers of Ukraine. Total allowance for the daily costs of such categories of individuals may not exceed the amount specified in the paragraph four of this sub-clause.

The amount of daily costs shall be determined in case of business trip when:

- within the territory of Ukraine and those countries providing visa-free entry to the citizens of Ukraine — according to the business trip order and relevant primary documents;
- to the countries offering visa regime to the citizens of Ukraine — according to the business trip order and notes of the authorised official of the State Border Service of Ukraine made in the travel passport or any representative document.

In the absence of the relevant supporting documents, business trip order or notes of the authorised official of the State Border Service of Ukraine made in the travel passport or any representative document the amount of daily costs shall not be included to the taxpayer's composition of expenses.

Any travel expenses may be included to composition of the taxpayer's expenses upon availability of documents confirming the relationship of such business trip to activity of the taxpayer, including (without limitation) the following: invitations from the hosting party whose activity coincides with the taxpayer's activity, concluded contract (s), other documents establishing or confirming the desire to establish civil relations, documents certifying the participation of the detached person in negotiations, confer-
In case the legislation of the destination country or any relevant transit countries requires to formalize life, health or civil liability insurance of the detached person (in case of use of transport vehicles), the expenses for such insurance shall be included to composition of expenses of the taxpayer detaching such person.

Upon request of a representative of the regulatory authority the taxpayer shall provide at his own expense the translation of any supporting documents issued in a foreign language;

140.1.8. the taxpayer’s expenses (excluding capital expenses subject to depreciation) for maintenance and operation of facilities held on the books and maintained by the taxpayer as of July 1, 1997, but are not used for the purpose of income generation:

nurseries and kindergartens;

secondary schools and secondary vocational educational institutions and advanced training educations where the taxpayer’s workers undergo relevant training;

children, music and art schools;

sports facilities, halls and grounds used for physical and psychological rehabilitation of the taxpayer’s employees, clubs and cultural centres;

premises used by the taxpayer for arrangement of the taxpayer’s employees catering;

apartment housing, including dormitories, single-family housing in rural areas and housing and public utilities;

children rest and recreation camps;

social security institutions (nursing homes, senior complexes).

140.2. In case upon the sale of goods, execution of works and provision of services any change in the amount of compensation of their value takes place, including recalculation in case of return of goods sold or right of ownership to the goods (results of work, services), the taxpayer-seller and the taxpayer-buyer shall make the relevant recalculation of income and expenses (balance value of fixed assets) in the reporting period, in which such change occurred.

Recalculation of income and expenses (balance value of fixed assets) shall be also carried out by the parties:

in the reporting period (s), in which expenses and income (balance value of fixed assets) in the invalid transaction, were included into the accounting of the party to such transaction, in case transaction was cancelled by court;
in the reporting period, in which the court decision on the transaction cancellation became effective, in case transaction was cancelled for other reasons.

This clause shall not govern the regulations for determination and adjustment of expenses and income in the result of settlement of doubtful or uncollectible debt or acknowledgment of the buyer’s debt as uncollectible as determined in Article 159 hereof.

140.3. The composition of expenses shall not include the amount of actual losses in products, except for losses within the natural limits or technical (production) costs and expenses in disbalancing of natural gas in gas distribution networks that do not exceed the amount determined by the Cabinet of Ministers of Ukraine or other authority as determined in accordance with the legislation of Ukraine.

The rules of this clause shall not apply to electric and/or heat energy in determination of expenses of taxpayers related to the transfer and/or supply of electric and/or heat energy.

140.4. The taxpayer shall evaluate the inventory withdrawal in the manner prescribed in the relevant accounting provisions (standards).

For all of inventory items of the same purpose and same terms of use the only one method of evaluation of their withdrawal shall be applied.

140.5. Determination of additional restrictions to composition of the taxpayer’s expenses except for those specified in this section is not permitted.

**Article 141. Peculiarities of determination of composition of the taxpayer’s expenses in case of payment of interest in debt obligations**

141.1. The composition of expenses shall include any expenses related to accrual of interest in debt obligations (including those in any credits, loans, deposits, excluding financial expenses included to the cost of qualifying assets in accordance with accounting regulations (standards)) during the reporting period, if such accruals are made in connection with the taxpayer’s business activity.

141.2. For the taxpayer with at least 50 percent of the authorised capital (shares, other corporate rights) owned or managed by non-residents (non-residents) the accrual of interests in loans, credits and other debt obligations for the benefit of such non-residents and their associated persons may be referred to expenses in amount not exceeding the amount of income of the taxpayer drawn during the reporting period as interest from allocation of own assets increased by the amount equal to 50 percent of taxable income of the reporting, excluding the amount of interest received.

141.3. The interest meeting the requirements of clause 141.1 hereof but not included to the composition of production (turnover) expenses in accordance with the provisions of clause 141.2 hereof shall be subject to transfer to the results of future tax periods with preservation of restrictions stipulated under clause 141.2 hereof.
Article 142. Peculiarities for determination of composition of expenses for payments to individuals under labour and civil law contracts

142.1. The composition the taxpayer’s expenses shall include expenses for payment of labour of individuals employed by the taxpayer (hereinafter — the employees) including the expenses accrued for payment of basic and additional wages and other rewards and benefits based on wage rates in form of bonuses, incentives, reimbursement of cost of goods, works and services, expenses for payment of royalties and for execution of works and provision of services under civil law contracts, any other payment in cash or in kind as determined by agreement of the parties (except for amounts of financial assistance are exempt from taxation under the provisions of Section IV hereof).

142.2. Except for expenses stipulated under clause 142.1 hereof the composition of the taxpayer’s expenses shall include obligatory payments as well as reimbursement for the cost of services provided to employees in cases provided by law, the taxpayer’s contributions to obligatory life or health insurance of employees as well as contributions determined in the second paragraph hereof.

In case taxpayer is obliged to pay at his own expenses any insurance premiums or contributions to non-state pension funds and contributions to accounts of members bank management funds of any individual employed by the taxpayer under the long-term life insurance contract, asset management agreement or any type of non-state pension provision, the taxpayer has the right to include the amount of such contributions in total amount of no more than 25 percent of wages accrued in favour of such person employed during the tax year such tax periods fall within composition of expenses of each tax reporting period (on accrual basis).

In such a case the amount of such payments cannot exceed the amounts determined in Section IV hereof within the relevant reporting period.

The provisions of this sub-clause shall apply with sue consideration of “Transitional Provisions” of Section XX hereof.

Article 143. Peculiarities of referring of amounts of contributions to social activities to composition of expenses

143.1. The composition of the taxpayer’s expenses shall include the amounts of single contribution for obligatory state social insurance in amounts and in the manner prescribed by law.

143.2. In case the employee instructs the employer to make contributions for long-term life insurance or any type of non-state pension provision or to pension deposit or accounts of members of bank management fund at the expenses for payment of labour of such an employee, included to composition of the taxpayer’s expenses subject to clause 142.1 of Article 142 hereof, such an employer shall not include the amount of contributions to composition of his expenses.

Article 144. Depreciation items

144.1. The following items shall be subject to depreciation:
expenses for acquisition of fixed assets, intangible assets and long-term biological assets to be used in business activity;

expenses for independent production (creation) of fixed assets, intangible assets, growing of long-term biological assets to be used in business activity, including expenses for payment of wages to employees engaged in production (creation) of fixed assets and intangible assets;

expenses for repair, reconstruction, modernization and other improvement of fixed assets exceeding 10 percent of aggregate balance value of all groups of fixed assets subject to depreciation as of the beginning of the reporting year;

expenses for capital improvement to the land that is not related to construction, that is irrigation, drainage and other similar capital improvements made to the land;

capital investments received by the taxpayer from the budget in form of special-purpose financing for acquisition (creation) of an investment object (fixed asset, intangible asset) provided the income is recognised proportional to the amount of accumulated depreciation on such an object in accordance with provisions of sub-clause 137.2.1 of clause 137.2 of Article 137 hereof;

cost of accumulated depreciation of fixed assets held subject to Article 146 hereof;

cost of power, gas, heating and water supply facilities, sewerage networks constructed by consumers on demand of specialized operating enterprises according to specifications for joining to the networks mentioned, that were received free of charge;

value of fixed assets received free of charge or produced or constructed at the expense of the budget funds or loans raised by the Cabinet of Ministers of Ukraine or guaranteed by the Cabinet of Ministers of Ukraine in case of fulfilment of obligations under the guarantee of the Cabinet of Ministers of Ukraine;

cost of fixed assets of transport infrastructure received free of charge for operation by public railway enterprises that were held on the balance of other enterprises;

cost of fixed assets concessed determined as regular price in accordance with the Law of Ukraine “On Peculiarities of Leasing Out or Giving in Concession of Communal Facilities of District Water and Heat Supply and Sanitation”

144.2. The following taxpayer’s expenses shall not be subject to depreciation and shall be completely included to composition of expenses for the reporting period:

expenses for maintenance of fixed assets under preservation;

expenses for disposal of fixed assets;

acquisition (production) of stage and theatre items with the cost of up to UAH 5,000 by theatre and entertainment enterprises-taxpayers;
expenses for production of national films and acquisition of intellectual property rights to national film.

144.3. The following expenses shall not be subject to depreciation and shall be incurred at the expense of relevant financing sources:

expenses from budgets for construction and maintenance of improvement facilities and residential buildings, acquisition and preservation of library and archival funds;

expenses from budgets for construction and maintenance of public roads;

expenses for purchasing and maintaining of the National Archival Fund of Ukraine and library fund which is formed and maintained from the budgets;

cost of goodwill;

expenses for acquisition/independent production and repair as well as reconstruction, modernization or other improvement of non-production fixed assets.

The term “non-productive fixed assets” shall mean non-current fixed assets that are not used in the taxpayer’s business activity.

**Article 145. Classification of groups of fixed assets and other non-current assets.**

**Depreciation accrual methods**

145.1. Classification of groups of fixed assets and other non-current assets and minimum allowable periods of their depreciation.

<table>
<thead>
<tr>
<th>Groups</th>
<th>Minimum allowable periods of useful life, years</th>
</tr>
</thead>
<tbody>
<tr>
<td>Group 1 — land plots</td>
<td>-</td>
</tr>
<tr>
<td>Group 2 — capital expenses for land improvement that are not related to construction</td>
<td>15</td>
</tr>
<tr>
<td>Group 3 — buildings</td>
<td>20</td>
</tr>
<tr>
<td>facilities</td>
<td>15</td>
</tr>
<tr>
<td>transmission devices</td>
<td>10</td>
</tr>
<tr>
<td>Group 4 — machinery and equipment</td>
<td>5</td>
</tr>
<tr>
<td>of which:</td>
<td></td>
</tr>
<tr>
<td>Electronic computing devices, other machines for automatic processing of information, related information readout and printing devices, related software (except for programs the expenses for acquisition of which are recognised as royalty and/or software recognised as intangible assets), other information systems, commutators, routers, modules, modems, uninterrupted power supply sources and means of their connection to telecommunication networks, phones (including cell phones), microphones and portable radio sets the cost of which exceeds UAH 2500</td>
<td>2</td>
</tr>
</tbody>
</table>
145.1.1. Accrual of depreciation of intangible assets is carried out with the use of methods set out in sub-clause 145.1.5 of clause 145.1 of Article 145 hereof within the following periods:

<table>
<thead>
<tr>
<th>Groups</th>
<th>Term of right to use</th>
</tr>
</thead>
<tbody>
<tr>
<td>Group 1 — the right to use natural resources (subsoil license, the right to use other natural resources, geological and other environmental information)</td>
<td>Subject to title document</td>
</tr>
<tr>
<td>Group 2 — the right to use property (the right to use land plot except for the right to permanent use of land plot under the legislation, the right to use building, the right to rent facilities etc.)</td>
<td>Subject to title document</td>
</tr>
<tr>
<td>Group 3 — the rights for trade names (the rights to trademarks (marks for goods and services), commercial (business) names etc.) except for those the expenses for acquisition of which are recognised as royalty</td>
<td>Subject to title document</td>
</tr>
<tr>
<td>Group 4 — the rights for industrial property items (the right to inventions, useful models, industrial patterns, plant varieties, animal breeds, semiconductor topography rights, trade secrets, including know-how, protection against unfair competition) except for those the expenses for acquisition of which are recognised as royalty</td>
<td>Subject to title document but at least 5 years</td>
</tr>
<tr>
<td>Group 5 — copyright and allied rights (right to literary works, pieces of art, musical pieces, computer programs, software for electronic computing devices, database compilations, phonograms, videograms, broadcasting programs etc.) except for those the expenses for acquisition of which are recognised as royalty</td>
<td>Subject to title document but at least 2 years</td>
</tr>
<tr>
<td>Group 6 — other intangible assets (the right to carry out activity, use of economic and other benefits etc.)</td>
<td>Subject to title document</td>
</tr>
</tbody>
</table>

The accounting of depreciated cost of intangible assets shall be kept for every item forming the part of separate group.

If under the title document there is no fixed period of effect of the right to use intangible asset, such a period shall be determined independently by the taxpayer, but shall not be less than two and exceed 10 years of continuous operation.
145.1.2. Depreciation shall be accrued within the period of useful life (operation) of the object as determined by administrative order at recognition of the object as an asset (in crediting to the balance) but not less than that specified in clause 145.1 hereof and shall be suspended for the period of its withdrawal from operation (for reconstruction, modernization, extension, re-equipment, preservation and other purposes) on the basis of documents confirming the withdrawal of the fixed assets from operation.

145.1.3. When determining the useful life (operation) it is necessary to consider:

- anticipated use of the facility by the enterprise with due account of its capacity or performance;
- physical and moral deterioration stipulated;
- legal or other restrictions regarding useful life of the object or other factors.

145.1.4. Useful life of the fixed asset item shall be reviewed in case of expected economic benefits from its use but it cannot be less than that specified in clause 145.1 hereof.

Depreciation of the fixed assets item is accrued on the basis of the new useful life starting from the month next to the month of changing of useful life (except for production method of depreciation accrual).

Depreciation of the fixed assets shall be carried out until the residual value of the object is reached.

145.1.5. Depreciation of the fixed assets shall be accrued by the following methods:

1) straight-line method — the annual depreciation cost is determined by division of depreciated cost to the period of useful life of the fixed asset item;

2) reduction of residual value — the annual depreciation cost is determined by multiplying of residual value of the fixed asset item as of the beginning of the reporting year or initial value as of the starting date of accrual of depreciation and annual depreciation rate. Annual depreciation rate (in percent) shall be calculated as the difference between the figure of one and the result of root of the degree of number of years of useful life of the fixed asset item from the result of division of liquidation value of the item to its initial value;

3) accelerated depreciation of residual value — the annual depreciation cost is determined by multiplying of residual value of the fixed asset item as of the beginning of the reporting year or initial value as of the starting date of accrual of depreciation and annual depreciation rate calculated according to the period of useful life of the fixed asset item and doubled;

the method accelerated depreciation of residual value shall only apply when depreciation of fixed assets items belonging to groups 4 (machinery and equipment) and 5 (vehicles) is accrued;

4) cumulative method — the annual depreciation cost is determined by multiplying the cost depreciated and cumulative ratio. The cumulative ratio shall be calculated by dividing the
number of years remaining until the end of the useful life of fixed assets to the number of years of its useful life;

5) production method — the annual depreciation cost is determined multiplying the actual monthly scope of goods (works, services) and production depreciation rate. The production depreciation rate is calculated by dividing the cost depreciated to the total amount of goods (works, services), which the enterprise expects to produce (execute, provide) with the use of fixed asset item.

145.1.6. Depreciation of items of groups 9, 12, 14, 15, referred to in clause 145.1 hereof shall be accrued by the methods described in sub-clauses 1 and 5 of sub-clause 145.1.5 hereof. Depreciation of non-current tangible assets of low cost and library funds can be accrued by the decision of the taxpayer in the first month of use of the item in amount of 50 percent of its depreciated cost and the remaining 50 percent of cost depreciated in the month of withdrawal of assets (writing off the balance) due to non-compliance with the criteria for recognition in the first month of use of the item in amount of 100 percent of its value.

145.1.7. Depreciation is not accrued on fixed assets of groups 1 and 13.

145.1.8. The amounts of depreciation costs are not subject to their extraction to the budget and cannot form the basis for accrual of any taxes and fees.

145.1.9. Accrual of depreciation for tax purposes shall be carried out by the enterprise by the method specified in the order on accounting policy for the purpose of drawing up of financial statements and may be revised in case of changes of the expected method of obtaining economic benefits from its use.

Accrual of depreciation according to the new method shall start from the month following the month of adoption of decision on change of depreciation method.

**Article 146. Determination of cost of depreciation items**

146.1. The consideration of the depreciated is maintained for each item forming the part of a specific group of fixed assets, including the cost of repairs and improvement of fixed asset items received free of charge or provided for operating lease (rent) or concess or created (constructed) by the concessionaire under the Law of Ukraine “On Peculiarities of Leasing Out or Giving in Concession of Communal Facilities of District Water and Heat Supply and Sanitation” as a separate depreciation item.

146.2. Depreciation of fixed asset item is accrued over the period of useful life (operation) of the item established by the taxpayer but not less than the minimum period specified in clause 145.1 of Article 145 hereof monthly starting from the month following the month of putting the facility fixed asset item into operation and suspended for the period of its reconstruction, modernization, development, re-equipment, preservation and other improvements and conservation.

146.3. Depreciation costs for each accounting period in every fixed asset item shall be determined the amount of depreciation costs for three months of the reporting period calculated
by the method chosen by the taxpayer for accrual of depreciation subject to each group of fixed assets.

146.4. Purchased (independently produced) fixed assets shall be credited to the taxpayer’s balance at their initial cost.

146.5. The initial cost of fixed asset item shall be composed of the following expenses:

amounts paid to suppliers of assets and contractors for execution of construction works (excluding indirect taxes);

registration fees, government fees and similar payments made in connection with acquisition/receipt of rights to the fixed asset item;

amount of import duty;

amount of indirect taxes in connection with the acquisition (creation) of fixed assets (if not reimbursed to the taxpayer);

expenses for insurance of risks of delivery of fixed assets;

expenses for transportation, installation, assembly, commissioning of fixed assets;

financial expenses subject to inclusion to the cost of qualifying assets in accordance with accounting provisions (standards);

other expenses directly related to bringing the assets to the condition suitable for their use for the intended purpose.

146.6. In case the taxpayer incurs expenses for independent production of fixed assets for own production needs, the cost of the fixed asset item being depreciated, shall increase by the amount of production expenses incurred by the taxpayer in connection with their production and commissioning as well as of expenses for production of such fixed assets, excluding VAT paid in case the taxpayer is registered as a VAT-payer regardless of financing sources.

146.7. Initial cost of the fixed assets the obligations in payments for which are determined as total amount for multiple items shall be calculated by distribution of this amount proportionally to the regular cost of the separate fixed asset item.

146.8. The cost agreed by the founders (members) of the enterprise but not exceeding the regular cost shall be recognised as initial cost of fixed assets included to the authorised capital of the enterprise.

146.9. The initial cost of the fixed asset item received in exchange for a similar item shall be equal to the depreciated cost of the transferred fixed assets item, net of accumulated depreciation cost, but not exceeding the regular cost of the fixed asset item received in exchange.
146.10. The initial cost of the fixed assets item received in exchange (or partial exchange) for unlike object shall be equal to the depreciated cost of the transferred fixed assets item, net of the amount of accumulated depreciation increased/decreased by the amount of funds or their equivalent transferred/received in exchange but not exceeding the regular price of the fixed assets item received in exchange.

146.11. The initial cost of the fixed assets item shall be increased by amount of costs related to repair and improvement of fixed assets (modernization, modification, completion, re-equipment, renovation) that results in growth of future economic benefits from the expected use items in amount exceeding 10 percent of the aggregate balance value of all groups of fixed assets subject to depreciation at the beginning of the tax year with referral of such amount to the fixed asset item repaired and improved.

146.12. The amount of expenses related to repair and improvement of fixed assets, including those leased or conceded or created (constructed) by the concessionaire in amount not exceeding 10 percent of the aggregate balance value of all the groups of fixed assets at the beginning of the reporting year shall be included to composition of expenses by the taxpayer.

146.13. The amount of surplus of income from the sales or other alienation over the balance value of certain fixed asset items and intangible assets shall be included to composition of the taxpayer’s income, and the amount of surplus of balance value over the income from such sale or other alienation shall be included to the taxpayer’s expenses.

The amount of surplus of income from the sales or other alienation over the initial cost of acquisition of non-productive fixed assets and expenses for repair incurred to maintain the item in working condition shall be included to composition of income of the taxpayer and the amount exceeding the initial cost of income from such sale or other alienation shall be included to the taxpayer’s expenses.

The amount of surplus of income from the sales or other alienation of fixed assets or intangible assets received free of charge over the cost of such fixed assets or intangible assets, that was included to composition of income in connection with the receipt shall be included to the income of the taxpayer, and surplus value that was included to composition of income due to free receipt of income from such sale or other alienation shall be included to expenses of the taxpayer.

146.14. Income from the sale or other alienation of fixed and intangible assets for the purpose of this Article is determined in accordance with the contract of sale or other alienation of fixed and intangible assets but shall not be less than the regular price of the item (asset).

146.15. Accrual of depreciation of individual item shall be terminated starting from the month following the month of withdrawal of the fixed assets item from operation or its transfer to non-production non-current tangible assets by decision of the taxpayer or court decision.

The withdrawal from operation of the fixed assets due to their alienation by court decision shall be performed in the same manner.
SECTION III.

In case of re-commissioning of such fixed asset item or its transfer to productive fixed assets for the purposes of depreciation the cost shall be adopted that is depreciated at the time of its withdrawal from operation (composition of production means) and shall be increased by the amount of expenses related repair, modernization, renovation, completion, re-equipment's etc. In this case the accrual of depreciation in such item shall start in the month following the month of recommissioning or transfer of the item to production facilities.

146.16. In case of disposal of the fixed assets by the decision of the taxpayer or in case of destruction, steal or disposal of the fixed assets for the reasons independent of the taxpayer the fixed assets (or part thereof) the taxpayer shall refuse from the use of such fixed assets due to the threat of their imminence replacement, destruction or disposal, the taxpayer in the accounting period in which such circumstances occurred shall increase expenses by the amount of depreciated cost, net of accumulated depreciation of individual item of the fixed assets.

146.17. For the purposes hereof:

146.17.1. the following shall be equated to the sale or other alienation of fixed assets and intangible assets:

transactions on introduction of such fixed assets and intangible assets to authorised capital of the other entity;

transfer of the fixed assets to financial lease (rent);

146.17.2. transactions on receipt of the fixed and intangible assets shall be equated to receipt of the fixed assets in case of:

introduction of the fixed assets and intangible assets to authorised capital of the taxpayer;

receipt of the fixed assets in financial lease (rent) and their subsequent inclusion to relevant groups in case so acquired fixed assets shall comply with requirements specified in Section I hereof;

receipt of the fixed assets and intangible assets on lease as part of integral property complex in accordance with the Law of Ukraine “On the Lease of State and Communal Property” from state privatization agencies or local authorities;

receipt in economic management of the fixed assets that are not subject to privatization by the decisions of the central executive authorities or local authorities adopted within their competence in the case of charging to the balance;

charging to the balance of railways or railway enterprises of public use of fixed assets of railway infrastructure, transferred for the use from the balance of legal entities by their decision as well as of rolling stock by the decision of The State Administration of Railway Transport of Ukraine “Ukrzaliznytsia”.

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146.18. Withdrawal from operation of fixed assets item shall be performed as a result of disposal, sale preservation under the order of enterprise manager, and in the event of their compulsory alienation or expropriation — in accordance with applicable legislation.

146.19. If the operating lease or concession agreement requires from or allows the tenant or concessionaire to carry out repairs and/or improvement of the item of operating lease or concession, the part of cost of such repairs and/or improvements in amount exceeding the amount included to expenses subject to the second paragraph of clauses 146.11 and clause 146.12 of this Article, depreciated by the tenant or concessionaire as a separate item in the manner established for the group of fixed assets to which the facility operating lease or concession agreement refers, is repaired and/or improved.

In this case the tenant does not take into account the balance value of operating lease/rent under which they are included to the lessor’s balance.

146.20. In case the lessee returns the operating lease item due to termination of the leasing/rental agreement, and in the case of destruction, theft or wearing out of operating lease item such a lessee shall apply the rules determined in clause 146.16 for replacement of fixed assets. The lessor shall not change the cost of fixed assets being depreciated or expenses for the amount of expenses incurred by the lessee for improvement of the item.

146.21. Taxpayers of all types of ownership are allowed to carry out revaluation of their fixed assets by applying the annual indexation of cost of fixed assets depreciated and amount of accumulated depreciation by the rate of indexation determined from the formula:

\[ K_i = \frac{I_{(a-1)} - 10}{100}, \]

where \( I_{(a-1)} \) — the inflation rate index of the year according to the results of which the indexation is carried out. If the value of \( K \) is less than a figure of one, no indexation is held.

Increase of cost of the fixed assets depreciated shall be carried out as of the end of the year (balance sheet date) according to the results of which re-evaluation is conducted and used for calculation of depreciation from the first day of next year.

**Article 147. Accounting of transactions involving land and its capital improvement**

147.1. The taxpayer shall keep separate accounting of transactions involving the sale or purchase of land as a separate property item. Expenses related to such acquisition shall not be included to composition of expenses for the reporting tax period and shall not subject to depreciation.

In case of future sale of such separate property item the taxpayer shall include to composition of income the positive difference between the amount of income drawn from such sale and the amount of expenses related to the purchase of such separate property item as increased by indexation ratio specified in clause 146.21 of Article 146 hereof.
In case expenses (including revaluation indicated) incurred due to acquisition of such property item exceed the income drawn from the sale, the loss from such a transaction shall not affect the taxable item and shall be covered from the taxpayer’s own sources.

147.2. In case of sale of land obtained into ownership within the framework of privatization process the taxpayer shall include to composition of income the positive difference between the amount of income drawn from such sale and amount of the estimated cost of such land as determined in accordance with the established land value appraisal method with due account of its functionality ratios at the time of such sale.

In case the expenses exceed the income drawn from the sale, the loss from such a transaction shall not affect the taxable item and shall be covered from the taxpayer’s own sources.

147.3. In case the real estate object (real estate) is acquired by the taxpayer together with the land it is constructed on or is a prerequisite for provision of functional use of the real estate object in accordance with regulations prescribed by law, the cost of such object of real estate is subject to depreciation. The cost of the real estate object is determined in amount not exceeding the regular cost, excluding the cost of land.

147.4. In case the land a separate property item is sold or otherwise alienated, the balance value of separate item of fixed assets of group 2 that depicted the cost of capital improvement of land quality shall be included to expenses of the taxpayer according to the results of the tax period such a sale falls within.

147.5. For purposes hereof the income derived from the sale or other alienation of land shall be recognised in accordance with agreement on sale and purchase or other alienation but shall not be less than the regular price of this land.

**Article 148. Depreciation of expenses related to extraction of minerals**

148.1. Any expenses for exploration/supplementary exploration, settlement and development of any mineral reserves (deposits) (excluding expenses referred to in sub-clause “j” of sub-clause 138.8.5 of clause 138.8 of Article 138 hereof) shall be included to separate item of non-current assets on mining of the taxpayer who has got such mineral reserves (deposits), subject to depreciation, on his balance.

148.2. Expenses included to the separate item of non-current assets on mining of the taxpayer shall include:

expenses for acquisition of geological information available with other legal entities;

expenses for previous exploration of mineral reserves (deposits), carried out at own expenses of the enterprises, that includes the design, exploration, drilling and mining, geophysical, geochemical and other researches within the specified area (territory);

expenses for detailed exploration mineral reserves (deposits), carried out at own expenses of the enterprises, that include the design, setup (including construction of settlement etc.),
drilling, mining and tunnelling works, geophysical and other researches, complex of test works, technological researches etc.;

expenses related to state examination and evaluation of mineral resources;

expenses for development of feasibility studies, business plans, agreements (contracts), concession agreements for the use of subsoil etc.;

expenses for designing of development of reserves (deposits);

expenses for supplementary exploration of mineral reserves (deposits) carried out by the enterprise upon completion of detailed exploration held parallel with operational works within the mining allotment and accompanied by build-up of mineral resources or transfer of resources to higher exploration maturity categories (including execution of drilling and mining operations etc.).

The composition of the group indicated shall not include the expenses related to exploration/supplementary exploration and setup of any and all mineral reserves (deposits):

any expenses for obtaining licenses and other special permits issued by state agencies for carrying out business activity (including registration fees and charges for arrangement of mining allotment etc.);

expenses for exploratory works carried out and financed (in past and current period) from the state budget;

expenses for exploration/ supplementary exploration of mineral reserves (deposits) carried out at the expenses of the enterprise and not resulting in discovery or build-up of additional volumes of balance reserves or in increase of degree of their exploration maturity (categorizing), including the cases when relevant works were suspended due to the lack their economic feasibility;

expenses of mining enterprises for exploration for the purpose of determination of mineral deposit boundaries, quality and mining and technical exploration conditions (without build-up of mineral reserves and change if their categorizing according to the degree of their exploration maturity;

Expenses for maintenance of fixed assets (including geological units, organizations) being under preservation.

148.3. Accounting of the balance value of expenses related to mining shall be kept for each individual field (quarry, mine, well). The procedure for keeping the relevant accounting shall be determined by the central executive agency ensuring the formation and implementation of state tax and customs policy in peat mining and oil and gas sector subject to approval of the central executive agency ensuring the formation and implementation of state tax and customs policy.
148.4. The amount of depreciation costs for the reporting period of the item of fixed assets in mining (except for wells used to develop oil and gas fields) shall be calculated by the formula:

\[ C(a) = B(a) \times O(a): O(з), \]

where \( C(a) \) — the amount of depreciation costs for the reporting period;

\( B(a) \) — balance value of the item of fixed assets in mining as of the beginning of the reporting period equal to the balance value of the item of fixed assets in mining as of the beginning of the period preceding the reporting period as increased by the amount of expenses for exploration/supplementary exploration and setup of mineral reserves (deposits) incurred during the previous period;

\( O(a) \) — output (in actual size) of minerals actually extracted during the reporting period;

\( O(з) \) — total estimated output (in actual size) of minerals extracted in the relevant field as determined by the method approved by the Cabinet of Ministers of Ukraine.

The taxpayers of all types of property are eligible to apply annual recalculation of balance value of the item of fixed assets in mining for indexation ratio accrued by calculated by the formula:

\[ K_i = \left[ I_{(а-1)} - 10 \right]: 100, \]

where \( I_{(а-1)} \) — inflation ratio according to the results of which indexation is carried out.

If the value of \( K_i \) is less than one, the indexation shall not be carried out.

148.5. Depreciation rates for the wells used for development of oil and gas fields shall be determined as a percentage of their original value in amount below (per year):

1\textsuperscript{st} year of operation — 10 percent;

2\textsuperscript{nd} year of operation — 18 percent;

3\textsuperscript{rd} year of operation — 14 percent;

4\textsuperscript{th} year of operation — 12 percent;

5\textsuperscript{th} year of operation — 9 percent;

6\textsuperscript{th} year of operation — 7 percent;

7\textsuperscript{th} year of operation — 7 percent;

8\textsuperscript{th} year of operation — 7 percent;
9\textsuperscript{th} year of operation — 7 percent;
10\textsuperscript{th} year of operation — 6 percent;
11\textsuperscript{th} year of operation — 3 percent.

The taxpayers are eligible to include within the reporting period to composition of expenses any expenses related to reconstruction, modernization and other improvement of wells used for development of oil and gas fields in amount not exceeding 10 percent of original cost of separate wells.

Expenses exceeding the amount indicated are included to composition of the relevant group of fixed assets as a separate object of a well depreciated at rates determined herein.

148.6. In case the activity related to exploration/supplementary exploration of mineral reserves (deposits) did not result in their discovery or the taxpayer deemed further exploration or development of such mineral reserves (deposits) to be not economically feasible, it is allowed to include the expenses for exploration/supplementary exploration or development to composition of production expenses of the reporting tax period of such a taxpayer except for expenses that were previously included to composition of expenses subject to sub-clause 138.8.5 of clause 138.8 and clause 138.10 of Article 138 hereof. In this case the balance value of such group of expenses related to mineral extraction shall be equal to zero.

\textbf{Article 149. Tax base}

149.1. The tax base for the purposes hereof shall mean a monetary value of income as taxable item determined subject to Article 134 hereof with due account of provisions of Articles 135–137 and 138–143 hereof.

\textbf{Article 150. Procedure for consideration of a negative value of a taxable item in the results of the following reporting periods}

150.1. If the result of calculation of the taxable item of the resident taxpayer according to the results of the tax year is negative, then the amount of such a negative value is to be included to composition of expenses of the first calendar quarter of the following tax year. Calculation of the taxable item according to the results of six months, three quarters and the year shall be carried out with due consideration of its negative value of the last year as part of expenses of such tax periods on accrual basis until complete clearing off of the negative value.

The negative value as a result of calculation of taxable item derived from conducting of activity subject to patenting shall not be considered for the purposes of the first paragraph of this clause and shall be reimbursed at the expense of income drawn in the future tax periods from such activity.

150.2. The regulatory authority cannot reject a tax return containing negative value as a result of calculation of taxable item by reasons of occurrence of such a negative value.
150.3. In case a negative value as a result of calculation of taxable item is declared by the taxpayer during four consecutive tax periods, the regulatory authority may carry out an exception verification of taxable item determination. In other cases the occurrence of a negative value shall not be deemed to be a sufficient basis for such exception verifications.

**Article 151. Tax rates**

151.1. The basic tax rate makes 18 percent.

The provisions of this clause shall apply with due consideration of “Transitional Provisions” of clause 10 of sub-clause 4 of Section XX hereof.

151.2. The tax rates shall be determined as follows for carrying out insurance activity by non-resident legal entities:

151.2.1. 3 percent — for receipt of income resulting from execution of contracts under other types of insurance contracts as determined in clause 156.1 of Article 156 hereof.

151.2.2. 0 percent — for receipt of income resulting from execution of long-term life insurance and pension insurance contracts within the framework of non-state pension provision in case of failure to comply with provisions of such agreements as determined in sub-clauses 14.1.52 and 14.1.116 of clause 14.1 of Article 14 hereof.

151.3. 0, 4, 6, 12, 15 and 20 percent of income drawn by non-residents and equated persons from the Ukrainian sources in cases specified in Article 160 hereof;

151.4. 10 percent of the taxable item as determined in accordance with clauses 153.8 and 153.9 of Article 153 hereof in transactions with securities and derivatives.

**Article 152. Tax calculation procedure calculation**

52.1. The tax shall be accrued by the taxpayer independently at the rate specified in clause 151.1 of Article 151 hereof of the tax base determined in accordance with Article 149 hereof. Income derived from activities subject to patenting pursuant to Section XII hereof shall be payable to the budget in the amount specified under this section and reduced by the value of the acquired trade patents to conduct such activity.

52.2. The taxpayer who carries out the activity subject to patenting pursuant to Section XII hereof shall separately determine the tax from each such activity and separately determine the tax separately from other activities. For this purpose a separate record of income derived from activity subject to patenting and the expenses related to business shall be kept with due account of negative value as a result of calculation of the taxable item.

52.3. Revenues and expenses are charged since their emergence in accordance with the rules established by this section, regardless of the date of receipt or payment of funds, unless otherwise provided by this section.
152.4. The procedure for accrual of tax in the case availability of separate units as part of the taxpayer-legal entity.

A taxpayer composed of separate units located in territory of local community other than the taxpayer's one, may decide to pay consolidated income tax and pay tax at the location of subdivisions, as well as at its location determined in accordance with the provisions of this section and reduced by the amount of tax paid at the location of subdivisions.

The amount of income tax for the income of separate subdivisions for the relevant reporting (tax) period is determined by calculation based on the total amount of tax charged by the taxpayer and distributed proportionally to specific gravity of amount of expenses of separate subdivisions of the taxpayer in the total amount of the taxpayer's expenses.

The selection of procedure for payment of income tax as specified in this sub-clause shall be carried out independently by the taxpayer before July 1 of the year preceding the reporting year and the regulatory authorities at the location of the taxpayer and its affiliates (separate subdivisions) shall be duly notified thereof.

Changing the order of payment of tax during the year is allowed. In this case separate subdivisions shall file to the regulatory authority at their location the calculation of tax liabilities on the consolidated tax payment, the form of which is set by the central executive authority ensuring the formation and implementation of the state tax and customs policy, based on the provisions of this clause. The decision to pay the consolidated tax shall also apply to the separate subdivisions incorporated by such taxpayer at any time upon the relevant notification.

In case as of January 1 of the reporting year the taxpayer had got no separate subdivisions but incorporated separate subdivision (s) at any time during this reporting year, the taxpayer may decide to pay consolidated income tax within the reporting year. The taxpayer shall notify the regulatory authorities of his decision within 20 days from the date thereof. In case the taxpayer decides this way, the procedure of tax payment chosen by him shall apply to changes of such decision and shall not require any annual approval.

The taxpayer comprising of separate subdivisions shall bear the responsibility for timely and complete contribution of tax amounts to the budget at the location of separate subdivisions.

If a taxpayer decided to pay a consolidated tax pays the advance tax payment under sub-clause 153.3.2 of Article 153 hereof, such an advance payment shall be payable at the location of the legal entity and its separate subdivisions in proportion to specific gravity of amount of expenses of separate subdivisions considered when calculating taxable item under the provisions of this section, in the total amount of such expenses that the taxpayer specified in the most recent tax statements filed by him.

152.5. Tax payable to the budget by taxpayers that carry out insurance activities shall be determined in the manner prescribed in Article 156 hereof.

152.6. Non-profit organizations, as defined in clause 157.1 of Article 157 hereof, shall pay the tax on non-core activities with due account of Article 157 hereof.
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152.7. Non-residents shall annually receive confirmation regarding the payment of tax issued by the regulatory authority.

152.8. Responsibility for the completeness and timeliness transfer of taxes to the budget as referred to in clause 153.3 of Article 153, Article 156, Article 160 hereof, shall be borne by the taxpayers who make those payments.

152.9. For the purposes of this section the following tax periods shall apply: calendar quarter, half a year, three quarters, year. The basic tax (reporting) period for the purpose of this section is the calendar quarter or calendar year for the taxpayers determined by clause 57.1 of Article 57 hereof;

152.9.1. the reporting tax period shall start on the first calendar day of the reporting period and end on the last calendar day of the reporting period, except for:

producers of agricultural goods referred to in Article 155 of this chapter for which the annual reporting period shall start on July 1 of the current reporting period and end on June 30 of the following reporting period;

152.9.2. If a person is on account of the regulatory authority as a taxpayer in the middle of the tax period, the first reporting tax period starts from the date on which such accounting period starts and end on the last calendar day of the next tax period;

152.9.3. If the taxpayer is liquidated (including prior to termination of the first reporting tax period), the last tax period is the period following the date of such liquidation;

152.9.4. sub-clause 152.9.1 of this clause in part of determination of the tax period for agricultural producers shall not apply to agricultural producers registered as payers of fixed agricultural tax rules.

152.10. If the taxpayer decides to write-off/revaluate assets under accounting rules — such a write-off/revaluation for tax purposes does not change the balance value of assets and income or expenses of the taxpayer relating to the acquisition of these assets. The provisions of this clause shall not apply to transactions in respect of which other provisions hereof provide for the recognition of revenue and expenses according to accounting data.

152.11. The taxpayers whose income (profit) is fully and/or partly exempt from this tax as well as those that carry out activities which are subject to patenting shall keep separate records of income (profit) that is exempt from tax under the provisions hereof or income derived from activities subject to patenting. In this case:

the composition of expenses of such taxpayers related to generation of income (profit) that is not exempt from taxation shall not include the expenses related to generation of such tax-exempt income (profit);

amount of depreciation costs charged on fixed assets used for generation of such tax-exempt income (profit) is not included to expenses related to obtaining income (profit) that is exempt from taxation.
If fixed assets are used to obtain tax-exempt income (profit) and other income (profit) subject to tax under this section on general terms, the expenses of the taxpayer shall be subject to increase for the part of the total amount of depreciation in the same proportion to the total depreciation of the reporting period as the amount of income (profit) subject to taxation under this section on general terms refers to total income (revenue) with due account of the dismissed. In the same way the distribution of expenses related to either activity the income (profit) from which shall be tax-exempt, or other activities.

The provisions of this clause shall apply to the taxpayers determined in clause 154.6 of Article 154 hereof, shall apply with due account of the following:

amounts of funds not transferred to the budget at applying of zero tax rate aimed at re-equipment of material and technical base, repayment of loans used for these purposes and payment of interest on them and/or replenishment of working capital;

amounts of funds not transferred to the budget at applying of zero tax rate shall be recognised as income concurrently with the recognition of expenses incurred from these funds in amount of such expenses.

If the amount of funds that not transferred to the budget at applying of zero tax rate are used inappropriately, these funds shall be credited to the budget in the first quarter of following reporting year.

The provisions of this clause shall not apply to the taxpayers established in clauses 154.8 and 154.9 of Article 154 hereof.

**Article 153. Taxation of special transactions**

153.1. Taxation of transactions with settlements in foreign currency

153.1.1. Income received/accrued by the taxpayer in foreign currency in connection with the sale of goods, works and services in terms of their value, which has not been paid in the previous tax reporting period shall be translated into local currency at the official exchange rate of the national currency against foreign currency at the date of recognition of income under this section and the previously received payment at the rate applicable at the date of its receipt.

153.1.2. Expenses incurred (accrued) by the taxpayer in foreign currency in connection with the acquisition in the reporting tax period of goods, works and services shall be duly included to expenses of the tax reporting period by way of their translation into the national currency of that part of the value that was previously paid, at the official exchange rate of the currency to a foreign currency as of the date of receipt of such acquisition, and in part of prior payment — at such a rate as was applied as of the date of payment.

153.1.3. Determination of exchange differences from translation of transactions denominated in foreign currencies, debt and foreign exchange shall be carried out in accordance with accounting regulations (standards).
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Thus the profit (positive exchange rate differences) is taken into account of the taxpayer’s income and loss (negative exchange rate differences) is taken into account as expenses of the taxpayer.

153.1.4. In case of transactions on the sale of foreign currency and precious metals the positive or negative difference between the income from the sale and the balance cost of such currency, metals shall be included to expenses of the taxpayer.

In case of purchase of foreign currency o the positive or negative difference between the rate of foreign currency to hryvnia applied for purchase of foreign currencies and used to determine the balance value of such currency shall be included to composition of expenses and income of the reporting period.

Also the composition of expenses shall include the expenses for obligatory state pension insurance in purchase and sale of cashless foreign currency for hryvnia and other obligatory payments related to purchase of foreign currency.

The term “balance value of foreign currency” for the purposes of this sub-clause shall mean the value of foreign currency as determined at the official exchange rate of the national currency to foreign currencies as of the date of drawing of balance sheet or the date of the transaction, whichever occurred later.

153.1.5. Accounting of transactions on sale or purchase of foreign currencies and precious metals carried out on behalf and at the expense of customers of banks shall be maintained separately from accounting of transactions on sale or purchase of foreign currencies and precious metals carried out by the decision of the bank at the expense of other (own) sources.

When conducting transactions on sale or purchase of foreign currencies and precious metals on behalf and at the expense the income of the bank shall include the amount of fees, brokerage fees and other similar rewards received (accrued) by the bank in connection with such transactions during the reporting period, and the expenses shall include the expenses –incurred (accrued) by the bank in connection with such transactions during the period.

Income or expenses from transactions on sale or purchase of foreign currency and precious metals by the decision of the bank shall be determined by the banks according to accounting regulations established by the National Bank of Ukraine.

153.1.6. Foreign currency received by the taxpayer to a separate special bank account in form of humanitarian and technical assistance as well as grants (sub-grants) according to the Global Fund to Fight AIDS, Tuberculosis and Malaria in Ukraine as approved by law shall not be considered for tax purposes when making translations into national currency.

153.1.7. For tax purposes the composition of income and expenses as determined herein shall not include income and expenses in form of positive or negative exchange differences derived from recalculation of insurance reserves created under long-term life insurance contracts as well as assets which represent the insurance reserves under long-term life insurance contracts in cases when such insurance reserves and/or assets are formed in foreign currency.
153.2. Taxation of regulated operations shall be carried out in the manner prescribed in Article 39 hereof.

153.3. Taxation of dividends.

153.3.1. If the decision on distribution of dividends was taken, the issuer of corporate rights that the dividends are accrued in, shall make payments to the owner of such corporate rights regardless of whether the taxable income was calculated according to the regulations set out in Article 152 hereof.

153.3.2. Except for the cases stipulated in sub-clause 153.3.5 hereof the issuer of corporate rights who decide to distribute dividends to his shareholders (owners) shall accrue and pay to the budget the advance tax payment in the amount of a rate determined in clause 151.1 of Article 151 hereof as accrued for the amount of dividends actually paid without reduction of such amount by the amount of such tax. The advance payment specified shall be paid to the budget prior to/or simultaneously with distribution of dividends.

In case dividends are distributed in form other than cash (except for the cases provided in sub-clause 153.3.5 hereof), the basis for accrual of advance payment in accordance with the first paragraph of this sub-clause shall be the cost of such payment as calculated at regular prices.

The liability on accrual and payment of advance tax payment at the rate determined in clause 151.1 of Article 151 hereof shall be imposed to any resident issuer of corporate rights regardless of whether the issuer or recipient of dividends is the taxpayer and whether he enjoys the tax benefits stipulated herein or in form of application of the tax rate other than that determined in clause 151.1 of Article 151 hereof (except for the taxpayers to whom the effect of Article 156 hereof shall extend). The liability on accrual and payment of advance tax payment shall not apply to business entities who pay the fixed agricultural tax pursuant to Section XIV hereof.

This regulation shall as well apply to state non-corporate public or communal enterprises who consider the amount of dividends in amount established by the central and local executive authorities of the relevant according to the state or local budget.

However, if any payment made by any person shall be referred to as dividend, such payment shall be taxable at the rates under determined in the first, second and third paragraphs hereof regardless of whether this person is a taxpayer or not.

153.3.3. The taxpayer who is the issuer of corporate rights, state non-corporate public or communal enterprise shall reduce the amount of tax accrued during the reporting period by the amount of advance payment paid previously during such a reporting period in respect of distribution of dividends in accordance with sub-clause 153.3.2 hereof. It is prohibited to make the offset indicated with the tax stipulated for in Article 156 hereof.

153.3.4. If the amount of advance payment paid previously during such a reporting period exceeds the amount of tax liability of the enterprise that is the issuer of corporate rights ac-
According to income tax of the relevant reporting period, such a surplus amount shall be transferred to reduction of tax liabilities of the following tax period, and in case of negative value of the taxable item of the following period — to reduction of tax liabilities of the following tax periods.

153.3.5. Advance payment provided for in sub-clause 153.3.2 hereof shall not be made in case the dividends are paid:

a) to individuals;

b) in form of stocks (fractions, shares) issued by the taxpayer provided that such a payment shall in no way change the proportions (shares) of participation of all the shareholders (owners) in the authorised capital of the issuer regardless of whether such stocks (fractions, shares) were duly registered (reflected in amendments to statutory documents);

c) collective investment schemes;

d) in favour of holders of corporate rights of the parent company paid in amounts of income of the parent company received in form of dividends from other persons. If the amount of dividends paid to holders of corporate rights of the parent company exceeds the amount of dividends received by the enterprise, the dividends paid in extent of such excess shall be taxable under the regulations established in sub-clause 153.3.2 hereof. For tax purposes the parent company shall maintain on accrual basis the accounting of dividends received from other persons and dividends paid to the holders of such corporate rights of the parent company and shall reflect such dividends in tax reports in the manner prescribed by the central executive authority ensuring the formation and implementation of the national tax and customs policy;

e) by the manager of real estate management fund at payments to owners of certificates of real estate transaction funds following the distribution of income from real estate transactions fund;

f) by the taxpayer whose income is exempt from tax under the provisions hereof in amount of income exempt from tax in the period the dividends were paid for.

153.3.6. Resident legal entities who receive dividends shall not include the amount of dividends to composition of income (excluding permanent establishments of non-residents).

If dividends are received by a resident from the non-resident source of payment, the taxpayer shall include the amount sum of dividends received (excluding dividends received from entities under the taxpayer's control in accordance with sub-clause 14.1.159 of clause 14.1 of Article 14 of Section I hereof and are not the residents enjoying an offshore status) to composition of income for the tax period in which such dividends are received.

The procedure for taxation of dividends received by individuals shall be determined according to regulations determined in Section IV hereof.
153.3.7. Payment of dividends to individuals (including non-residents) in shares or other corporate rights with privileged or other status, which provides for the payment of dividends or fixed amount that exceeds the amount of payments as calculated in any other share (corporate right), issued by the taxpayer, is equivalent for the purpose of taxation prior to payment of wages with corresponding taxation and inclusion of the amount of payments to composition of income of the taxpayer.

This payment is not taxable as dividends under the provisions of Section IV hereof.

153.3.8. The advance tax payment paid in respect of accrual/payment of dividends shall be an integral part of the income tax and cannot be regarded as a tax charged repatriation of dividends (their payment to non-residents) in accordance with Article 160 hereof or applicable international treaties of Ukraine.

153.4. Taxation of transactions with claims and debenture stocks

153.4.1. With regard to peculiarities set forth herein the following funds or assets held by the taxpayer in connection with the below shall not be included to composition of income and shall not be taxable:

obtaining by the taxpayer of principal amount of financial loans, including subordinated debt, loans from other persons-creditors as well as repayment of principal amount of financial loans, loans provided by the taxpayer to other persons-debtors, collection of part of consolidated mortgage debt by the holders of mortgage participation certificates, replacement of one consolidated share of mortgage debt to another;

involvement by the taxpayer of funds or assets into trust management, of the principal amount of deposit, including through the issue of savings (deposit) certificates (mortgage certificates with fixed income) or other term or trust accounts, placement and subsequent sale of debt securities as well as repayment of the principal amount of deposit or other term or trust accounts opened by other persons for the benefit of the taxpayer;

involvement by the taxpayer of funds or assets under concession, commission, agency agreements, on opening securities account, on provision of clearing services for transactions in financial instruments, consignment, asset management, storage (custody), contract on ensuring the fulfilment of obligations as well as other civil contracts that do not involve the transfer of ownership of such funds or assets subject to clause 153.7 hereof;

receipt by the taxpayer from the Disabled Protection Fund of special-purpose loan on a repayment basis. The income of the taxpayer shall not be increased by the amount of interest conditionally accrued and tax liabilities of the Disabled Protection Fund remain unchanged either at issue or at repayment.

153.4.2. With due regard of the peculiarities prescribed by this section the funds and assets provided by the taxpayer in connection with the below conditions shall not be included to composition of expenses:
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the taxpayer’s repayment of principal amount of loan, including subordinated debt, loan, part of consolidated mortgage debt at maturity of mortgage certificate but not exceeding the amount paid for acquisition of the certificate to other persons-creditors, interest loan, as well as the provision of principal amount of debt to others persons-debtors, foreclosures (replacement) of one share of consolidated mortgage debt for another according to the law;

return by the taxpayer of funds or assets in trust management, the principal amount of the deposit, including those raised through saving (deposit) certificates, mortgage certificates with fixed income or funds from other term or trust accounts, repayment (repurchase) of debt securities as well as placement by the taxpayer of funds or assets property in trust management, the principal amount of deposit or other term and trust accounts opened in favour of the taxpayer;

provision of assets by the taxpayer under concession, commission, consignment, asset management, storage (custody) or under other civil contracts that do not involve the transfer of ownership of such property to another person subject to clause 153.7 hereof.

The term “principal amount” shall mean the amount of loan provided, credit or deposit (fixed-term trust accounts) excluding interest, fixed payments, bonuses, winning profits, amount of consolidated mortgage debt in part that corresponds the price of obligation;

repayment by the taxpayer of amount of special-purpose loan provided on repayment basis to the Disabled Protection Fund.

153.4.3. The amount of interest in debt securities issued by the taxpayer shall be included to expenses by the rules set out in accounting provisions (standards).

In case the taxpayer places debt securities at the price that is higher/lower than their nominal value, the profit/loss from such a placement shall be included to composition of the taxpayer’s profit/loss within the tax period in which such securities were redeemed/repurchased.

153.5. Taxation of transactions on assignment of claims.

For tax purposes the taxpayer shall keep accounting of financial results in transactions on the sale (transfer) or acquisition of the claim of liabilities in cash for goods supplied, works executed or services provided by the third party, liabilities in financial loans as well as under other civil contracts.

At first assignment of liability the expenses incurred by the taxpayer who is the first creditor shall be determined in amount of the contract (agreed) cost of goods, works and services in regard to which the indebtedness occurred, in financial loans — in amount payable according to the accounting data as of the date of such assignment hereunder, in other civil contracts — in amount of actual debt being assigned. The composition of income shall include the amount of funds or cost of other assets received by the taxpayer who is the first creditor from such an assignment as well as the amount of his debt, which is repaid, provided that such debt was included to expenses in accordance with this Law.
If the income derived by the taxpayer from the next assignment of the third party (the debtor) or from fulfilment of claim by the debtor exceeds the expenses incurred by the taxpayer for the purchase of the claim liabilities of the third part (the debtor), the income shall be included to composition of income of the taxpayer.

If the expenses incurred by the taxpayer for acquisition of claim of liability of the third party (the debtor) exceed the income derived by such a taxpayer from the next assignment of claim of liability of the third party (the debtor) or from fulfilment of claim by the debtor, the negative value shall not be included to composition of expenses or to reduction of income drawn from other transactions on sale (transfer) or acquisition of the claim liabilities in cash for goods or services from the third party.

153.6. In case of alienation of property pledged for provision of full amount of the debt claim the expenses and income of the mortgagor and mortgagee shall be determined as follows:

alienation of the pledged item for the mortgagor shall be is equivalent to the sale of this item within the tax period of such an alienation;

if under the terms of the contract or law the pledged item is alienated for the benefit of the mortgagee in account of repayment of debt liabilities, such an alienation shall be equivalent to purchase by the mortgagee of the pledged item within the tax period of such an alienation;

if the creditor subsequently sells the pledged item to other persons, his income and losses shall be recognised in a general manner;

the price of sale/purchase shall be determined in this case according to regulations prescribed by applicable laws regulating the pledge (mortgage) relations.

If under the terms of the contract or under the law the pledged property for the purpose of redemption of mortgage debt is to be sold at a bid (public sale), the income and expenses of the mortgagee shall be determined in the manner prescribed in sub-clause 159.3.4 of clause 159.3 of Article 159 hereof and in the relevant laws regulating the pledge (mortgage) relations.

The procedure for provision and repayment of debt liabilities secured by the pledge shall be established by applicable law.

153.7. Taxation of leasing (rental) and concession transactions shall be performed in the following manner:

transfer of property in operating lease (rent) shall not change the tax liabilities of the lessor or lessee. The lessor increases the amount of income and the lessee increases the amount of expenses by amount of lease payments accrued according to results of the tax period the accrual is charged in. The same procedure shall apply to taxation transactions on lease of land and housing premises;

transfer of property in financial lease (rent) for tax purposes shall be equal to its sale at the moment of transfer. In this case the lessor increases his income, and in the case of transfer
in financial lease of property that at the time of such transfer was a part of the fixed assets the lessor's balance value of the relevant fixed asset item shall be equal to zero in accordance with regulations determined in Article 146 hereof for the sale, and the lessee shall include the expenses from leasing the item (excluding interest accrued or to be accrued under the contract) of fixed assets for the purpose of depreciation according to the results of tax period such a transfer takes place within.

At accrual of lease payment the lessor shall increase the income and the lessee shall reduce the expenses for the this part of the lease payment equal to the amount of interest or commissions charged for the cost of leased item (excluding part of lease payment provided as compensation of cost of the leased item) according to the results of the tax period in which such an accrual is charged.

If in the future tax periods the lessee shall return the leased item to the lessor without acquiring without the acquisition of such property, such a transfer for tax purposes shall be equal to resale of the item by the lessee to the lessor at a price is determined as amount of lease payments in part of compensation of cost of the leased item that remain outstanding for such a leased item as of the date of such return.

In case the cost of the leased item commissioned or re-commissioned is determined by the contract in amount less than the cost of its acquisition or construction, the regulatory authority may carry out an unscheduled inspection for the purpose of determination of regular price rate;

transfer of housing fund or land into lease shall be performed according to the rules of operating lease;

transfer of housing fund into financial lease shall be performed according to the rules of this sub-clause;

transfer of ownership right to the leased item from the lessor (property owner) to another person (new property owner) with preservation of respective rights and obligations of the lessor under a financial lease agreement shall not alter the tax liabilities of the lessor, lessee and new property owner existing prior to transfer of ownership right to such property (leased asset) to another person (new owner of property).

Representation in accounting of transactions in transfer of housing facilities into lease with purchase shall be made with due account of the “Transitional Provisions” of Section XX hereof.

Obtaining a property in concession shall not alter the tax liabilities of the concessionaire. In this case the concessionaire shall increase the amount of expenses by the amount of concession fees accrued according to the results of the tax period such an accrual takes occurs within.

153.8. Taxation of transactions on trade in securities

153.8.1. Accounting of total financial result (income/loss) in transactions with securities shall be kept by the taxpayer separately from accounting of other income and expenses.
The taxpayer shall determine financial result in transactions with securities traded in stock exchange separately from financial result in transactions with securities not traded in stock exchange.

The taxpayers shall determine financial result in transactions with securities in accordance with accounting regulations (standards) by way of reduction of income in transactions with securities by the amount of losses from transactions with other securities during this reporting period.

Income for every separate transaction with securities shall be calculated as positive difference between the income from such an alienation and the amount of expenses in connection with the acquisition of such securities, except for transactions on trade in debt securities in which the amount of income from the sale reduced by the amount of accrued but not received interest and taxation are performed in accordance with clause 137.18 hereof and the amount of expenses for acquisition of such securities shall be reduced by amount of interest paid by the seller as accrued in accordance with the terms of issue of such securities.

Loss in every separate transaction in securities shall be calculated as negative difference between the income from such alienation and the amount of expenses in connection with the acquisition of such securities, except for transactions on trade in debt securities in which the amount of income from the sale shall be reduced by the amount of interest that were accrued but not received and taxation shall be performed in accordance with clause 137.18 hereof and the amount of the expenses for acquisition of such securities shall be reduced by the amount of interest paid by the seller. For purposes of this clause the income of the taxpayer drawn from the sale, exchange or other alienation of securities shall be recognised as of the date of transfer of ownership right to the buyer of for such securities.

The expenses of the taxpayer in favour of the seller or issuer of securities shall be recognised as expenses of the reporting period in which the income from alienation of such securities was recognised.

153.8.2. For purposes of this clause the securities shall be deemed as those that are issued in stock exchange in case all of the following conditions are met:

a) securities issued at least in one stock exchange. The list of foreign stock exchanges shall be determined by the National Commission on Securities and Stock Market; b) prices for securities (stock exchange rate) in Ukrainian stock exchanges shall be calculated (determined) in accordance with the requirements established by the National Commission on Securities and Stock Market;

c) information on prices (exchange rate, last current price of security or results quoted) on securities must be placed in the website of stock exchange and in public information database of the National Commission on Securities and Stock Market and can be published in mass media (including electronic ones) and provided by a stock exchange to any interested person within three years upon the date of execution of transactions with securities.

153.8.3. If the results of the reporting period show that the total amount of loss from transactions with securities traded in stock exchange exceeds the total amount of income from such
transactions, the amount of negative financial result in transactions with securities traded in
stock exchange shall be transferred to reduction of overall financial result in such operations
in the following reporting periods until its complete redemption.

If the results of the reporting period show that the total amount of loss from transactions
with securities traded in stock exchange exceeds the total amount of income from such trans-
actions, the amount of negative financial result in transactions with securities not traded in
stock exchange shall be transferred to reduction of overall financial result in such operations
in the following reporting periods during 1095 days following the reporting period in which
such a negative financial result was observed.

If the results of the reporting period show that the total amount of income from operations
with securities traded in stock exchange exceeds the total amount of losses from such trans-
actions, the excess amount shall be included to taxable item in the operations mentioned and
shall be taxed at the rate indicated in clause 151.4 of Article 151 hereof.

If according to the results of the reporting period the total amount of income from transactions
with securities that are not traded in stock exchange exceeds the total amount of losses in such
transactions for each type of securities, the excess amount shall be included to taxable item in rel-
levant transactions and shall be taxed at the rate determined in clause 151.4 of Article 151 hereof.

Income from transactions with securities that are not traded in stock exchange cannot be
reduced by the amount of losses from transactions with securities traded in stock exchange.

153.8.4. If the taxpayer incurs the expenses related to acquisition of securities or derivatives
of the issuer, the information on which could be found in the list of issuers that are fictitious
as of the date of transaction, the expenses shall not be recognised at determination of finan-
cial results from transactions with securities or derivatives.

Characteristic features of the fictitious issuer shall be determined by the National Commis-
sion on Securities and Stock Market as agreed with the central executive authority ensuring
the formation and implementation of the state tax and customs policy.

Introduction to and exclusion of the issuer from the list of issuers that are fictitious shall be
made by joint decision of the central executive authority ensuring the formation and imple-
mentation of the state tax and customs policy and the National Commission on Securities
and Stock Market.

The procedure for determination of issuers that are fictitious and disclosure of such infor-
mary shall be determined by the National Commission on Securities and Stock Market as
agreed with the central executive authority ensuring the formation and implementation of
the state tax and customs policy.

153.9. The provisions of clause 153.8 hereof shall not apply to taxpayers-issuers of securities
in transactions on placement, repayment, redemption, conversion and re-selling as well as
the makers, mortgagors or other persons who issued relevant order or debt instrument at is-
issue and redemption of these securities.
The provisions of clause 153.8 hereof shall not apply to transactions on contribution by the taxpayer of funds or assets property to the authorised capital of a resident or non-resident legal entity in exchange for his corporate rights subject to conditions of repayment to the taxpayer of funds or assets (property rights) previously contributed by him to the authorised capital of the issuer of corporate rights in the event of such a taxpayer belongs to the founders (members) of the issuer or liquidation of the issuer.

The financial results in transactions on sale or other alienation of corporate rights in form other than securities form, shares, stock of private companies, securities issued by non-residents shall calculated as the difference between the income from such alienation and the amount of expenses incurred in connection with the acquisition of securities other than securities and corporate rights.

Income earned from these transactions is included to the income considered in determination of the taxable item, and losses — to the expenses considered in determination of the taxable item.

Securities conversion transactions are not subject to tax.

Transactions on purchase and sale of securities and other financial instruments that are carried with involvement of the person conducting clearing activities and acting as a central counterparty in accordance with the Law of Ukraine “On Securities and Stock Market” are not included to gross income and gross expenses of the person (other than transactions that carried out for the benefit of such persons).

The provisions of clause 153.8 of Article 153 hereof shall not apply to repo transactions.

The financial result in such transactions of the taxpayer is determined under the rules determined by accounting provisions (standards) and is taxable in accordance with the general procedure. If the taxpayer did not fulfil his obligations on resale (sale) of securities within the period established by repo agreement the transaction is taxable in the manner prescribed in clause 153.8 of Article 153 hereof.

The provisions of clause 153.8 of Article 153 hereof shall not apply to transactions with derivatives. In transactions with derivatives the financial result of the taxpayer from such a transaction for the reporting tax period shall be determined in accordance with accounting regulations (standards) and shall be taxable in general manner.

The standard rates of regular prices stipulated herein shall not be applied in repo transactions or transactions with derivatives.

Originals of the following documents may be considered as source documents for confirmation of income and expenses from transactions with securities and derivatives traded in stock:

for security brokers listed in stock exchange — market report for the reporting period;

for taxpayers who are the customer of the brokers listed in stock exchange — report of the security broker formed on the basis of market report and agreement with the trader.
153.10. Income and expenses from barter operations shall be determined in accordance with the contract price of a transaction, but shall not be lower (higher) than the regular prices.

153.11. The tax provided for in this section shall not be paid from the amount of excess of income over expenses related to the issue and holding of public money lotteries.

153.12. Taxation of income drawn by the taxpayer under agreement on product distribution shall be made subject to provisions of Section XVIII hereof.

153.13. Peculiarities of taxation of activity carried out under property management agreements

153.13.1. A taxpayer who received property under trust management agreement (manager) shall keep accounting of income and expenses in terms of each trust management agreement separately from his personal records.

153.13.2. The composition of income in a separate record shall include the income from property management, drawn in any form.

153.13.3. The composition of expenses in a separate record shall include any expenses that are deemed to be expenses in accordance with Articles 138–143 hereof, including the manager’s fee.

For purposes of this sub-clause in a separate record the depreciation of fixed assets, received into management, shall be carried out subject to their balance value at the time of their transfer into management.

153.13.4. Income drawn from every management agreement shall be taxed on general basis and the tax shall be paid to the budget by the property manager.

153.13.5. Income shall be paid out to the manager only upon taxation of income subject to sub-clause 153.13.4 hereof.

153.13.6. The amount of income received shall not be included to the manager’s composition of income and expenses of asset manager.

153.13.7. The amount of fee withheld (paid) for asset management shall be included to composition of income of the asset manager drawn from his own activity.

153.13.8. For tax purposes business relations between the parties to management agreement shall be equivalent to relationship based on individual civil contracts in accordance hereunder.

153.13.9. The form for reporting the results of activity carried out under asset management agreements shall be determined by central executive authority ensuring the formation and implementation of the national tax and customs policy;
153.13.10. The provisions hereof shall not apply to asset management transactions of collective investment schemes, bank management funds, construction financing funds and real estate funds incorporated under the applicable legislation.


153.14.1. Joint activity without formation of a legal entity shall be carried out under the joint venture agreement.

153.14.2. The account of results of joint activity shall be carried out by the taxpayer or other parties entitled thereto under the terms of applicable agreement separately from accounting of business results of such a taxpayer.

153.14.3. Payment (accounting) of part of income drawn by members of joint activity shall be taxed at the rate specified in clause 151.1 of Article 151 hereof by a person authorised to keep records of the results of joint activity prior to or at the time of such payment being made.

153.14.4. In case the expenses from joint activity shall exceed the from the joint activity during the reporting period, such losses shall be transferred to decrease of income of future reporting periods from such joint activity during the periods stipulated herein.

153.14.5. For tax purposes business relations between the members of joint activity shall be equivalent to relations based on individual civil contracts in accordance hereunder.

153.14.6. The procedure for accounting and reporting of results of joint activity shall be determined by the central executive authority ensuring the formation and implementation of the state tax and customs policy according to provisions hereof.

153.15. Peculiarities of accounting during the restructuring of legal entities.

153.15.1. The amount of funds, claims, cost of tangible and intangible assets acquired from a legal entity that terminates due to restructuring shall not be included to composition of income of the taxpayer-successor.

The objects of fixed and intangible assets of a legal entity that terminates due to restructuring shall be included to composition of relevant groups of fixed and intangible assets of the taxpayer-successor at balance value as of the date of approval of deed of acceptance and is subject to depreciation in the manner herein prescribed.

The cost of inventories accounted in accounting of a legal entity that terminates shall be included to the cost of the successor’s inventories as of the date of approval of the deed of acceptance.

In case the date of increase of expenses incurred (calculated) by a legal entity that terminates as specified herein shall not occur prior to approval of the deed of acceptance, such expenses shall be included to the records of the taxpayer-successor. Such a taxpayer-successor shall
acquire the right to increase the expenses in general manner prescribed herein. The same rule shall apply to the following:

amount of expenses accounted in accordance with this section in special manner (expenses for acquisition of securities, derivatives etc.) and not accounted for the purpose of reduction of the taxpayer’s income prior to approval of the deed of acceptance;

amount of income drawn (calculated) by the taxpayer that terminates and not included to income prior to approval of the deed of acceptance.

The negative value of taxable item of the reporting period accounted by the taxpayer that terminates as of the date of approval of the deed of acceptance shall be included to composition of expenses of the taxpayer-successor. The same shall apply to amount of the negative value accounted in special manner under this section by the taxpayer that terminates (negative value for transactions with securities, derivatives, claims etc.).

The provisions stipulated in the eighth paragraph hereof shall not apply in case the taxpayer (taxpayers) that terminates (terminate) and the taxpayer-successor had been the associated persons for less than eighteen consecutive months prior to completion of affiliation.

The composition of expenses (income) stipulated in this sub-clause and their calculation shall be determined according to accounting records and documents of the legal entity that terminates as of the date of approval of deed of acceptance.

153.15.2. When holding restructuring in form of merger, affiliation, transformation of the legal entity providing for the exchange of shares (corporate rights) in the legal entity that terminates for the shares (corporate rights) in a legal entity-successor, the value of shares (corporate rights) in accounting of the shareholder (member) shall be determined in amount of value of shares (corporate rights) of the legal entity the issue of which was cancelled (terminated etc.) due to restructuring.

When holding restructuring in form of separation (detachment) providing for the distribution of shares (corporate rights) between the shareholders (members) of the legal entities formed after restructuring, the value of such shares (corporate rights) in the accounting of shareholders (members) shall be determined in amount equal to the value of fraction of shares (corporate rights) in the legal entity subject to restructuring, proportional to the value of the net assets of the legal entity, formed after restructuring, and total value of net assets of the legal entity subject to restructuring. The value of net assets of legal entities referred to herein shall be determined according to the data of distribution balance as of the date of approval thereof.

Article 154. Tax exemption

154.1. Tax-exempt is the income of enterprises and organizations incorporated by non-government organizations of the disabled and is complete owned by them, drawn from the sale (supply) of goods, execution of works and provision of services, except for excisable goods, services on delivery of excisable goods received under commission agency (consignment) contracts, agency
contracts, trust agreements and other civil contracts entitling such a taxpayer to supply goods for and on behalf of another person without transfer of title thereto, when the number of the disabled persons employed full-time during the previous reporting (tax) period made at least 50 percent of the average number of the accounted staff employees provided that the payroll of such disabled persons during the reporting period made at least 25 percent of total labour expenses.

The enterprises and organizations incorporated by non-government organizations of the disabled shall have the right to use this benefit provided they have the relevant permission for the use thereof issued by an authorised authority in accordance with the Law of Ukraine “On Basic Principles of Social Protection for Persons with Disabilities”.

In case of violation of requirements to special-purpose use of tax-exempt funds the taxpayer must increase the tax liabilities in the relevant tax according to the results of the tax period that such violation falls within and pay an interest fine accrued in accordance with the provisions hereof.

Enterprises and organizations covered by this clause shall be registered in the relevant regulatory authority in the manner provided for the relevant taxpayers.

154.2. Income of enterprises drawn from the sale of baby food of own production in the customs territory of Ukraine baby food products of own production that is aimed at increasing the scope of production and reduction of retail prices for such products shall be tax-exempt.

The list of baby food products shall be determined by the Cabinet of Ministers of Ukraine.

154.3. The income of Chernobyl Nuclear Power Plant shall be tax-exempt for the period of preparation for withdrawal and withdrawal from operation of nuclear power plant units in case such funds are used for financing of activities in preparation for withdrawal and withdrawal from operation of Chernobyl nuclear power plant units and transformation of the Shelter facility into an environmentally friendly system.

In case of violation of requirements to special-purpose use of tax-exempt funds the taxpayer must increase the tax liabilities in the relevant tax according to the results of the tax period that such violation falls within and pay interest fine accrued in accordance with the provisions hereof.

154.4. Tax-exempt is the income of enterprises drawn through international technical assistance or out of the funds provided for in the state budget as contribution of Ukraine to the Chernobyl Shelter Fund for the purpose of implementation of international program “Plan for Implementation of Measures in Shelter Facility Subject to Framework Agreement between the European Bank for Reconstruction and Development and Ukraine for Further Operation, Preparation for Withdrawal and Withdrawal of Chernobyl Nuclear Power Plant Units from Operation, Transformation of Shelter Facility into an Environmentally Friendly System and Provision of Social Protection to the Staff of Chernobyl Nuclear Power Plant”.

In case of violation of requirements to special-purpose use of tax-exempt funds the taxpayer must increase the tax liabilities in the relevant tax according to the results of the tax period
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that such violation falls within and pay interest fee accrued in accordance with the provisions hereof.

154.5. Tax-exempt is the income of such state enterprises as International Children Centre “Artek” and Ukrainian Children Centre “Moloda Hvardiia” drawn from carrying out activity for children’s rest and recreation.

154.6. For the period from April 1, 2011 to January 1, 2016 the rate of 0 percent shall apply to the income tax payers, whose amount of income for each reporting tax period on accrual basis from the beginning of the year does not exceed three million UAH and accrued for each month of the reporting period of wages (income) of the employees employed with the taxpayer, no less than two minimum wages the amount of which is established by law and meeting either of the following criteria:

a) formed in the manner prescribed by law after April 1, 2011;

b) operating ones, who declared their annual income for the three consecutive previous years (or for all the previous periods in case at least three years since incorporation passed) in amount not exceeding three million UAH and whose average accounting number of employees during this period did not exceed 20 persons;

c) that were registered as single tax payers in the manner prescribed by law during the period of this Code coming into effect and whose scope of income drawn from sales of products (goods, works, services) for the last calendar year made up to one million UAH and average accounting number of employees made up to 50 people.

However, if the taxpayers applying the provisions of this clause in any accounting period reached the level of income drawn, average accounting number of employees and average wages of employees, where at least one of them does not meet the criteria specified herein, the taxpayers shall tax the income drawn in this reporting period at the rate specified in clause 151.1 of Article 151 hereof.

This clause shall not apply to business entities that:

1) were incorporated within the period upon coming of this Code into effect through restructuring (merger, affiliation, detachment, separation, transformation), privatization and corporatization;

2) carry out:

2.1) entertainment activities specified in sub-clause 14.1.46 of clause 14.1 of Article 14 of Section I;

2.2) production, wholesale trade in, export and import of excise goods;

2.3) production, wholesale and retail trade in fuels and lubricants;

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2.4) extraction, serial production and manufacturing of precious metals and precious stones, including organogenic formations subject to licensing under the Law of Ukraine “On Licensing of Certain Types of Economic Activity”;

2.5) financing activity (gr. 65 — gr. 67 of Section J of the Ukrainian Industry Classification the Classifier of Economic Activities KVED DK 009:2005);

2.6) currency exchange activity;

2.7) extraction and sale of minerals of national importance;

2.8) real estate transactions, leasing (including leasing out of commercial sites in markets and/or commercial facilities) (gr. 70, 71 of the Ukrainian Industry Classification the Classifier of Economic Activities KVED DK 009:2005);

2.9) activity in provision of mailing and communication services (gr. 64 of the Ukrainian Industry Classification the Classifier of Economic Activities KVED DK 009:2005);

2.10) activity on arrangement of bids (public sales) for works of art, collectibles or antiques;

2.11) activity on provision of services in the sphere of television and radio broadcasting according to the Law of Ukraine “On Television and Radio Broadcasting”;

2.12) security activity;

2.13) foreign economic activity (except for activities in information sphere);

2.14) tolling production;

2.15) wholesale trade and wholesale trade mediation;

2.16) activity in the sphere of electric energy, gas and water production and distribution;

2.17) activity in the spheres of law, accounting, engineering; corporate services (gr. 74 of the Ukrainian Industry Classification the Classifier of Economic Activities KVED DK DK 009:2005).

The taxpayers referred to in sub-clauses “a”, “b”, “c” hereof who distribute and pay dividends to their shareholders (owners) shall accrue and contribute to the budget the advance tax payment in the manner prescribed in sub-clause 153.3.2 of clause 153.3 of Article 153 hereof and pay income tax at the rate determined in clause 151.1 of Article 151 hereof in the reporting tax period, in which the distribution and payment of dividends took place.

154.7. Tax-exempt is the income of private preschool and general secondary educational establishments drawn from provision of educational services.
154.8. Tax-exempt is the income of the enterprises of fuel and energy complex within the scope of actual expenses that do not exceed total annual amount:

as provided for in investment programs approved by the national commission carrying out the state regulation in the sphere of energy, for capital investments to construction (reconstruction, modernization) of inter-state, main and distribution (local) power networks, power plants, thermal stations, main gas pipelines, gas distribution networks, underground gas storages and installation of gas meters with the population, including the amounts aimed at repayment of loans that were used for financing of the above objectives;

as stipulated for under the projects financed from the funds of natural monopoly entities, electric and/or heat energy producers in accordance with decisions of the Cabinet of Ministers of Ukraine;

expenses forming the part of investment constituent as approved by the national commission carrying out the state regulation in the sphere of energy, required for repayment of loans, investments, redemption of bonds (debt securities) issued (received) by power generating companies, for the purpose of financing of capital investments in construction (reconstruction, modernization) of equipment of power plants and thermal stations subject to the plan of construction (reconstruction, modernization) as approved by the Cabinet of Ministers of Ukraine.

154.9. Tax-exempt is the income of business entities who carry out activity on water and heat supply and sanitation within the limits of expenses provided for in the investment programs approved by local authority (within its jurisdiction) and approved by the national commission carrying out the state regulation in the sphere of utilities (for facilities regulated by such a commission) for capital investments in construction (reconstruction, modernization) of water and heat supply and sanitation facilities and/or amounts aimed at repayment of loans used for financing the objectives indicated.

**Article 155. Tax treatment of producers of agricultural products**

The enterprises whose core activity is the production of agricultural products as determined subject to Article 209 hereof shall pay tax in the manner and in the amount prescribed herein subject to results of the reporting tax period.

The enterprises whose core activity is the production of agricultural products shall submit their tax returns within the period prescribed by the legislation as the annual tax period.

The amount of tax accrued shall be reduced by the amount of land tax used in agricultural production turnover.

For tax purposes the enterprises whose core activity is the production of agricultural products shall mean the enterprises, whose income drawn from sales of agricultural products of their own production for the previous reporting (tax) year exceeds 50 percent of total income amount.
The first paragraph hereof shall not apply to enterprises, whose core activity is the production and/or sales of products of floral and design plant production, wild plant production, wild animal breeding and poultry farming, fish breeding (except for the fish caught in rivers and enclosed waters), fur production, alcoholic beverages, beer, wine and wine materials production (except for the wine materials sold for the purpose of further processing) that are taxable in general manner.

**Article 156. Specifics of the Insurer Taxation**

156.1. Insurer’s income, besides the provided by Articles 135 and 136 hereof, also include the insurance activity income.

156.1.1. For taxation purposes the insurance activity income is understood as the amount of insurer’s incomes accrued during accounting period, including but not limited to, in the form of:

1) the insurance payments, insurance fees, insurance premiums accrued by the insurer under risk insurance, co-insurance and reinsurance contracts in the territory of Ukraine or abroad during accounting period, reduced by the amount of insurance payments, insurance fees, insurance premiums, considering the provisions of this subparagraph, accrued by the insurer under reinsurance contracts. Thus insurance payments, insurance fees, insurance premiums under co-insurance contracts are included into insurer’s (co-insurer’s) income only at a rate of his insurance premium share provided by co-insurance contract;

2) the investment income accrued by the insurer from investment of life assurance reserve funds;

3) the amount of compensations payable to the insurer under insurance, co-insurance and reinsurance contracts concluded;

4) the income from exercising the recourse claim right of the insurer to the insurant, or other person responsible for caused losses, in terms of exceeding the insurance indemnities paid;

5) accrued interest on deposited risk premiums accepted in reinsurance;

6) the amount of sanctions for non-fulfilment of insurance contract obligations determined by the debtor voluntarily or upon court order;

7) the amount of compensations accrued by the insurer for rendering of surveyor’s, average commissioner’s and adjuster’s, insurance broker’s and the agent’s services by him;

8) the amounts of insurance payments part return (fee, bonus) under reinsurance contracts in case of their early termination;

9) remunerations and tantiemes (the form of compensation for the insurer from the reinsurer) under reinsurance contracts;
10) Other income accrued by the insurer within insurance activity.

156.1.2. Within the context of this Article:

1) the “surveyor” should be understood as a natural person or a legal entity, which carries out object inspection before its underwriting and after loss occurrence, and also finds out the reasons of the insured event;

2) the “average commissioner” should be understood as a natural person or a legal entity, who finds out the reasons of the insured event, determines the amount of loss and meets qualification criteria, as required by Law;

3) the “adjuster” should be understood as a natural person or a legal entity, who takes part in solution of problems on insurant’s claims settlement in connection with loss occurrence, also carries out loss assessment after the insured event and assesses the recovery amount repayable, based on insurer’s liabilities.

156.2. Tax rate.

156.2.1. During carrying out of insurance activity, provided by clause 156.1 of this Article, the taxes are charged at a rate provided by sub-clause 151.2.1 clause 151.2 Article 151 hereof.

156.2.2. During carrying out of insurance activity, provided by clause 156.4 of this Article, the taxes are charged at a rate provided by sub-clause 151.2.2 clause 151.2 Article 151 hereof.

156.2.3. Insurer’s income from other activity, not associated with insurance activity, and also the income earned by insurer-assignor during accounting period from reinsurers under reinsurance contracts, reduced by the amount of insurance payments made by the insurer-assignor (insurance indemnity) to the extent when the reinsurer bears responsibility under reinsurance contracts entered into with insurer-assignor, is taxable within the period and under procedure specified in this Code, at a rate provided by clause 151.1 Article 151 hereof.

156.3. Tax calculation procedure.

156.3.1. Taxpayers keep individual records of income and costs accounting, associated with carrying out of insurance activity, which are taxable at rates provided by, clause 151.2 Article 151 hereof, and other activity, not associated with insurance activity, which is taxable at a rate provided by clause 151.1 Article 151 hereof.

156.3.2. Accrued costs of the insurer for the accounting period, associated at the same time with acquisition of income from insurance activity, other activity not associated with insurance activity, are divided proportionally to income share accrued from insurance activity, and income from other activity, not associated with insurance activity.

156.4. Specifics of taxable item determination from carrying out of insurance activity in life assurance.
156.4.1. Taxable item from carrying out of insurance activity in life assurance is the income from insurance activity in life assurance, determined according to this Article considering the requirements provided by sub-clause 153.1.7 clause 153.1 Article 153, subject to compliance with the requirements to execution of long-term life assurance contracts, provided by sub-clause 14.1.52 clause 14.1 Article 14 hereof.

156.4.2. In case if long-term life assurance or non-state pension provision contract during the first five years of its validity cancelled for any reason (except as provided by sub-clause 156.4.4 of this clause) before termination of its minimum validity term or before loss occurrence, as a result of which full or partial insurance payment or absolute cancellation of insurer’s obligations takes place, then the taxpayer, who increased costs according to the provisions of clause 142.2 Article 142 hereof, is obliged to include into his income for relevant accounting period the amount of such prepaid payments, fees, premiums with the interest fine in the amount of 120 percent of accounting rate of National Bank of Ukraine, which was effective at the date of creation of insurant's tax liabilities. Such liability is calculated from the beginning of tax period, following the period, during which such taxpayer increased costs by the amount of such insurance payments under such contract for the first time, to the day of tax declaration submission based on the results of the tax period, the fact of such early termination or violation of specified requirements falls on. Thus the surrender value or its part returned to the taxpayer by the insurer, is not included in such taxpayer’s income.

156.4.3. Punitive penalties for understatement of taxable item as provided by this clause, apply neither to the insurer, nor to the taxpayer.

156.4.4. Long-term life assurance contract, under which the insurant is an employer, can provide the following:

substitution of insurant (employer) by a new insurant, who can be either a new employer, or insured person, in case of dismissal of insured person;

substitution of insurer by a new insurer.

Thus such substitution of insurant (insurer) should be proved by a trilateral arrangement between the insurant (insurer), new insurant (insurer) and insured person.

Article 157. Taxation of non-profit institutions and organizations

157.1. This Article is applied to non-profit institutions and organizations, registered in accordance with the requirements of legislation and duly added by regulatory authorities to a Register of non-profit institutions and organizations, such as:

a) Public authorities of Ukraine, local government authorities, National Academy of Sciences of Ukraine and institutions or organizations founded by them and funded through the appropriate budgets;

b) charity funds and welfare organizations, established as provided by applicable law for carrying out of charitable activity; public organizations, founded for rendering rehabilitation,
physical services for persons with disabilities (disabled children) and social services, legal assistance, carrying out of environment-related, recreational, amateur sporting, cultural, educational, and scientific activities, and also creative unions and political parties, public organizations of persons with disabilities, unions of public organizations of persons with disabilities and their local centres, established as provided by applicable law; research institutions and higher educational institutions III — IV levels of the accreditation, added to the State register of scientific institutions, supported by government; reservation parks, museums and conservation areas;

c) credit unions, pension funds, established as provided by applicable law;

d) legal entities other than specified in sub-clause “b” of this clause, which activity does not provide profit earning according to the provisions of applicable laws;

e) unions, companies and other associations of legal entities created for representation of founders’ (members, participants) interest, funded only at the expense of such founders’ (members, participants) contributions and do not carry out business activity, except for acquisition of passive income;

f) religious organizations registered as prescribed by law;

g) housing cooperatives and apartment building co-owners associations;

h) trade unions, their associations and guilds, and also employers’ organizations and their associations, created as provided by applicable law;

i) employers’ organizations and their associations, created as provided by applicable law;

j) horticultural and garage cooperatives or companies, created as provided by applicable law.

157.2. Incomes of nonprofit organizations, specified in sub-clause “a” clause 157.1 of this Article, are tax exempt, when obtained in the form of:

funds or property donated or obtained in the form of gratuitous financial aid or voluntary donations;

passive income;

funds or property, incoming to such non-profit organizations as costs compensation obtained from government services, including incomes from public educational institutions, from goods production and sale, execution of work, rendering services, including from rendering of paid services, associated with their core statutory activity;

donation or grants, obtained from state or local budget, state specialized funds or within technical or charity support, including humanitarian aid, except for donations for regulation of prices for paid services rendered to such non-profit organizations or their customers through them in accordance with legislation, for reduction of such prices.
157.3. Incomes of non-profit organizations, specified in sub-clause “b” clause 157.1 of this Article are tax exempt, when obtained in the form of:

- funds or property donated or obtained in the form of gratuitous financial aid or voluntary donations;
- passive income;
- funds or property obtained by such non-profit organizations from carrying out of their core activity, considering the provisions of clause 157.13 of this Article;
- donation or grants, obtained from state or local budget, state specialized funds or within technical or charity support, including humanitarian aid, except for donations for regulation of prices for paid services rendered to such non-profit organizations or their customers through them in accordance with legislation for reduction of such prices.

157.4. Incomes of non-profit organizations, specified in sub-clause “c” clause 157.1 of this Article, are tax exempt, when obtained in the form of:

- funds, obtained by credit unions or pension funds in the form of contributions for non-state pension provision or contributions for other needs, provided by law;
- incomes from conducting asset management (including passive income) non-state pension funds and credit unions, pension deposits, accounts of bank administration funds participants according to law in this behalf;
- donation or grants, obtained from state or local budget, state specialized funds or within technical or charity support, including humanitarian aid, except for donations for regulation of prices for paid services rendered to such non-profit organizations or their customers through them in accordance with legislation, for reduction of such prices.

157.5. Incomes of non-profit organizations, specified in sub-clause “d” clause 157.1 of this Article, are tax exempt, when obtained in the form of:

- single or periodical fee, contributions from founders and members;
- funds or property obtained by such non-profit organizations from carrying out of their core activity and in the form of passive income;
- donation or grants, obtained from state or local budget, state specialized funds or within technical or charity support, including humanitarian aid, except for donations for regulation of prices for paid services rendered to such non-profit organizations or their customers through them in accordance with legislation, for reduction of such prices.

157.6. Incomes of non-profit organizations specified in sub-clause “e” clause 157.1 of this Article, are tax exempt, when obtained in the form of:
single or periodical fee from founders and members;

passive income;

donation or grants, obtained from state or local budget, state specialized funds or within
technical or charity support, including humanitarian aid, rendered to such non-profit or-
ganizations in accordance with the provisions of international contracts, consent to be bound
by which was given by the Verkhovna Rada of Ukraine, except for donations for regulation of
prices for paid services rendered to such non-profit organizations or their customers through
them in accordance with legislation, for reduction of such prices.

157.7. Incomes of non-profit organizations, specified in sub-clause “f” clause 157.1 of this
Article, are tax exempt, when obtained in the form of:

funds or property donated or obtained in the form of gratuitous financial aid or voluntary
donations;

any other income from rendering ceremonial services, and also passive income.

157.8. Incomes of non-profit organizations, specified in sub-clause “g” clause 157.1 of this
Article are tax exempt, when obtained in the form of fees, funds or property, obtained by
such non-profit organizations for provision of needs of their core activity and in the form of
passive income.

157.9. Incomes of non-profit organizations, specified in sub-clause “h” clause 157.1 of this
Article, are tax exempt, when obtained in the form of entry, membership and tar-
get fees, contributions of enterprises, institutions and organizations to cultural events,
health and fitness activity, gratuitous financial aid or voluntary donations and passive
incomes, and also cost of property and the services, obtained by primary trade union
organization from the employer in accordance with the provisions of trade union con-
tract (agreement), for provision of business environment of such trade-union organiza-
tion according to Article 42 of the Law of Ukraine “On Trade Unions, Their Rights and
Activities”.

Incomes of non-profit organizations, specified in sub-clause “i” clause 157.1 of this Article,
are tax exempt, when obtained in the form of entry, membership and target fees, gratuitous
financial aid or voluntary donations and passive income.

Incomes of nonprofit organizations, specified in sub-clause “j” clause 157.1 of this Article, are
tax exempt, when obtained in the form of single or periodical fees, gratuitous financial aid or
voluntary donations and passive income.

157.10. Funds or property of non-profit organizations, except for non-profit organizations
specified in sub-clauses “a” and “c” clause 157.1 of this Article, are not subject to distribution
among their founders, participants or members and cannot be used for personal gain of any
individual founder, participant or member of such non-profit organizations, their officials
(except for payment for their work and benefits-related deduction).
Incomes of non-profit organizations, specified in sub-clause “a” clause 157.1 of this Article, including incomes of educational, scientific, cultural institutions, health facilities, archive institutions and rehabilitation centres for persons with disabilities and disabled children, which have appropriate license, funded at the expense of budget funds, charged to cost estimate (to specified account) for funding of such non-profit organizations and used solely for such cost estimate financing (including funding of business activity in accordance with their charters), calculated and approved as provided by the Cabinet of Ministers of Ukraine.

In case if, based on the results of accounting (taxation) year, incomes charged to cost estimate for funding of specified organizations, exceed the amount established by cost estimate, excess amount is offset against next year cost estimate.

Thus from the amount of budget surplus of specified non-profit organizations, the tax provided by clause 151.1 of Article 151 of this section is not subject to payment.

List of paid services, which can be rendered by specified institutions, is determined by Cabinet of Ministers of Ukraine.

Incomes of non-profit organizations, specified in sub-clause “c” clause 157.1, are distributed solely among their participants as provided by applicable law.

157.11. In case if non-profit organization obtains income from sources, other than specified by clauses 157.2–157.9 of this Article, such non-profit organization is obliged to pay a profit tax, determined as the amount of incomes obtained from such other sources, reduced by the amount of costs associated with acquisition of income, but not exceeding the amount of such income.

In determination of taxable profit amount in accordance with first paragraph of this clause, the amount of depreciation costs is not taken into account.

157.12. For taxation purposes, Central executive authority responsible for the formation and implementation of state taxation and customs policy, keeping the Register of all non-profit organizations and their separate divisions are tax exempt according to the provisions of this clause.

The right of non-profit organizations to enjoy benefits in profit taxation arises after adding of such organization to the Register non-profit organizations and institutions by regulatory authorities as provided by applicable law.

State registration of non-profit organizations is performed as provided by applicable law.

Re-registration of non-profit organization as provided by applicable law is performed without making any payments by such non-profit organization.

157.13. In case of liquidation of non-profit organization, its assets shall be transferred to one or several non-profit appropriate organizations, or added to budget income, unless otherwise provided by the law, which regulates the activity of such non-profit organizations.
157.14. Central executive authority responsible for the formation and implementation of state taxation and customs policy, establishment of the accounting procedure and submission of tax reporting of funds allocation of non-profit organizations (provided by sub-clause “h” clause 157.1 of this Article, in terms of accounting and submission of profit tax reports) and solving the problem of removal of non-profit organizations and institutions from the Register and their profit taxation in the event of breach of provisions of this Code and other legal acts of non-profit organizations. Breach of provisions also includes using of tax exempt funds for the purposes not provided by the charter, particularly for carrying out of business activity. Funds or property, used for purposes other than intended, are considered to be an income and taxable at a rate specified in clause 151.1 Article 151 hereof. Decision of Central executive authority responsible for the formation and implementation of state taxation and customs policy can be appealed through the courts.

157.15. The term “government services” should be understood as any paid services, for which the obligation of obtainment is provided by law and which are rendered to natural persons or legal entities by executive authorities, local government authorities and institutions or organizations founded by them, funded through the appropriate budgets. The term “government services” does not include taxes, fees, and payments, provided by this Code.

Within the context of this sub-clause, the term “core activity” should be understood as activity of non-profit organizations, defined as principal for them by the law regulating the activity of corresponding non-profit organizations, including rendering rehabilitation, physical services for persons with disabilities (disabled children), charity support, educational, cultural, scientific, social and other similar services for public use, creation of social assistance systems for citizens (non-state pension funds and other similar organizations).

Core activity also includes goods sale by a non-profit organization, execution of work, rendering services, that promote principles and ideas, for which protection such non-profit organization was founded, and closely related to its core activity, if the cost of such goods, works executed, services rendered is lower than regular or if such cost is regulated by government.

Core activity does not include goods supply operations, works execution, rendering services by non-profit organizations, specified in sub-clauses “c” — “e” clause 157.1 of this Article, persons, other than founders (members, participants) of such organizations. Cabinet of Ministers of Ukraine can impose temporary restrictions concerning application of the provisions of this clause to sale of certain goods or services by non-profit organizations in case if such sale threatens or contradicts competition rules in certain goods market, upon availability of sufficient evidence, presented by persons who subject to this taxation and supply similar goods, execute works, render services, about such breach. Foundation documents of non-profit organizations shall include exhaustive list of activity types, which do not provide profit earning according to the laws, regulating their activity.

157.16. Incomes of non-profit organizations obtained in the form of funds, such as arbitration charge, are tax exempt.
Article 158. Specifics of taxation of business profits due to adoption of energy-efficient technology

158.1. 80 percent of business profits on sales on customs territory of Ukraine of own-produced goods according to the list determined by Cabinet of Ministers of Ukraine are tax exempt:

- facilities operating on renewable energy sources;
- materials, feedstocks, facilities and component parts, which will be used in renewable sources energy production;
- energy-efficient equipment and materials, products, which operation provides saving and efficient use of fuel and energy resources;
- fuel and energy resources consumption measuring, monitoring and control device;
- alternative fuels production facilities.

The taxpayer shall provide separate accounting profit or loss, obtained from goods sale, specified in the first paragraph of this clause on customs territory of Ukraine.

Funds released in connection with granting tax exemptions are allocated to growth in production by a taxpayer as provided by Cabinet of Ministers of Ukraine.

In the event of breach of funds intended use, a taxpayer is obliged to specify the untaxed profit in connection with granting tax exemptions, put a tax on it during current period, and pay interest fine for the relevant period in the amount determined herein.

158.2. 50 percent of profit, obtained from implementation of energy-efficient actions and implementation of energy-efficient projects of enterprises added to State register of enterprises, institutions, organizations, which perform development, adaptation and use of energy-efficient actions and energy-efficient projects, are tax exempt.

State register of enterprises, institutions, organizations, which perform development, adaptation and use of energy-efficient actions and energy-efficient projects includes the enterprises, institutions, organizations, involved in industrial programs on energy efficiency, and based on the results of expert examination as provided by central executive authority, responsible for the formation of national policy in the field of efficient use of fuel and energy resources, energy saving, and received the decision of central executive authority, responsible for implementation of national policy of efficient use of fuel and energy resources, energy saving, about conformity of implemented energy-efficient actions and energy-efficient projects, or are on development and adaptation stage, energy efficiency criteria and involved in industrial programs on energy efficiency.

Maintenance of State register of enterprises, institutions, organizations, which perform development, adaptation and use of energy-efficient actions and energy-efficient projects, is
entrusted to central executive authority, responsible for implementation of national policy in efficient use of fuel and energy resources, energy saving. Procedure of adding enterprises to State register of enterprises, institutions, organizations, which perform development, adaptation and use of energy-efficient actions and energy-efficient projects, approved by central executive authority, responsible for the formation of national policy in efficient use of fuel and energy resources, energy saving.

During implementation of energy-efficient actions and energy-efficient projects such a taxpayer shall provide separate accounting for profit or loss, obtained from implementation of above-mentioned actions and implementation of projects in accordance with the procedure established in clause 152.11 of Article 152 of this Code.

158.3. Provisions of clauses 158.1 and 158.2 of this Article will be effective during five years from the moment of receipt of the first profit owing to the improvement of production energy efficiency.

Article 159. Uncollectable and doubtful debt

159.1. Settlement procedure of uncollectable and doubtful debt.

159.1.1. The taxpayer-seller of goods, works, services has a right to reduce the income amount of accounting period by the cost of shipped goods, executed works, rendered services in the current or previous accounting tax periods in the event if such goods, works, services buyer delays, without coordination with such taxpayer, payment of their cost (other kinds of compensation of their value). Such right to reduce the income amount arises if during the accounting period any of the following events happens:

a) the taxpayer files a petition in court to collect debts from such buyer or to initiate proceedings of his bankruptcy or recovery of pledged property;

b) according to seller’s recourse to a court, notary officer issues executive inscription of debt collection from buyer or recovery of pledged property (except for tax debt).

The taxpayer-seller, who reduced the income amount of the accounting period by the cost of shipped goods, executed works, rendered services, according to the first paragraph of this sub-clause, is obliged at the same time to reduce the amount of expenses of this accounting period by the prime cost of such goods, works, and services.

The provisions of this clause do not apply to interest and commission fee, in respect of which insurance reserve was formed due to increase in expenses according to clause 159.2 of this Article.

159.1.2. The taxpayer-seller is obliged to reduce the expenses by the amount of debt outstanding, acknowledged by court or according to notary’s executive inscription, in the tax period, the effective date of court decision of acknowledgment (collection) of such indebtedness (its part) or issue of notary’s executive inscription falls on.
In case if court does not satisfy a claim (petition) of such seller or satisfies it in part, or does not admit the claim (petition) for proceeding, or satisfies buyer’s claim (petition) and declares invalid recovery demand of debt or its part (except for complete or temporal stay of proceedings, due to debt or its part recovery by the buyer after filing of claim (petition) by the seller), the taxpayer-seller is obliged to increase:

the income of relevant tax period by the amount of debt outstanding (its part), previously allocated to income reduction by him according to sub-clause 159.1.1 of this clause;

the expenses of relevant tax period for the prime cost (its part, determined in proportion to the amount of debt outstanding, included in the income according to this sub-clause) of goods, works, services, for which such indebtedness aroused, previously allocated to expenses reduction by him according to sub-clause 159.1.1 of this clause.

Additional tax liability, calculated from such increase in income and expenses, is penalized by the interest fine in the amount of 120 percent of annual accounting rate of National Bank of Ukraine, which was effective on the date of additional tax liability. The specified interest fine is calculated for the period from the first day of tax period, following the period, during which income and expenses reduction happened according to sub-clause 159.1.1 of this clause, till the last day of tax period, increase in income and expenses falls on, and paid regardless of taxpayer’s tax liability value for relevant accounting period. The indebtedness (its part) is not penalized if written off or instalment due to conclusion of amicable agreement in accordance with bankruptcy legislation, starting from the date of such amicable agreement.

159.1.3. Income and expenses reduction report with reference to the provisions of sub-clauses 159.1.1 and/or 159.1.2 of this clause taxpayer-seller or buyer submits to regulatory authorities the copies of documents supporting debt existence (sale and purchase agreements, court decision etc.) jointly with tax statement for the accounting tax period

159.1.4. Seller’s income reduction specified in sub-clause 159.1.1 of this clause, and buyer’s expenses reduction specified in sub-clause 159.1.2 of this clause, are not performed in respect of the debt (its part), which is paid off by the buyer before the due time, specified in these sub-clauses.

159.1.5. If during the subsequent tax periods the buyer repays the amount of acknowledged debt or its part (by himself or as per procedure of forced collection), such buyer increases (replaces) the costs for such indebtedness (its part) based on the results of tax period, such repayment falls within.

At the same time the seller, who reduced the income amount of the accounting period for the cost of shipped goods, executed works, rendered services, according to sub-clause 159.1.1 of this clause increases the incomes of indebtedness (its part) for such goods, works, services, repaid by the buyer, and increases the prime cost (its part determined in proportion to redeemed indebtedness) of such goods, works, services based on the results of tax period, such repayment falls within.
159.1.6. The indebtedness previously allocated to income reduction according to sub-clause 159.1.1 of this clause or repaid using the funds of insurance reserve according to clause 159.3 of this Article, which is declared uncollectable due to insufficient buyer's assets, declared bankrupt in accordance with the applicable procedure, or due to its repayment in accordance with the provisions of amicable agreement, concluded in accordance with bankruptcy legislation, does not change tax liabilities of both buyer and seller, in connection with such declaration.

159.2. Reserves creation specifics by banks and non-bank financial institutions.

159.2.1. Banks and non-bank financial institutions, except for insurance companies, non-state pension funds, corporate investment funds and administrators of non-state pension funds, create the reserves for recovery of possible loss in all kinds of credit transactions (except for off-balance-sheet transactions, excluding guarantees) by funds on correspondent accounts in other banks, securities purchased (including fixed-income mortgage certificates), other active bank transactions under applicable laws, including interest and commission fees charged for all these transactions (hereinafter referred to as insurance reserve).

Within the context of this sub-clause, the commission fee should be understood as payments to financial institution for conducting credit, securities and other active bank transactions.

The insurance reserve is created and written off by bank by itself at a rate and according to the procedure, established for banks by National Bank of Ukraine, and for non-bank financial institutions — by State Commission for Regulation of Financial Services Markets, and National Securities and Stock Market Commission by virtue of the authority, and included in expenses.

159.2.2. The amount of insurance reserve, created owing to increase in expenses of financial institution, cannot exceed:

for banks — 20 percent (for the period from April 1, 2011 to January 1, 2013–30 percent) of indebtedness for all transactions, specified in sub-clause 159.2.1 clause 159.2 of this Article, namely: unpaid principal amount and interest, as well as the commission fees charged and the amount of provided guarantees on the last business day of accounting tax period;

for non-bank financial institutions — the rate established by applicable law about relevant non-bank financial institutions, but not exceeding 10 percent of debt claim amount, namely: joint debtor liabilities of such non-bank financial institutions on the last business day of accounting tax period. The specified indebtedness does not include debtor liabilities arising during conducting operations other than core activity of financial institutions. The term “core activity” means operations determined by relevant Articles of law about non-bank financial institutions.

159.2.3. In the event if based on the results of accounting tax period, total amount of insurance reserve created as provided by sub-clauses 159.2.1 and 159.2.2 clause 159.2 of this Article, decreased (except when it decreases owing to recovery of debtor uncollectable debt by bank as required by law using the funds of creditor insurance reserve, and decrease of reserve...
creation standard in accordance with the law), surplus amount of insurance reserve, included in expenses, is directed to increase in bank income based on the results of such accounting period.

159.2.4. The procedure and sources of formation and utilization of reserves (funds) for deposits insurance of natural persons are established by a separate law.

159.3. Procedure of uncollectable debt recovery using the funds of insurance reserve by non-bank financial institutions.

159.3.1. The indebtedness, on which the creditor does not apply to court neither takes other measures, as required by the Law of Ukraine, regarding its collection before expiry of the statute of limitations, does not reduce creditor income in accordance with sub-clause 159.1.1 of this clause and cannot be repaid at the expense of his insurance reserves.

Principal debt which cannot be enforced from the debtor owing to conclusion of amicable agreement under the procedure of restoring debtor solvency or declaration of bankruptcy, established by law, does not reduce creditor income in accordance with sub-clause 159.1.1 of this clause, but can be repaid at the expense of his insurance reserves, created in accordance with this Article.

159.3.2. Creditor indebtedness that arouse as a result of non-fulfilment of liabilities on bills of exchange, is repaid using the funds of insurance reserve after declaration of bankruptcy of bill of exchange payer as required by law.

Creditor indebtedness on debt securities (except for bills of exchange) that arouse as a result of non-fulfilment of issuers’ liabilities, is repaid using the funds of insurance reserve after the issuer is declared bankrupt according to the procedure established by applicable law.

Indebtedness of financial institution from holding of shares and other equity securities, which issuers are declared bankrupt and under which state registration of such securities issue was cancelled, is repaid using the funds of insurance reserve, after proclamation of decision of securities issue cancellation by appropriate authorities, provided that such securities purchase agreements or equity payments were implemented by financial institution prior to notice of issue registry cancellation.

In the event if within the following tax periods the creditor effects a sale or otherwise alienates securities for adequate compensation, for which the indebtedness was previously repaid using the funds of insurance reserve, or gets any funds as a recovery of their cost, the amount of earned (accrued) income is included in creditor income based on the results of relevant tax period, during which such sale (alienation) happened.

159.3.3. The debtor uncollectable debt of the debtor declared a bankrupt as prescribed by law is repaid using the funds of creditor insurance reserve after court approval of the decision of declaring a debtor bankrupt. Funds obtained by creditor due to completion of liquidation procedure and sale of debtor’s property, are included in creditor income during tax period of yield income.
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In the event if the creditor provides a credit to debtor, against which bankruptcy proceeding was initiated, prior to credit agreement conclusion, and proclamation of information of such proceeding initiation (except when provision of financial credits within the terms of debtor rehabilitation procedure on the security of his equity rights), uncollectable credit indebtedness is repaid at creditor’s own expense.

Thus income of debtor declared bankrupt as prescribed by law, is not increased by the amount of specified uncollectable debt.

In the event if the creditor cannot apply to court for bankruptcy proceeding initiation considering that absolute claims of such creditor against debtor amount to less than 300 minimum earnings, such claim amount is included in creditor expenses.

159.3.4. The indebtedness secured by pledge is repaid as prescribed by applicable laws.

Pledge holder has a right to repay indebtedness part, which remained outstanding after recovery proceedings against mortgaged property by creditor in accordance with the provisions of the law and agreement (in a judicial proceeding or out-of-court) using the funds of insurance reserve.

In the event if in accordance with the law, after unjudicial recovery proceedings against mortgaged property, subsequent creditor’s claims to the debtor are considered void, or secured liability is considered abided and satisfied, indebtedness part exceeding the funds (estimated cost of property), actually obtained by creditor as a result of recovery proceedings against mortgaged property, is repaid using the funds of insurance reserve.

159.3.5. Uncollectable debt, which arouse as a result of debtor’s incapability to repay a debt because of force majeure circumstances or natural disaster, is repaid using the funds of creditor insurance reserve subject to availability of any of the following documents:

confirmation of beginning of force majeure circumstances or natural disaster by Chamber of Commerce and Industry of Ukraine in the territory of Ukraine;

confirmation from competent authorities of other country, legalized by consular institutions of Ukraine, in the event of force majeure circumstances or natural disaster in the territory of such state;

decree of the President of Ukraine about launch of environmental emergency in certain regions of Ukraine, approved by the Verkhovna Rada of Ukraine, or the decision of Cabinet of Ministers of Ukraine about declaration of certain regions of Ukraine suffered from flood, drought, fire or other natural disasters, including the decision of declaration of certain regions suffered from unfavourable weather conditions, which resulted in agricultural crop loss to the extent exceeding 30 percent of average yield for the previous five calendar years.

Thus debtor income does not increase by indebtedness amount, aroused due to his incapability to repay such indebtedness because of force majeure circumstances or natural disaster, during the whole period of such force majeure.

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159.3.6. Overdue indebtedness of enterprises, institutions and organizations, against the property of which recovery proceedings cannot be initiated, or those, which are not subject to privatization according to law, is repaid using the funds of creditor insurance reserve unless the specified indebtedness will be repaid otherwise within 30 calendar days from the date of overdue origin.

Thus the creditor within the time period prescribed by the law, is obliged to apply to court for loss indemnity, in connection with such credit provision. If the creditor does not apply to court within the time limits established by law or if the court dismisses or declines to consider the claim, the creditor is obliged to increase income by the amount of uncollectable debt during relevant tax period.

159.3.7. Overdue indebtedness of deceased natural persons, as well as declared missing persons by court or declared dead, is repaid using the funds of creditor insurance reserve after receipt of death certificate or after approval of court decision about declaration of death of missing natural persons provided that such decision was approved after the day of such credit agreement.

After repayment of overdue indebtedness under this sub-clause the creditor has the right to implement legal efforts concerning recovery uncollectable debt from the heritage of such natural person as prescribed by law.

159.3.8. Overdue indebtedness under the contracts, found invalid by the court fully or partially through debtor’s fault, is repaid using the funds of creditor insurance reserve unless the debtor repays indebtedness under the specified contracts within 30 calendar days after the date of approval of court decision concerning full or partial rescission of contracts.

Thus debtor income is increased by the amount of such indebtedness during tax period, court decision concerning full or partial rescission of contracts through debtor’s fault falls within.

159.3.9. Overdue indebtedness under the contracts or their parts, declared invalid by the court through creditor’s fault or of both parties, is repaid at the expense of return of creditor indebtedness by the debtor, and in the event of non-return within 30 calendar days — from the income that remains at creditor’s disposal after taxation.

Thus debtor income is increased by the amount of such indebtedness during tax period, court decision concerning rescission of contracts or their parts through a fault of both parties falls within.

159.3.10. Overdue indebtedness of natural persons, put on the wanted list as provided by the Criminal Procedural Code of Ukraine, is repaid using the funds of creditor insurance reserve, if within 180 calendar days after the day of putting on the wanted list, location of such natural person was not established.

159.3.11. Overdue indebtedness of legal entities which managers were put on the wanted list as provided by Criminal Procedural Code of Ukraine, is repaid using the funds of creditor insurance reserve, if within 180 calendar days after the date of putting on the wanted list, location of these persons was not established.
159.3.12. In the event if all actions for recovery of uncollectable debt according to the procedure established by clause 159.3 of this Article, did not yield favourable results, non-bank financial institutions refer such indebtedness for expenses in terms of which is not repaid using the funds of insurance reserve formed as provided by this section.

159.4. The procedure of repayment of uncollectable debt by banks using the funds of insurance reserve.

159.4.1. At the expense of created insurance reserve bank repays the indebtedness declared uncollectable under the procedure established by National Bank of Ukraine. Procedure of repayment of uncollectable debt using the funds of insurance reserves for banks is established by National Bank of Ukraine as agreed with central executive authority, responsible for the formation and implementation of state taxation and customs policy.

159.5. Additional clause.

159.5.1. In the event if the debtor fully or partially repays uncollectable debt, previously allocated to income reduction by creditor or repaid using the funds of insurance reserve, the creditor increases the income by the amount of indemnity, obtained from the debtor, during tax period, during which return of the specified indebtedness or its part happened.

159.5.2. In the event if according to the conclusion of relevant competent authority, provided by sub-clause 159.3.5 clause 159.3 of this Article, force majeure circumstances or natural disaster are temporary by nature and do not influence the debtor’s capability to repay indebtedness after their cessation, the creditor can file a complaint against the debtor for payment of the specified indebtedness. If the debtor did not repay the specified indebtedness or the creditor did not apply to a court for collection of such indebtedness within the time limits established by law, creditor and debtor incomes are increased by amount of the specified indebtedness.

159.5.3. In the event if the natural person — debtor, declared missing or dead by court, appears, the creditor is obliged to take appropriate measures for indebtedness collection from such person. In the event if such natural person repays the indebtedness, previously allocated to income reduction by creditor or repaid using the funds of insurance reserve, the creditor increases income by the amount of funds obtained from the debtor in the tax period, during which return of the specified indebtedness happened.

159.5.4. In the event if according to law, the decision concerning rescission of contract through debtor’s fault is cancelled, and the creditor does not appeal against such decision within the time limits prescribed by the law, the creditor increases income by the amount of indebtedness, previously allocated to income reduction or repaid using the funds of insurance reserve in tax period, during which the deadline for filing such claim expired.

159.5.5. In the event if natural person, in respect of which investigator, public prosecutor, court announced search, was detected and repays the indebtedness previously allocated by creditor to income reduction or repaid using the funds of insurance reserve, the creditor in-
creases the income by the amount of indemnity obtained from the debtor in the tax period, during which return of the specified indebtedness (its part) happened.

159.5.6. In the event if legal entities or natural persons, found guilty of causing of harm in accordance with the provisions of Civil code of Ukraine, repay the indebtedness of natural person, allocated by creditor to income reduction or repaid using the funds of insurance reserve, the creditor increases the income by the amount of funds obtained for debtor indebtedness repayment, in the tax period, during which return of the specified indebtedness (its part) happened.

**Article 160. Specifics of Non-residents Taxation**

160.1. Any income, earned by a non-resident from Ukrainian source, is taxable under procedure and at the rate provided by this Article.

Within the context of this clause, the income, obtained by a non-resident from Ukrainian source, means the following:

a) interest, discount income, paid in non-resident’s favour, including borrowing and debenture interest, issued by resident;

b) dividends paid by resident;

c) royalties;

d) freight and income from engineering;

e) lease / rent payment, paid by residents or permanent establishments in the non-resident’s favour — lessor / renter under operational lease contracts;

f) income from property sale, located in the territory of Ukraine, owned by a non-resident, including property of non-resident’s permanent establishment;

g) income from securities, derivative securities or other equity rights trade business, as provided by this section;

h) income obtained from joint ventures in the territory of Ukraine, from implementation of long-term contracts in the territory of Ukraine;

i) reward for carrying out cultural, educational, religious, sporting entertaining activities by non-residents or their authorised representatives in the territory of Ukraine;

j) brokerage, commission or agent’s fee, obtained from residents or permanent establishments of other non-residents for brokerage, commission or agency services rendered by non-resident or its permanent establishment in the territory of Ukraine in residents’ favour;
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k) fee and bonuses for risks insurance or reassurance against in Ukraine (including life assurance) or risk insurance of residents outside the territory of Ukraine;

l) income obtained from entertaining activities (except for national money lottery conducting);

m) income in the form of charitable contributions and donations in non-resident’s favour;

n) other income from carrying out of business activity by a non-resident (permanent establishment of this or other non-resident) in the territory of Ukraine, except for income in the form of earnings or other kind of value compensation for goods/executed works /rendered services, delivered/executed/rendered to a resident by such non-resident (permanent establishment), including cost of international telecommunication services or international information support.

160.2. The resident or non-resident’s permanent establishment, which make any payment in non-resident’s or authorised person’s favour (except for non-resident’s permanent establishment in the territory of Ukraine) from the income from Ukrainian source, obtained by such non-resident as a result of business activity (including non-resident's national currency accounts), except for income, specified in clauses 160.3–160.7 of this Article, are obliged to deduct tax from such income, specified in clause 160.1 of this Article, at a rate of 15 percent of their amount and at their expense, paid to the budget at the time of such payment, unless otherwise provided by the provisions of effective international treaties of Ukraine entered into with residence countries of persons, in favour of which payments are made.

160.3. Non-resident’s income obtained in the form of interest-free (discount) bonds or treasury obligations incomes, is taxable at a rate established by clause 151.1 Article 151 of this section, according to the following procedure:

tax base is the income calculated as the difference between nominal value of interest-free (discount) securities, paid or accrued by their issuer, and their purchase price at primary or secondary stockmarket;

for the purpose of implementation of tax control, purchase or sale of securities specified in this sub-clause can be performed for and on behalf of non-resident solely by its permanent establishment or resident acting for and on behalf of such non-resident;

the specified resident or non-resident’s permanent establishment are responsible for full and timely tax charge and payment to budget, withheld during payment to non-resident income from holding of interest or interest-free (discount) securities. Central executive authority, responsible for the formation and implementation of state taxation and customs policy, establishment of submission procedure by residents or non-resident's permanent establishments of non-resident’s tax liabilities estimation and reports of tax withholding and payment to relevant budget, as prescribed by this clause.

The residents, acting for and on behalf of non-residents at the market of interest or interest-free (discount) bonds or treasury obligations, by themselves submit the report of tax with-
holding and payment to relevant budget to regulatory authority according to place of their residence, as prescribed by this clause.

160.4. The income is tax exempt, if obtained by non-residents in the form of interest or income (discount) for government securities or local loans, or debt securities, under which fulfilment of liabilities is secured by national or local guarantees, sold or allocated by non-residents outside the territory of Ukraine through authorised agents — non-residents, or interest paid to non-residents for loans (credits or foreign loans) obtained by state or to the budget of Autonomous Republic of Crimea, or to local budget, represented in State Budget of Ukraine or local budgets or cost estimate of National Bank of Ukraine, or for credits (loans), obtained by business entities and which implementation is secured by national or local guarantees.

160.5. The amount of freight, paid by a resident to non-resident under charter parties, is taxable at a rate of 6 percent deducting tax of such income using these income funds.

Thus:

tax base is a base rate of such freight;

a person authorised to collect this tax and pay it to budget, is a resident who pays such incomes, whether it is this taxpayer or not, and whether it is a simplified taxation entity or not.

160.6. The insurers or other residents, who make insurance payments (insurance fees, insurance premiums) and insurance benefits (insurance indemnities) under the provisions of risk insurance or reinsurance contracts, including life assurance, in non-resident’s favour, are obliged to impose taxes on amounts transferred in the following way:

within the terms of compulsory insurance contracts, under which insurance benefits (insurance indemnities) are paid in favour of natural persons — non-residents, and also under risk insurance contracts under international Green Card System — at a rate of 0 percent;

within the terms of risk insurance contracts outside the territory of Ukraine, under which insurance benefits (insurance indemnities) are paid in non-resident's favour, except for risks, outlined in the second paragraph of this clause, — at a rate of 4 percent of reinsured amount transferred, at the insurer's expense at the moment of transfer of such amount;

during conclusion of risk insurance or reinsurance contracts directly with insurers and reinsurers — non-residents, whose financial reliability rating meets the requirements established by State Commission for Regulation of Financial Services Markets (including through reinsurance brokers, who as prescribed by such State Commission, prove that reinsurance was performed by the reinsurer whose financial reliability rating meets the requirements established by State Commission), and also during conclusion of reinsurance contracts on compulsory public liability insurance of nuclear facilities operator for damage which can be caused as a result of nuclear incident — at a rate of 0 percent;

in cases other than stated in second — fourth paragraphs of this clause, — at a rate of 12 percent of such payments (benefits) at own expense at the moment of transfer of such payments (benefits).
160.7. The residents, who pay benefits to non-residents for production and/or distribution of advertising, at the moment of such payment shall pay tax at a rate of 20 percent of such benefits amount at own expense.

160.8. Profit of non-residents who carry out their activity in the territory of Ukraine through permanent establishments, is taxable according to the standard procedure. Thus for the purpose of taxation, such permanent establishment is treated as a taxpayer who carries out his activity independently of such non-resident.

In the event if non-resident carries out his activity not only in Ukraine but abroad, and in this respect does not specify his profits from activity carried out by him through permanent establishment in Ukraine, profit amount which is taxable in Ukraine, is determined based on making-out a separate balance of financial and business activities by a resident, agreed with regulatory authority according to place of residence of permanent establishment.

When calculation of profit earned by non-residents from Ukrainian source by direct calculation is impossible, taxable profit is determined by regulatory authority as the difference between income and cost determined by applying a coefficient 0.7 to earned income.

160.9. Residents who provide agency, confidential, commission and other similar services on sale or purchase of goods, works, services at the expense and in favour of only this non-resident (including entering into the contracts with other residents for and on behalf of this non-resident), shall collect and transfer the tax to relevant budget for income earned by such non-resident in Ukraine, determined as per procedure established for taxation of non-residents who carry out activity in the territory of Ukraine through the permanent establishments. Thus such residents are not subject to additional registration as taxpayers in regulatory authorities.

The provisions of this clause do not apply to rendering agency, confidential, commission and other similar intermediary services on sale or purchase of goods, works, services by residents at the expense and in favour of non-residents in case if they provide the specified services within their core (ordinary) activity.

**Article 161. Special regulations**

161.1. In case of conclusion of contracts with non-residents, inclusion of tax clauses, under which the enterprises paying incomes shall be obligated to pay taxes for non-resident incomes, is not allowed.

161.2. In case of conclusion of contracts, providing payment for goods (works, services) in favour of non-residents with offshore status, or during payments settlement through such non-residents or their bank accounts, whether such payment is made (in monetary form or otherwise) directly or through other residents or non-residents, expenses of taxpayers for such goods (works, services) are included in their expenses in the amount that makes 85 percent of cost of such goods (works, services).
Regulation provided by this clause becomes effective from calendar quarter following the quarter official publication of offshore areas list falls within, as provided by Cabinet of Ministers of Ukraine.

When necessary, this list can be amended no later than three months before new accounting (tax) year and the amendments become effective at the beginning of new accounting (tax) year.

161.3. The term “non-residents with offshore status” means non-residents located within offshore areas, except for non-residents located within offshore areas who provided a taxpayer with entitling document extract, legalized by relevant consular institution of Ukraine, that proves ordinary (onshore) status of such non-resident. Upon availability of contracts stated in the first paragraph of this clause, a taxpayer must invoke availability of abovementioned extract in explanatory note to tax statement.

161.4. Amount of tax for income, obtained from foreign sources, paid by business entities abroad, is deemed to have been credited during tax payment in Ukraine. Thus tax amount, calculated according to rules provided by this section, is subject to crediting.

161.5. The amount of credited taxes from foreign sources during tax period cannot exceed the tax amount payable by the taxpayer in Ukraine during such period.

161.6. The following taxes paid in other countries are not subject to crediting to abatement of tax liabilities:

- capital/property tax and capital gain;
- postal taxes;
- sales tax;
- other indirect taxes whether they fall under income tax category or subject to separate tax under applicable laws of foreign states.

161.7. Crediting of tax amounts paid outside the customs border of Ukraine is performed upon submission of confirmation note concerning tax payment from regulatory authority of other state, and upon availability of applicable Convention of Ukraine for the Avoidance of Double Taxation.
SECTION IV.
INDIVIDUAL INCOME TAX

Article 162. Taxpayers

162.1. Taxpayers are:

162.1.1. natural person — resident, who obtains income both from Ukrainian and foreign source;

162.1.2. natural person — non-resident, who obtains income from Ukrainian source;

162.1.3. tax agent.

162.2. non-resident, who obtains income from Ukrainian source and has diplomatic privileges and immunities, established by applicable international treaty of Ukraine, concerning incomes, earned by him directly from carrying out of diplomatic or similar that activity under such international treaty, is not a taxpayer.

162.3. in the event of taxpayer’s death or his declaration to be deceased or missing by the court, or loss of residency status by him (in the absence of tax liabilities as a non-resident under this Code) tax for the last tax period is collected from accrued incomes in his favour. Accordingly the last tax period is considered that terminates by the date, the death of such taxpayer respectively falls on, pronouncement of such judgment or loss of residency status by him. In the absence of accrued incomes the tax is not subject to payment.

162.4. If a natural person — taxpayer receives taxable incomes within the tax period for the first time, then the first tax period begins with the day of income acquisition.

Article 163. Taxable item

163.1. Taxable item of resident is:

163.1.1. total monthly (annual) taxable income;

163.1.2. incomes from Ukrainian source, finally taxable during their accrual (payment, provision);

163.1.3. foreign incomes — incomes (profit), from foreign sources.

163.2. Taxable item of non-resident is:

163.2.1. total monthly (annual) taxable income from Ukrainian source;

163.2.2. income from Ukrainian source, finally taxable during their accrual (payment, provision).
Article 164. Tax base

164.1. Tax base is total taxable income, considering specifics, established by this section.

Total taxable income — any taxable income, accrued (paid, provided) in taxpayer’s favour during accounting tax period.

In case of use of a right of tax deduction, tax base is net annual taxable income, determined by reduction of total taxable income under clause 164.6 of this Article by the amount of tax deduction of such accounting year.

Tax base for incomes from carrying out business or independent professional activities, is net annual taxable income, determined under clause 177.2 Article 177 and clause 178.3 Article 178 hereof.

164.1.1. Total taxable income consists of incomes, finally taxable during their accrual (payment, provision), incomes taxable as a part of total annual taxable income, and incomes taxable in another method, as prescribed by this Code.

164.1.2. Total monthly taxable income consists of taxable income, accrued (paid, provided) during such accounting tax month.

164.1.3. Total annual taxable income is equal to the amount of total monthly taxable incomes, foreign incomes, earned during such accounting tax year, incomes, earned by sole proprietor from business activity according to Article 177 of this Code, and incomes earned by natural person, who carries out independent professional activities according to Article 178 hereof.

164.2. Total monthly (annual) taxpayer’s taxable income includes:

164.2.1. income in the form of salary, accrued (paid) to the taxpayer under the provisions of labour contract;

164.2.2. amount of rewards and other benefits, accrued (paid) to the taxpayer under the provisions of civil law contract;

164.2.3. income from sales of property and non-property right objects, particularly intellectual (industrial) property, and rights equivalent to them, income in the form of royalty fee, other right of use or disposal fee for intangible assets (work of science, artwork, literary works or other intangible assets) from other persons, intellectual industrial property right objects and rights equivalent to them (hereinafter referred to as — royalty), including obtained by heirs of such intangible assets owner;

164.2.4. part of income from property transactions, which amount is determined under the provisions of Articles 172–173 hereof;

164.2.5. income from property lease, renting or sublease (limited holding and/or use), as prescribed by clause 170.1 Article 170 hereof;
164.2.6. taxable income (profit), total taxable income of previous tax periods, not included in calculation and self-discovered by a taxpayer during accounting period or accrued by regulatory authority under this Code;

164.2.7. outstanding amount of taxpayer under civil law contract concluded by him, for which limitation of action expired and which exceeds the amount of 50 percent of effective monthly subsistence minimum for able-bodied person as of January 1 of accounting tax year, except for the amounts of tax payable, for which limitation of action expired according to section II hereof, which establishes the procedure of tax debt collection, fees and tax debt recovery. Natural person at its own expense pays such income tax and indicates them in annual tax statement;

164.2.8. income in the form of dividends, winnings, prize, interest (except for interest, specified in sub-clause 165.1.2 and 165.1.41, dividends, specified in sub-clause 165.1.18 clause 165.1 Article 165 hereof, and winnings and national money lottery prize in the amount, specified in sub-clause 165.1.46 clause 165.1 Article 165 hereof);

164.2.9. investment income from conduct of transactions in securities, derivative securities and equity rights, issued in forms other than securities by a taxpayer, except for income from transactions specified in sub-clauses 165.1.2, 165.1.40 and 165.1.52 clause 165.1 Article 165 hereof;

164.2.10. income in the form of inherited or obtained in grant property cost, taxable as provided by this section;

164.2.11. amount excessively expended, from funds obtained by a taxpayer for business trip or on account and not returned within the terms established by law, which amount is calculated in accordance with clause 170.9 Article 170 hereof;

164.2.12. funds or property (intangible assets), obtained by a taxpayer as a bribe, stolen or found as treasure not delivered to state according to the law, in the amount established by guilty verdict of the court regardless of imposed penalty;

164.2.13. income, that forms a positive difference between:

funds obtained by a taxpayer as a result of his refusal to take part in construction financing fund, and the amount contributed to such fund by a taxpayer, except when a taxpayer at the same time transfers funds obtained from construction financing fund, in disposal of the same trustee to the same or the other construction financing fund;

amount of funds earned by a taxpayer from other persons as a result of assignment of claims in their favour under the contract of participation in construction financing fund (including if such assignment of claims was performed under sale and purchase agreement), and the amount contributed to such fund by a taxpayer under this contract;

164.2.14. income in the form of penalty (interest fines), of property or non-property (moral) harm indemnity, except for:
a) funds allocated upon court order for indemnity of property loss and life and health harm, caused to a taxpayer.

b) interest, obtained from the debtor as a result of delay in fulfilment of his contract liabilities;

c) interest fine paid in taxpayer’s favour using budget funds (specialized insurance funds) due to late return of overpayment of money liabilities or other amount of budget indemnity;

d) amounts of loss, caused to a taxpayer by acts declared unconstitutional or by illegal decisions, acts or inaction of authorities conducting operational and search activity, prejudicial inquiry authorities, public prosecution or court, indemnified by government as prescribed by the law.

e) payments from state budget, associated with implementing decisions of foreign jurisdictional authorities, including European Court of Human Rights, made based on the results of proceedings against Ukraine.

This sub-clause does not apply to taxation of insurance benefits, insurance indemnities and surrender values under insurance contracts;

164.2.15. the amount of insurance benefits, insurance indemnities, surrender value or pension payments paid to a taxpayer under long-term life assurance contracts (including life pension insurance) and non-state pension provision, under pension contracts, trust agreements, concluded with bank-managed funds participants, in cases and amounts specified in sub-clause 170.8.2 clause 170.8 Article 170 hereof;

164.2.16. amount of pension tax within non-state pension provision according to the law, insurance payments (insurance fees, insurance premiums), pension deposits, fees to bank management funds, paid by any person-resident for the taxpayer or in his favour except for amounts payable by:

a) a person-resident, determined by beneficiary under such contracts;

b) one of taxpayer’s family members of the first degree of relationship;

c) employer-resident at his own expense under long-term life assurance contracts or non-state pension provision of a taxpayer, provided that such amount does not exceed 15 percent of taxpayer’s salary payable by this employer during every accounting tax month, for which insurance payment (insurance fee, insurance premium) is made, or pension tax paid, fees to bank management funds, but not greater than five minimum salaries, established by Budget and Accounting Law of Ukraine for the relevant year, in monthly calculation on total payments basis;

164.2.17. income earned by a taxpayer as additional material benefits (except as otherwise provided in Article 165 hereof) in the form of:

a) cost of accommodation use, other objects of tangible or intangible property, owned by the employer, provided to a taxpayer for gratis use, or compensation of such use value, except
when such provision is associated with performing of employment functions by a taxpayer under labour contract or provided by the provisions of trade union contract or according to the law within prescribed limits;

b) cost of property and food, obtained gratis by taxpayer, except as otherwise provided by this Code for profit taxation of enterprises.

In addition to exceptions, provided by paragraph “a” of this sub-clause, income, obtained in form and at a rate, which subject to inclusion by the employer in prime cost of goods sold, works executed, services rendered under section III hereof, and also funds, cost of services, accommodation, travel costs, food, sports clothes, accessories, footwear and sports equipment, wheelchairs, including those intended for participation of persons with disabilities in sports and rehabilitation activity, medical and medical recovery facilities and other income, provided (paid) to a taxpayer — the participant of sports (except for professional sports), health and fitness activity and sports rehabilitation, funded by budget and/or budget organizations, other non-profit organizations, added to a Register of non-profit institutions and organizations as of the date of provision of funds are not considered to be taxpayer's additional benefits;

c) cost of domestic staff services, obtained gratis by taxpayer, including subordinates’ work, and the persons under arms, arrested individuals or prisoners.

The term “domestic staff services” means household services for natural person, his family members or for and on behalf of any third party, including repair or construction of movable or immovable property objects, owned or used by such persons;

d) pecuniary or property indemnities of any taxpayer’s expenses or loss, except for those indemnified on a mandatory basis under law using budget funds or tax exempt under this section;

e) gratuitous financial aid (except for interest imputed for such aid);

f) taxpayer’s debt, cancelled (written off) by creditor at his discretion, not related to bankruptcy process, before expiration of limitation of action. If the creditor notifies the taxpayer-debtor by registered mail with delivery notification or by conclusion of appropriate contract, or by way of personal delivery by hand to the debtor about cancelling (writing off) of debt and includes the amount of cancelled (written off) debt before tax calculation of income amount, accrued (paid) in taxpayer’s favour, based on the results of accounting period, during which such debt was cancelled (written off), such debtor pays tax from such income at its own expense and indicates them in annual tax statement;

g) cost of donated goods (works, services) determined under the rules of regular price, and the discount of regular price (cost) of goods (works, services), individually intended for such taxpayer.

If additional benefits are provided in nonmonetary form, tax amount of taxable item is calculated in accordance with the regulations specified in sub-clause 164.5 of this Article;
164.2.18. income earned by taxpayer for scrapped (sold) precious metals, except for income, earned for scrapped precious metals, sold to National Bank of Ukraine.

During income payment for scrapped (sold) by taxpayer precious metals the individual, who purchases them, is considered to be a tax agent, and is obliged to collect tax from such payment at a rate established by this section;

164.2.19. income, other than specified in Article 165 hereof.

164.3. In tax base determining all taxpayer's incomes obtained by him both in monetary and non-monetary form are taken into account.

164.4. In accrual (acquisition) of incomes, obtained in the form of currency or other assets (which cost is expressed in foreign currency or international units of account), such income is transferred in Ukrainian hryvnia under exchange rate of National Bank of Ukraine, effective at the moment of accrual (acquisition) of such incomes.

164.5. In accrual (acquisition) of incomes in any nonmonetary tax base is the cost of such income, calculated under regular price, with determination rules under this Code, multiplied by a coefficient, calculated according to the following formula:

\[ K = \frac{100}{(100 - C_n)} \]

where \( K \) is the coefficient;

\( C_n \) is the tax rate, established for such incomes as of the time of their accrual.

Taxable item and tax base for funds, excessively expended by a taxpayer for business trip or on account and not returned within the terms established by law are determined according to the same procedure.

164.6. In accrual of incomes in the form of salary, tax base is determined as accrued salary, reduced by the amount of single fee for compulsory state social insurance, insurance fees to Provident fund, and in cases provided by the law, — compulsory insurance fees to non-state pension fund, paid at the expense of salary under law, and by the amount of tax social privilege, if any.

In accrual of incomes in the form of remuneration for work (rendering services) under civil law contracts, tax base is defined as the amount of such remuneration accrued, reduced by the amount of single fee for compulsory state social insurance.

**Article 165. Incomes not considered in calculation of total monthly (annual) taxable income**

165.1. Taxpayer's total monthly (annual) taxable income does not include the following income:

165.1.1 the amount of state and social financial aid, state aid in the form of targeted funding and provision of social and rehabilitation services under the law, housing and other allow-
ances or donations, compensations (including money compensations for persons with disabili-
ties, disabled children, during implementation of individual rehabilitation programmes
for persons with disabilities, maternity aid amount), rewards and insurance benefits, obtained
by the taxpayer from compulsory state social insurance budgets and funds and in the form
of financial aid for persons with disabilities from the Fund of social protection of disabled
people under the law; including, but not limited to:

a) the amount of financial aid legally provided to family members of military servants or
commanding officers and the rank and file of internal affairs agencies, civil defence units
and agencies, State Penal Service of Ukraine, the State Service of Special Communication
and Information Protection of Ukraine, who perished (gone missing) or died during duty
performance;

b) the amount of State Prize of Ukraine or educational grants of Ukraine, provided by law,
resolutions of the Verkhovna Rada of Ukraine, decrees of the President of Ukraine, rewards
for sports champions of Ukraine, medal winners of international sporting competition, in-
cluding disabled sportspeople, and the amount of state decorations or rewards on behalf of
Ukraine, except for those paid in funds or other property, amount of Nobel or Abel prizes;

c) funds from State budget of Ukraine to active members (academicians) and associate mem-
bers of National Academy of Sciences of Ukraine, Ukrainian Academy of Agricultural sci-
ence, Academy of medical science of Ukraine, the Academy of Pedagogic science of Ukra-
aine, Academy of legal science of Ukraine and Ukrainian Academy of Arts as a monthly lifelong
fee for active and associate membership;

d) aid amount, paid (provided) to Nazi victims or their descendants from budgets or other
sources, established by international treaties of Ukraine, which enforceability was confirmed by
the Verkhovna Rada of Ukraine, and also to the persons, who have a title “Righteous gentile”;

e) aid amount, paid (provided) to persons, declared repressed and/or rehabilitated under law,
or their descendants from budgets or other sources, determined by international treaties of
Ukraine, the consent to be bound by was given by the Verkhovna Rada of Ukraine;

f) amount of pensions (including indexation, accrued under law) or monthly lifelong finan-
cial allowance, obtained by a taxpayer from the Pension Fund of Ukraine or budget under the
law, and also from foreign sources, if under international treaties, which enforceability was
confirmed by the Verkhovna Rada of Ukraine, such pensions are tax exempt or taxable in the
country of their payment;

g) indemnity for time consumption, which amount is established by the Cabinet of Ministers
of Ukraine, obtained by natural persons for keeping records and submission of reports under
the programmes on state sampling surveys, carried out by State statistics authorities;

h) amount of indemnity, paid to military servants for estimated accommodations receivable;

i) amount of annual non-recurrent financial aid, provided under the Law of Ukraine “On the
Status of War Veterans and Guarantees of Their Social Protection”.

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Exceptions provided by this sub-clause, do not apply to salary payment, financial (retirement) aid and payment, associated with temporary disability;

165.1.2. income earned by a taxpayer in the form of interest, accrued for securities, issued by central executive authority, responsible for the implementation of national financial policy and for debt liabilities of National Bank of Ukraine;

165.1.3. indemnity of loss to a taxpayer, in consequence of Chernobyl disaster, as provided by applicable law;

165.1.4. payments or indemnities (except for salary or other payments and indemnities under civil law contracts), made considering clause 170.7 Article 170 hereof:

a) by creative unions to their members as provided by law;

b) Red Cross Society of Ukraine in favour of charitable support recipients under law;

c) other non-profit organizations (except for credit unions and other non-bank financial institutions) and charity funds of Ukraine, which status is determined under law, in favour of recipients of such funds, except for any payments or indemnities to governing bodies members of such organizations or funds and associated natural persons;

d) funds paid annually to the winners of International competition in the Ukrainian language named after Peter Yatsyk;

165.1.5. contributions to compulsory insurance of a taxpayer under the law, other than single contribution to compulsory state social insurance;

165.1.6. the amount of single contribution to compulsory state social insurance of a taxpayer made at the expense of his employer in the amount provided by law;

165.1.7. the amount of insurance fees to Provident fund, and as provided by law, compulsory insurance fees to non-state pension fund and bank administration fund;

165.1.8. funds owned by a taxpayer, legally transferred from Provident fund to non-state pension fund, bank administration or insurance organization fund, from non-state pension fund, bank administration fund to other non-state pension fund, bank administration or insurance organization fund, or to pension bank deposit account;

165.1.9. cost of free healthful and dietary meals, milk or equivalent food-stuff, gas-cut salt water, detergents and decontaminating agents, and special clothing, special footwear and other personal protection equipment, with which the employer provides the taxpayer under the law of Ukraine “About a Labour Safety”, special (uniform) clothing and footwear, provided by the employer for temporary use to a taxpayer, who is in labour relations with him. Supply procedure of list and useful life of special clothing (including uniform), special footwear and other personal protection equipment determined by the Cabinet of Ministers of Ukraine and/or industry standards for free issue of special
SECTION IV.

(uniform) clothing, special footwear and other personal protection equipment to the personnel.

Provision standards of healthful and dietary meals, milk or equivalent food-stuff, gas-cut salt water, detergents and decontaminating agents are established by central executive authority, responsible for the formation of national financial policy in health care service;

165.1.10. the amount of financial or property supplies or provision of compulsory-duty military servants (including the alternative service), prescribed by the law, paid from the budget or budgetary institution;

165.1.11. funds obtained by a taxpayer for business trip or on account and calculated in accordance with clause 170.9 Article 170 hereof, and also the amount of compensatory payments in foreign currency, paid to diplomatic service personnel, sent to a long-term business trip under the law;

165.1.12. cost of goods, supplied to a taxpayer as guarantee replacement under the law, and financial compensation of goods value, paid to a taxpayer in case of their return to a seller or a person authorised by such seller to provide their guarantee maintenance (replacement) during guarantee period, but not greater than the purchase price of such goods;

165.1.13. funds and property cost (intangible assets), supplied to a taxpayer upon court order as a result of division of spouses’ property in connection with divorce or annulment of marriage, or by mutual agreement of parties considering the provisions of the Family Code of Ukraine;

165.1.14. alimony paid to a taxpayer upon court order or by mutual agreement of parties in the amounts determined under the Family Code of Ukraine, except for alimony payment by a non-resident irrespective of its amount, unless otherwise provided by international treaties, which enforceability was confirmed by the Verkhovna Rada of Ukraine;

165.1.15. funds or property (property or non-property rights, works, services cost), obtained by a taxpayer as a gift considering the provisions of this section;

165.1.16. funds earned by a taxpayer for compensation of value of property (intangible assets) expropriated by state as provided by applicable law, or amount of such compensation, obtained in nonmonetary form, and the incomes earned from pledged property sale, taxpayer's property recovery proceedings by a financial institution against such property as a result of non-fulfilment of obligations under the credit (loan) agreements by a taxpayer;

165.1.17. amount of excessively paid money liabilities, insurance fees from budgets or state specialized insurance funds under the law, and budget compensation during exercising the right of tax deduction, returned to a taxpayer;

165.1.18. dividends, accrued in taxpayer’s favour in the form of equities (shares), issued by legal entity — resident, who accrues such dividends, provided that such accrual in no way changes proportions (shares) of shareholding (share ownership) in issuer’s authorised capi-
tal, and as a result of which issuer’s authorised capital is increased by aggregate nominal value of dividends accrued;

165.1.19. funds or property (services) cost, provided as medical treatment assistance for a taxpayer using the funds of welfare organization or his employer, including in terms of employer’s costs for compulsory preventive examination of employee under the Law of Ukraine “On Protection of Population from Infectious Diseases” and for employee’s immunization, aimed at disease prevention during epidemics risk period under the Law of Ukraine “On Ensuring Sanitary and Epidemic Safety of the Population” upon availability of appropriate supporting documents, except for fees repaid by payments from the fund of compulsory state social medical insurance;

165.1.20. cost of coal and coal or peat bricks, provided free of charge to the extent and according to occupation list as determined by the Cabinet of Ministers of Ukraine, including the compensation of cost of such coal and coal or peat bricks:

for coal mining (conversion) and coal producer employees;

retired employees, who worked at coal mining (conversion) plants: in underground jobs — minimum 10 years for men and minimum 7 years 6 months for women; underground conditions related jobs, — minimum 15 years for men and minimum 12 years 6 months for women; production line jobs on the top of operating mines or mines under construction, open-pit mines, concentrating and briquetting factories — minimum 20 years for men and minimum 15 years for women;

persons with disabilities and war and labour veterans, persons decorated with Award Pins “Miner’s Glory” or “Miner’s Prowess” of I, II, III classes, persons with disability resulting from general disease, if they exercised this right before getting disabled;

families of employees perished (died) at coal mining (conversion) plants, which receive survivorship benefit, as well as widows of abovementioned deceased retired persons who exercised such right while alive.

In payment of financial compensation of value of such coal and coal or peat bricks the compensation amount is not included to composition of the taxpayer’s total taxable income.

Procedure of implementation of this sub-clause is determined by the Cabinet of Ministers of Ukraine;

165.1.21. funds paid by the employer in favour of domestic higher educational institutions and vocational schools for a natural person, but in the amount not greater than specified in the first sub-clause 169.4.1 clause 169.4 Article 169 hereof per each full or incomplete month of a natural person training and retraining, whether such person is in labour relations with the employer or not, but provided that it concluded with it a written contract on undertaken obligation to work for such employer after graduation from higher educational institutions and vocational school and obtaining qualification for at least three years.
If the employee terminates labour relations with the employer during the period of such training or prior to ending of the third calendar year before the year of completion of such training, the amount paid as training cost compensation is treated as fringe benefit obtained by such employee during the year, such termination of labour relations falls within, and is taxable according to the standard procedure;

165.1.22. funds or property (services) value, provided as a taxpayer burial assistance:

a) by any natural person, welfare organization, Pension Fund of Ukraine, relevant local state administration department, compulsory state social insurance funds of Ukraine or trade union;

b) by the employer of such deceased taxpayer at his recent place of employment (including before his retirement) to the extent not exceeding the double amount specified in the first sub-clause 169.4.1 clause 169.4 Article 169 hereof. Excess amount, if any, is finally taxable during its accrual (payment, provision);

165.1.23. property value, as well as the amount of financial aid, provided to orphaned children or children deprived of parental care (including vocational schools and higher educational institutions I–IV levels of the accreditation graduates), according to the procedure and in the amount established by the Cabinet of Ministers of Ukraine;

165.1.24. incomes obtained from sale of own-produced agricultural products, cultivated, bred, fished out, harvested, produced, processed and/or reprocessed personally by a natural person on the plot of land, provided to it to the extent established by Land Code of Ukraine for:

horticulture and/or residential building construction and maintenance, household outbuildings and garden plots and/or for individual suburban building. Thus if agricultural products owner has more land plots (shares), assigned at the site, but does not use them (lease or operate), income earned by him from agricultural products sale are not included in total monthly (annual) taxable income;

private farming and/or land plots (shares), assigned at the site, which total area does not exceed 2 hectares. Thus the area of land plots specified in the second paragraph of this sub-clause, and also the area of land plots (shares) assigned at the site, which are not used (leased, operated), are not taken into account.

If the area of land plots specified in the third paragraph of this sub-clause exceeds 2 hectares, income from agricultural products sale is taxable according to the standard procedure.

During agricultural products sale (except for animal products) their owner shall submit a copy of Certificate on land plots ownership, as specified in the second and third paragraphs of this sub-clause to a tax agent. The original certificate is kept by agricultural products owner during the limitation of action from expiration date of such certificate. The certificate is issued by village, township or municipal council, at location of taxpayer’s tax residency within five business days after the day of receipt by the relevant council of written request on issue of such certificate.
Individual Income Tax

The form of certificate is established by Article 46 hereof for tax statements.

During sale of own-produced animal products of groups 1–5, 15, 16 and 41 under UCCFEA, income earned from such sale is not a taxable income, if its amount cumulatively does not exceed 100 minimum salaries per year, as established by law as of January 1 of accounting (tax) year. Such natural persons conduct a sale of specified products without certification of land plots availability.

If the amount of income earned exceeds the amount established by this sub-clause, natural person is obliged to submit to a regulatory authority the certificate of independent cultivation, breeding, fattening of animal products, issued in free format by village, township or municipal council at location of tax residency of animal products owner. If the certificate proves own production of animal products sold by a taxpayer, the income exceeding 100 minimum salaries, established by law as of January 1 of accounting (tax) year is subject to tax.

If such taxpayer does not prove own cultivation, breeding, fattening of animal products, from which he obtains incomes, such incomes are taxable according to the standard procedure;

165.1.25. amount of income obtained by a taxpayer for secondary raw material, non-ferrous scrap sold by him, including exhausted electrical lead-acid batteries (code 8548 10 21 00 under UCCFEA), residue and scrap of lead-based electrical batteries (code 8548 10 91 00 under UCCFEA), and precious metals scrap, sold to National Bank of Ukraine;

165.1.26. amount of educational grant (including its indexing, accrued under the law), paid from the budget to pupil, student, military training establishment cadet, attending physician, post-graduate student or adjunct, but not greater than the amount specified in the first paragraph of sub-clause 169.4.1 clause 169.4 Article 169 hereof. Excess amount, if any, is taxable upon its accrual (payment) at rates specified in clause 167.1 Article 167 hereof;

165.1.27. the amount of insurance benefits, insurance indemnities or surrender value, obtained by the taxpayer under insurance contract from the insurer-resident, other than long-term life assurance (including life pension insurance) and non-state pension provision, under the following conditions:

a) in taxpayer’s life or health assurance in case of:

survival of the insured person till the date or event, provided by life assurance contract, or reaching the age provided by this contract;

surrender value in the amount not exceeding insurance benefits paid under life assurance contract, other than long-term life assurance;

in case of insurance event — the fact of personal injury of the insured person shall be duly confirmed. If the insured person dies, the insurance benefit owned by beneficiaries or heirs, is taxable according to the procedure and at a rate established for heritage taxation (a beneficiary is treated as a heir);
b) in property insurance, the amount of insurance indemnity shall not exceed the insured property cost, determined under the rules of regular price as of the date of conclusion of insurance contract, increased by the amount of insurance payments (insurance fees, insurance premiums);

c) in public liability insurance, the amount of insurance indemnity shall not exceed the harm actually caused to a beneficiary, determined under the rules of regular price as of the date of such insurance benefit;

165.1.28. the amount of insurance benefit, insurance indemnity, surrender value or their part, pension payment, obtained by the taxpayer under long-term life assurance contract, including life pension insurance, the amount of pension payment from non-state pension provision system, the amount of payment under the pension contracts, trust agreements, concluded with bank-managed fund participant, as provided by sub-clause 170.8.3 clause 170.8 Article 170 hereof.

The procedure of application of sub-clause 165.1.27 of this clause and this sub-clause is determined by State Commission for Regulation of Financial Services Markets.

165.1.29. principal amount deposited by the taxpayer to bank or non-bank financial institutions, returned to him, and principal amount of credit, received by the taxpayer (during contract validity period), including financial credit, secured by pledge, for specified period and at interest, and income obtained as a result of deposit indexation in UAH (binding of national currency rate to foreign exchange rate under the provisions of contract);

165.1.30. the amount of money savings, paid to the citizens of Ukraine (their heirs), deposited in institutions of USSR Savings Bank and state insurance, which were effective in the territory of Ukraine during the period before January 2, 1992, and in such state securities: State target interest-free loan bonds of 1990, State internal lottery loan bonds of 1982, USSR State treasury bills, USSR Savings Bank certificates and money savings of citizens of Ukraine, deposited in institutions of Savings Bank of Ukraine and former Ukrgosstrakh during 1992–1994;

165.1.31. principal amount of reimbursable financial assistance, provided by the taxpayer to other persons, returned to him, principal amount of reimbursable financial assistance, obtained by a taxpayer;

165.1.32. income from property dealings or non-taxable investment assets under applicable provisions of this section;

165.1.33. income obtained by a taxpayer for blood, breast milk and other kinds of donation, paid from the budget or by the budgetary institution;

165.1.34. accommodation value transferred from state or community property into the ownership of taxpayer free of charge or with discount under the law, and the amount of state support of construction or acquisition of affordable housing, provided to a taxpayer under the law.
If a taxpayer of public officers and similar to them persons has a right of obtaining one-time financial recovery of expenses for creation appropriate housing conditions under the law, the amount of such indemnity is taxable as fringe benefit upon its accrual (payment) at its expense;

165.1.35. the cost of booking documents for treatment or recreation, including for rehabilitation of persons with disabilities, in the territory of Ukraine of the taxpayer and/or his children under 18 years, donated to him or with discount provided (in the amount of such discount) by a trade union, to which trade union contributions accrued by a taxpayer — the member of such trade union, created under the law of Ukraine, or using the funds of relevant fund of compulsory state social insurance;

165.1.36. natural person — businessman's income, of which the single tax is paid according to simplified tax system under this Code;

165.1.37. employer’s expenses associated with advance training of a taxpayer under the law;

165.1.38. cost of orders, medals, merit badges, cups, diplomas, appreciation certificates and flowers for encouragement of employees, other categories of individuals and/or competition winners;

165.1.39. cost of gifts (and prizes for sports champions and medal winners), if their cost does not exceed 50 percent of one minimum salary (on monthly basis), as of January 1 of the accounting tax year, except for money payments in any amount;

165.1.40. income amount, obtained by a taxpayer as a result of shares alienation (other equity rights), obtained by him into ownership in the course of privatization in exchange for privatization compensation certificates, personally obtained by him as the compensation of his depositions into USSR Savings Bank or USSR state insurance institutions, or in exchange for privatization certificates, obtained by him under the law, and income amount obtained by such taxpayer as a result of condemnation of agricultural land plots, land shares according to granting standards, determined by the Article 121 of the Land Code of Ukraine depending on their purpose, and property shares, personally obtained by him into ownership in the course of privatization;

165.1.41. incomes in the form of interest for current accounts, on which solely salaries, educational grants, pensions, social assistance and other welfare payments are made, as provided by the law in favour of natural persons. The attributes of such accounts are determined by National Bank of Ukraine;

165.1.42. funds provided by All-Ukrainian Non-Governmental Organizations of Persons with Disabilities and their unions to the taxpayers — participants of congresses, symposiums, meetings, conference, plenary sessions, conventions, festivals, exhibitions, concerts, rehabilitation actions, sports events and competitions, conducted by such organizations as reimbursement of expenses for accommodation, meals and travel to the event location and back;

165.1.43. amount of insurance payment under life assurance contracts in the event of insured person's decease, if such payment is obtained by family members of the insured person of the
first degree of relationship, or a person who is a person with disabilities of group I or disabled child, or an orphaned children or a child deprived of parental care;

165.1.44. the amount of property and non-property contribution of a taxpayer to statutory fund of a legal entity — issuer of equity rights, in exchange for such equity rights;

165.1.45. cost of collateral forest uses for own consumption (medical plants gathering, forest litter removal, rush gathering and other collateral forest uses, provided by Forestry Code of Ukraine);

165.1.46. funds obtained as winnings, national money lottery prize in the amount, not exceeding 50 minimum salaries, which rate is established by the law

165.1.47. amount of payments or indemnities (except for salary or other payments and indemnities under civil law contracts), made by the decision of trade union, its associations and/or trade union organization, made in due order, in favour of such trade union member throughout the year cumulatively in the amount not exceeding the marginal income, determined under the first paragraph of sub-clause 169.4.1 clause 169.4 Article 169 hereof;

165.1.48. cooperative payments to the member of production agricultural cooperative, and the funds returned to the member of service agricultural cooperative as a result of excessively paid by him services cost provided by cooperative;

the size (amount, cost) of share, returned to the member of production agricultural cooperative in case of termination of his membership in cooperative. Excess of size (amount, cost) of share over the size (amount, cost) of share contributions is taxable as prescribed by clause 170.2 Article 170 of this section;

165.1.49. other income, which is not included in total monthly (annual) taxable income under this Code.

165.1.50. securities conversion transactions in case if their exchange is performed for regular price or according to value of net assets per one security, which do not result in investments alienation and performed with ICI securities under control of one asset management company;

165.1.51. income from transactions with currency assets (except for securities), associated with transfer of ownership of such currency assets, except for income, which taxation is explicitly provided by other provisions of this section;

165.1.52. investment income from transactions with debt liabilities of National Bank of Ukraine and treasury bonds of Ukraine, issued by Central executive authority responsible for the formation of national financial policy, including foreign exchange rate variation.

Article 166. Tax deduction

166.1. Taxpayer’s right of tax deduction.
166.1.1. A taxpayer has the right of tax deduction based on the results of accounting tax year;

166.1.2. basis for accrual of tax deduction with indication of specific amounts is presented by a taxpayer in annual tax statement, submitted until and including December 31 of the tax year following the accounting.

166.2. Documentary support of expenses included in tax deduction.

166.2.1. Tax deduction includes the expenses actually incurred by the taxpayer during the accounting tax year, supported by appropriate payment and accounting documents, particularly, fiscal or sales checks, cash receipt notes, copies of contracts, identifying goods (works, services) seller and their buyer (recipient). In the specified documents the cost of such goods (works, services) and the term of their sale (execution, rendering) shall be specified without fail;

166.2.2. originals of documents specified in sub-clause 166.2.1 of this clause are not sent to regulatory authority, but should be kept by a taxpayer during the time limitation, established by this Code.

166.3. List of expenses permitted to include in tax deduction.

A taxpayer has a right to include reduction of taxpayer's taxable income in tax deduction based on the results of accounting tax year, determined considering the provisions of the clause 164.6 Article 164 hereof, such expenses actually made by him during the accounting tax year:

166.3.1. a part of interest paid by such taxpayer for exploitation of real estate loan, determined under Article 175 hereof;

166.3.2. funds of property cost, transferred by a taxpayer in the form of donations or charitable contributions to non-profit organizations registered in Ukraine and added to a Register of non-profit institutions and organizations, as of the date of such funds and property transfer, in the amount not exceeding 4 percent of his total taxable income for such accounting year;

166.3.3. funds paid by a taxpayer in favour of educational institutions for compensation of secondary vocational or higher education cost for such taxpayer and/or his family member of the first degree of relationship, who does not get salary. Such amount shall not exceed the income specified in the first paragraph of sub-clause 169.4.1 clause 169.4 Article 169 hereof, per each person under training for each full or incomplete month of training during accounting tax month;

166.3.4. funds paid by a taxpayer in favour of health facilities for cost compensation of paid medical treatment services of such taxpayer or his family member of the first degree of relationship, including acquisition of medicaments (donated members, prosthetic and orthopaedic devices, medical products for private use of persons with disabilities), and the funds paid by a taxpayer declared disabled in due order, in favour of prosthetic and orthopaedic enterprises, rehabilitation institutions for cost compensation of paid rehabilitation services,
technical and other convalescent facilities, provided to such taxpayer or his disabled child to the extent not covered by payments from compulsory state social medical insurance funds, except for the following:

a) cosmetic medicine or cosmetic surgery, including cosmetic prosthesis, not associated with medical indications, hydropathy and heliotherapy, unrelated to chronic disease management;

b) prosthetic dentistry with precious metals, porcelain and galvanoplastics;

c) abortions (except for therapeutic abortion or if the pregnancy resulted from forceful rape);

d) sex reassignment surgery;

e) venereal disease treatment (except for AIDS and venereal disease resulted from casual contact or forceful rape);

f) nicotine and alcohol addiction treatment;

g) acquisition of medicaments, medical means and facilities, payment for medical services not included in the list of vital and essential medicines, approved by the Cabinet of Ministers of Ukraine;

166.3.5. taxpayer’s expenses for payment of insurance payments (insurance fees, insurance premiums) and pension taxes, paid by a taxpayer to the insurer-resident, non-state pension fund, banking institution under the long-term life assurance contracts, pension provision, under pension contract with non-state pension fund, and contributions to bank pension deposit account, pension deposits and accounts of bank administration fund members of both such taxpayer and his family member of the first degree of relationship, not exceeding (per each of full or incomplete months of the accounting tax year, during which the insurance contract was in force):

a) in taxpayer insurance either under pension contract with non-state pension fund of a taxpayer, or bank pension deposit account, pension tax, account of bank administration fund member or per totality — the amount, specified in the first paragraph sub-clause 169.4.1 clause 169.4 Article 169 hereof;

b) in insurance of taxpayer’s family member of the first degree of relationship either under pension contract with non-state pension fund, or to bank pension deposit account, pension tax, bank account of administration fund member, in favour of such family member or per totality — 50 percent of the amount specified in the first paragraph sub-clause 169.4.1 clause 169.4 Article 169 hereof, per each insured family member;

166.3.6. taxpayer’s expenses for:

payment of assisted reproductive treatment in accordance with applicable law, but not exceeding the amount of third part of income in the form of salary for the accounting tax year;
payment of state services, associated with adoption of child, including state fee;

166.3.7. funds paid by a taxpayer in connection with conversion of vehicle, owned by a taxpayer, using motor composite, bioethanol, biodiesel, pressurized or liquefied gas, other kinds of biofuel;

166.3.8. taxpayer’s construction expenses (purchase) of affordable housing, as provided by law, including repayment of privileged real estate loan, granted for such purpose, and interest on it.

166.4. Limitation of a right of tax deduction accrual.

166.4.1. Tax deduction can be granted solely to a resident, who has identification number of taxpayer’s registration card, as well as to a resident — natural person, who refused to get identification number of taxpayer’s registration card because of religious convictions and officially notified this to relevant regulatory authorities, and has special check of this in the passport;

166.4.2. total amount of tax deduction, accrued to a taxpayer during accounting tax year shall not exceed the amount of taxpayer’s total annual taxable income, accrued as a salary, reduced considering the provisions clause 164.6 Article 164 hereof;

166.4.3. if the taxpayer didn’t exercise the right of tax deduction accrual based on the results of accounting tax year till the end of tax year, following the accounting, such right is not transferred to the next tax years.

166.5. Central executive authority responsible for the formation and implementation of national tax and customs policy, conducts free explanation of the procedure of documentary support of rights for tax deduction and submission of tax statement, including carrying out of appropriate training, seminars etc., provides free tax statement forms for this tax, other calculations, provided by this section, by regulatory authorities upon first request of such taxpayer.

**Article 167. Tax rates**

167.1. Tax rate makes 15 percent of tax base as per incomes accrued (paid, provided) (except as specified in clauses 167.2–167.5 of this Article), including but not limited to, in the form of salary, incentive and compensatory or other payments and rewards accrued (paid, provided) to the taxpayer in connection with labour relations and under civil law contract; winnings in state and non-state money lottery, contestant's prize, obtained from gamble provider.

If the tax base determined considering the provisions of clause 164.6 Article 164 of this section concerning the income specified in the first paragraph of this clause, in the calendar month exceeds ten minimum salaries, under the law as of January 1 of accounting tax year, a tax rate of 17 percent is applied to such excess amount.

Taxpayers who submit tax statements for the tax (accounting) year according to Articles 177 and 178 of this section, a tax rate of 17 percent is applied to the part of average monthly an-
nual taxable income, exceeding ten minimum salaries, under the law as of January 1 of the tax (accounting) year. The amount of average monthly annual taxable income is calculated as a sum of total monthly taxable income, specified in the first paragraph of this clause, divides by a number of calendar months, during which a taxpayer obtained such income during tax (accounting) year, for which declaration is performed.

Tax rates established in the first and second paragraphs of this clause are not applied to the incomes specified in clauses 167.2–167.4 of this Article.

167.2. Tax rate makes 5 percent of the tax base as per income accrued as:

- interest on current or deposit bank account;
- interest or discount income under registered savings certificate;
- interest on deposit of credit union member in credit union;
- the income paid by the company, which administers the assets of collective investment scheme, on assets in place under the law including the income paid (accrued) by issuer owing to repurchase of securities of collective investment scheme, under the law determined as the difference between the amount obtained from repurchase, and funds or property cost paid by a taxpayer to the seller (including issuer) as a result of acquisition of such securities, as a compensation of their cost;
- income from mortgage-backed security (mortgage bonds and certificates) under the law;
- income in the form of interest (discount), obtained by bond holder from their issuer under the law;
- income under the certificate of real estate transactions fund and income, obtained by a taxpayer as a result of repurchase of certificates of real estate transactions fund by the trustee according to the procedure specified in certificates issue prospectus;
- income in the form of dividends;
- income in the form of investment income from transactions with debt liabilities of domestic government loans, including foreign exchange rate variation;
- income in other cases explicitly provided by applicable provisions of this section.

167.3. Tax rate makes double tax rate, specified by the first paragraph of clause 167.1 of this Article, tax base as per the income, accrued as winning or prize (except for winnings in state and non-state money lottery and contestant's prize, obtained from gamble provider) in favour of residents or non-residents.

By way of departure of the first paragraph of this clause, money prize in sporting competition (except for prizes obtained by the champions of Ukraine, winners of international sport-
ing competitions, including disabled sportspeople, specified in sub-clause “b” of sub-clause 165.1 clause 165.1 Article 165 hereof) is taxable at a rate, specified in clause 167.1 of this Article.

167.4. Tax rate makes 10 percent of tax base as per the income in the form of salary, determined according to the clause 164.6 of Article 164 hereof, mineworkers, who produce coal, iron ore, nonferrous and rare metals ores, manganese and uranium ores, employees of mine construction companies, involved in underground jobs for full-time working day and 50 percent and more of work hours per annum, and employees of state militarized accident rescue service, including central executive authority, responsible for the implementation of state policy of civil protection, in coal industry, — according to the List No. 1 of production, works, occupations, positions and performance in underground jobs, at works with especially harmful and arduous working conditions, involvement in which for full-time working day gives the right of age pension on favourable terms, established by the Cabinet of Ministers of Ukraine.

167.5. Tax rate can be different, as provided by applicable provisions of this section.

**Article 168. Procedure of tax accrual, deduction and payment (transfer) to the budget.**

168.1. Taxation of income, accrued (paid, provided) to the taxpayer by a tax agent.

168.1.1. Tax agent, who accrues (pays, provides) taxable income in taxpayer’s favour, is obliged to deduct tax from such income at his expense, at the tax rate specified in Article 167 hereof.

168.1.2. The tax is paid (transferred) to the budget during payment of taxable income by unified payment document. The banks accept payment documents for income payment only subject to simultaneous submission of accounting document for transfer of this tax to the budget.

168.1.3. If under the provisions of this section, certain kinds of taxable income (profit) are tax exempt during their accrual or payment, but not tax exempt, a taxpayer himself is obliged to include the amount of such income in total annual taxable income and submit annual statement of this tax.

168.1.4. If the taxable income is represented in non-monetary form or paid by cash from tax agent’s cash account, the tax is paid (transferred) to the budget within a bank day following the date of such accrual (payment, provision).

168.1.5. If the taxable income is accrued by tax agent, but not paid (provided) to a taxpayer, then the tax deductible from such income accrued is subject to transfer to the budget by tax agent, within the terms established by this Code for monthly tax period.

168.1.6. Within the context of this section and clause 54.2 Article 54 hereof, the term “deadline of tax payment to budget” means due date for tax payment, established by this clause.
168.2. Taxation of incomes accrued (paid, provided) to taxpayer by a person, other than tax agent, and foreign income.

168.2.1. A taxpayer, who obtains income from the person other than tax agent, and foreign income, is obliged to include the amount of such income in total annual taxable income and submit tax statement based on the results of accounting tax year, and pay tax from such income.

168.2.2. The person other than a tax agent is considered to be a non-resident or a natural person who does not have business entity status but is not the person registered in regulatory authorities as a person, which carries out independent professional activity.

168.3. Calculation of taxpayer's tax liabilities from taxable income, accrued from its source of payment, is performed by tax agent (including the employer).

168.4. The procedure of tax payment (transfer) to the budget.

168.4.1. The tax deducted from residents’ or non-residents’ income, is transferred to the budget under Budget Code of Ukraine;

168.4.2. such procedure is used by all legal entities, including those which have affiliates, departments, other separate subdivisions, located in other territorial community, than such legal entity, and separate subdivisions, duly authorised to accrue, deduct and pay (transfer) tax to the budget (hereinafter referred to as separate subdivision).

In case of making a decision of separate subdivision creation, legal entity shall notify of it to regulatory authorities at its location and at the location of such newly created subdivisions in accordance with the applicable procedure;

168.4.3. amounts of income tax accrued by separate subdivision in favour of natural persons, for the accounting period are transferred to the relevant budget at the location of such separate subdivision.

In the event if separate subdivision is not authorised to accrue (pay) tax for incomes of natural persons for such separate subdivision, all obligations of tax agent are fulfilled by a legal entity. Income tax accrued to the employees of separate subdivision, is transferred to the relevant budget at the location of such separate subdivision;

168.4.4. legal entity at its location and the location of separate subdivisions not authorised to pay tax, separate subdivision is authorised to accrue, deduct and pay (transfer) tax to the budget, at its location with simultaneous submission of documents for receipt of funds for payment of incomes payable to taxpayers, pays (transfers) of the amount of deducted tax to relevant accounts, opened in the authorities which perform treasury service of budget funds at the location of separate subdivisions.

The authorities, which perform treasury service of budget funds as prescribed by the Budget Code of Ukraine allocate the specified funds under the standards, determined by the Budget Code of Ukraine, and send such allocated funds to the relevant budgets.
The authorities, which perform treasury service of budget funds as prescribed by the Budget Code of Ukraine allocate the specified under the standards, determined by the Budget Code of Ukraine, and send such allocated funds to the relevant budgets;

168.4.5. natural person responsible for tax accrual and deduction under the provisions of this section pays (transfers) it to the relevant budget:

a) if such natural person is a tax agent, — according to the registration location of regulatory authorities;

b) in the event of notarial certification of property sale and purchase agreements by residents and non-residents, gift contracts certification deed of gift or issuing of right of inheritance certificates to the non-residents — at the location of notarial certification of such contracts (obtainment of a certificate);

c) in other case — according to its tax home;

168.4.6. accuracy and timeliness control of tax payment is performed by regulatory authority according to the location of legal entity or its separate subdivision;

168.4.7. the responsibility for timely and full transfer of tax to the relevant budget is imposed on legal entity or its separate subdivision, which accrues (pays) taxable income;

168.4.8. the responsibility for timely and full transfer of tax to the relevant budget is imposed on natural person in cases specifies by this section.

168.5. Tax amount for incomes of natural persons, deducted from financial provision, of money reward and other payments, obtained by military servants, rank and file personnel and senior officers of internal affairs bodies, State Penal Service of Ukraine, State Service of Special Communication and Information Protection of Ukraine, state fire protection service, civil defence agencies and departments, tax militia in connection with duty performance, is allocated solely for payment of equivalent and full loss of income compensation for this category of citizens.

Article 169. Tax transfer and tax social privileges

169.1. List of tax social privileges.

Considering the provisions of the first paragraph of sub-clause 169.4.1 clause 169.4 of this Article a taxpayer has a right to reduce the amount of total monthly taxable income, obtained from one employer in the form of salary, for tax social privilege amount:

169.1.1. at a rate of 100 percent of subsistence minimum for able-bodied person (per month), established by law as of January 1 of the accounting tax year, — for any taxpayer;

169.1.2. at a rate of 100 percent of privilege amount, determined by sub-clause 169.1.1 of this clause, — for the taxpayer, who maintains two or more children under 18 years, — per each such child;
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169.1.3. at a rate of 150 percent of privilege amount, determined by sub-clause 169.1.1 of this clause, — for such taxpayer, who:

a) is a single mother (father), widow (widower) or a foster parent, curator — per each such child under 18 years;

b) maintains a disabled child — per each such child under 18 years;

c) is a person classified under law as the first or second category, who suffered from Chernobyl accident, including the persons, rewarded by merit certificate of the Presidium of Verkhovna Rada of the USSR in connection with their participation in rectification of the consequences of Chernobyl accident;

d) is a pupil, student, post-graduate student, attending physician, and adjunct;

e) is a person with disabilities of group I or II, including since childhood, except for persons with disabilities, for which the privilege is provided by sub-clause “b” of sub-clause 169.1.4 of this clause;

f) is the awardee of lifetime maintenance grant as a citizen, who was subjected to persecution for human rights work, including journalists;

g) is a combatant in the territory of foreign countries during the period after Second World War, to which the Law of Ukraine “On the Status of War Veterans and Guarantees of Their Social Protection” is applied, except for the persons, specified in sub-clause “b” of sub-clause 169.1.4 of this clause;

169.1.4. at a rate of 200 percent of privilege amount, determined by sub-clause 169.1.1 of this clause, — for such taxpayer, who is:

a) the Hero of Ukraine, the Hero of the Soviet Union, Hero of Socialist Labour or Full Cavalier of the Order of Glory or the Order of Labour Glory, the awardee of four and more Medals for Bravery;

b) a combatant during the Second World War or a person, who during that period worked in the rear, and a person with disabilities of group I and II, among combatants in the territory of foreign countries during the period after Second World War, to which the Law of Ukraine “On the Status of War Veterans and Guarantees of Their Social Protection” is applied;

c) concentration camps ex-prisoner, Jewry and other places of forced imprisonment during Second World War or the person, recognised as repressed or rehabilitated;

d) person, who was forcefully taken out of the territory of former USSR during Second World War to the territory of states, which were at war with former USSR or were occupied by Nazi Germany and its fighting partners;

e) person, who stayed in blockade zone of former Leningrad (Saint Petersburg, Russian Federation) during the period from September 8, 1941 to January 27, 1944.
169.2. Selection of place of receipt (exercising) the right of tax social privilege.

169.2.1. Tax social privilege is applied to monthly income accrued to a taxpayer in the form of salaries only at one location of its accrual (payment).

169.2.2. A taxpayer submits an application to the employer for independent selection of receipt place of tax social privilege (hereinafter referred to as exercising the privilege receipt).

Tax social privilege begins to apply to income accrued in the form of salary from the day of receipt of taxpayer’s application by the employer about exercising of privilege and documents, which confirm such right. The employer represents in tax reporting all cases of application or non-application of tax social privilege according to taxpayers’ applications about exercising the privilege received, and applications about relinquishment of such privilege.

List of such documents and the procedure of their submission is provided by the Cabinet of Ministers of Ukraine.

169.2.3. Tax social privilege cannot be applied to:

Taxpayer’s income, other than salary;

salary, obtained by a taxpayer during the accounting tax month along with the income in the form of educational grant, financial or collateral (material) support for pupils, students, postgraduate students, attending physicians, adjuncts, military servants, paid from the budget;

income of self-employed person from implementation of business activity, and other independent professional activity.

Tax social privilege is applied to the salary of public officers during its accrual before completion of such incomes accrual without submission relevant applications, specified in subclause 169.2.2 of this clause, but with submission of supporting documents for establishment of privilege amount.

169.2.4. If the taxpayer infringes the provisions of this clause, as a result of which, tax social privilege is also applied to other income obtained during any accounting tax month or at several locations of obtaining income, such taxpayer forfeits the right of tax social privilege at all locations of obtaining income, starting from the month, during which such infringement happened, and ending with the month, in which the right of tax social privilege resumes.

The taxpayer can resume the right of tax social privilege, if he submits an application about refusal from such privilege for all employers with indication of month, when such infringement happened, whereunder every employer accrues relevant amount of tax underpayment and the fine at a rate of 100 percent of this underpayment out of the upcoming income to such taxpayer, and in case when the rate of benefit is insufficient, — on account of future payments. If the amount of underpayment and/or the fine were not deducted by tax agent at the expense of taxpayer’s income, such amounts are included in annual tax statement of such
taxpayer. Thus the right of tax social privilege resumes in tax month, following the month, during which such underpayment and the fine are repaid in full.

Central executive authority, responsible for the formation and implementation of national tax and customs policy, also establishes the notification procedure of taxpayer’s employers of presence of breach of these provisions of sub-clause 169.2.1 of this clause, detected on basis of tax reporting or documentary inspections, and the notification procedure of the employer of forfeiture or resuming of taxpayer’s right of tax social privilege.

169.3. Selection of tax social privilege amount and validity term.

169.3.1. In case if a taxpayer has the right of tax social privilege on two or more grounds specified in clause 169.1 of this Article, one of tax social privileges is applied on the grounds providing its maximum amount, subject to following procedures specified in sub-clause 169.4.1 clause 169.1 of this Article, except as provided by sub-clause “b” sub-clause 169.1.3 clause 169.1 of this Article, under which tax social privilege is added to privilege, specified in sub-clause 169.1.2 of this clause in case if the person maintains two and more children, including disabled child (children).

169.3.2. A taxpayer who has a right of tax social privilege greater than provided by sub-clause 169.1.1 clause 169.1 of this Article, shall indicate such right in the application of exercising the privilege, attaching relevant supporting documents.

169.3.3. Tax social privilege, provided by 169.1.2 and sub-clauses “a”, “b” sub-clause 169.1.3 clause 169.1 of this Article, is granted till the end of the year, wherein a child reaches 18 years, and in case of his death before reaching the specified age — till the end of the year, the death falls within. The right of obtaining of such tax social privilege is forfeited in case of deprivation of taxpayer’s paternal rights or if he renounces a child or resigns a child to state supply, including the institutions for orphaned children and children deprived of parental care, whether the fee for such supplies is charged or not, and the child becomes a cadet on terms of full supply, starting from the tax month, during which such event occurred.

Granting of tax social privilege, provided by sub-clauses “c” — “g” sub-clause 169.1.3 clause 169.1 of this Article, is stopped from the tax month, following the month, in which the taxpayer loses the status specified in these sub-clause.

169.3.4. Tax social privilege is granted considering the last monthly tax period, during which the taxpayer died or was declared deceased or missing by the court, either loses resident status, or was fired.

169.4. Recomputation of tax, recalculation and qualification of tax social privilege.

169.4.1. Tax social privilege is applied to income accrued in taxpayer’s favour during the accounting tax month as salaries (other payments, compensations and rewards similar to it under the law), if its amount does not exceed the amount of monthly subsistence minimum, effective for able-bodied person as of January 1 of accounting tax year, multiplied by 1.4 and rounded to nearest 10 UAH.
Thus the ceiling of income, which gives the right to obtain tax social privilege by one of the parents in the event and to the extent provided by sub-clause 169.1.2 and sub-clauses “a” and “b” sub-clause 169.1.3 clause 169.1 of this Article, is determined as product of sum specified in the first paragraph of this sub-clause, and relevant number of children.

If a taxpayer obtains income in the form of salary for the period of its keeping under the law, including during the vacation or on sick leave of the taxpayer, then for the purpose of determination of income ceiling, which gives the right to obtain tax social privilege, and in other cases of their taxation, such income (its part) refer to relevant tax periods of their accrual.

169.4.2. Of a taxpayer’s employer is obliged to perform recalculation of income, accrued to such taxpayer in the form of salary, and the amount of tax social privilege provided, including at the location of tax social privilege, considering the provisions of the second paragraph of clause 167.1 Article 167 hereof:

a) based on the results of every accounting tax year during salary accrual for the last month of accounting year;

b) during calculation for the last month of exercising the tax social privilege in the event of change of application place at taxpayer’s own discretion or as specified in sub-clause 169.2.3 clause 169.2 of this Article;

c) during final settlement with a taxpayer, who terminates labour relations with such employer.

169.4.3. The employer and/or tax agent has a right to perform recalculation of income accrued, tax deducted for any period and in any cases for determination of taxation accuracy, whether the taxpayer has a right of tax social privilege.

169.4.4. If as a result of implemented recalculation underpayment of tax deducted occurs, then the amount of such underpayment is collected by the employer on account of any taxable income (after taxation) for the relevant month, and in case of deficiency of such income — on account of taxable income of future months, till full repayment of such underpayment.

If as a result of final settlement with the taxpayer, who terminates labour relations with the employer, underpayment occurs, exceeding the amount of taxpayer’s taxable income for the last accounting period, then outstanding amount of such underpayment is included in taxpayer’s tax liabilities based on the results of accounting tax year and paid by the taxpayer himself.

**Article 170. specifics of accrual (payment) and taxation of separate incomes**

170.1. Taxation of income from property lease (sublease), housing lease (sublease).

170.1.1. Tax agent of a taxpayer — lessor concerning his income from lease of agricultural land plot, land share, property share, is a lessee.
Thus taxable item is determined based on the rental amount, specified in lease contract, but not less than minimum rental amount, established by the law regarding land lease.

170.1.2. Tax agent of a taxpayer — lessor during accrual of income from items of real estate lease, other than specified in sub-clause 170.1.1 of this clause (including the land plot, under such real estate, or garden plot), is a lessee.

Thus taxable item is determined based on rental amount specified in lease contract, but not less than minimum rental amount for the full or incomplete rental month. Minimum rental amount is determined under the procedure, approved by the Cabinet of Ministers of Ukraine, based on minimum rental amount per one sq.m. of total area of real estate considering its location, other functional and qualitative indicators, established by local government authorities of village, township, city, in which territory it is located and proclaimed in best available manner for the residents of such territorial community. If the minimum cost is not established or not proclaimed before the beginning of accounting (tax) year, taxable item is determined based on rental amount, specified in lease contracts.

170.1.3. The property, owned by a natural person — non-resident, is leased solely through the sole proprietor or legal person — resident (authorised persons) responsible for public relations of such non-resident on the grounds of written contract and act as his tax agent concerning such income. Non-resident, who breaks the provisions of this clause, is considered to evade tax.

170.1.4. Incomes, specified in sub-clause 170.1.1–170.1.3 of this clause, are taxable by tax agent during their payment at their expense.

170.1.5. If a lessee is a natural person, which is not business entity, a person, responsible for tax accrual and payment (transfer) to the budget is a taxpayer — lessor.

In this case:

a) such lessor at his own discretion accrues and pays tax to the budget within the terms established by this Code for quarter accounting (tax) period, namely: during 40 calendar days, after the last day of such accounting (tax) quarter, the amount of income obtained, amount of tax paid during the accounting tax year and tax liability based on the results of such year shall be specified in annual tax statement;

b) in case of commission of notarial actions concerning verification of real estate lease contract, notary officer is obliged to send the information on such contract to the regulatory authority at taxpayer's tax home — lessor according to the form and procedure established by the Cabinet of Ministers of Ukraine. In case of breach of the procedure and/or the terms of submission of the specified information, the notary officer bears responsibility, provided by law for breach of the procedure and/or terms of submission of tax reporting;

170.1.6. business entities, which conduct agency business associated with rendering services for real estate lease (realtors), are obliged to submit the information on concluded civil law real estate lease contracts (agreements) through their intermediary, to the regulatory author-
ity at its residence within the terms provided for submission of tax calculation, according to the form, established by central executive authority responsible for the formation and implementation of national tax and customs policy.

In case of breach of the procedure and/or the terms of submission of the specified information, a realtor bears responsibility, provided by law for breach of the procedure and/or terms of submission of tax reporting.

170.2. Taxation of investment income.

170.2.1. Accounting of total financial result from investment assets transactions is implemented by a taxpayer himself, separately from other incomes and expenses. For the purpose of investment income taxation, a calendar year is considered to be an accounting period.

170.2.2. The investment income is calculated as positive difference between the income earned by a taxpayer from sale of separate investment asset, and its cost, determined from the amount of expenses for acquisition of such asset considering the provisions of sub-clauses 170.2.4–170.2.6 of this clause (except for derivative transactions).

In application of the provisions of sub-clauses 170.2.9 of this clause by a taxpayer, a tax agent — professional securities dealer, including bank, for the purpose of determination of taxable item during income payment to the taxpayer for the investment assets purchased from him, considers documented expenses of such taxpayer for acquisition of such assets.

Launch of tax agent’s responsibility for professional securities dealer, including the bank, does not release the taxpayer from duty to declare the results of all sale and purchase transactions of investment assets, implemented during the accounting (tax) year both in the territory of Ukraine, and abroad, except as specified in sub-clause 170.2.8 of this clause.

Investment assets sale is also treated as the following transactions:

exchange of investment asset for other investment asset;

repurchase or redemption by the issuer of investment asset owned by a taxpayer;

return of funds or property (property rights) to a taxpayer previously contributed by him into issuer’s authorised capital equity rights, in case of withdrawal of such taxpayer from the list of founders (participants) of such issuer or liquidation of such issuer.

Purchase of investment asset is also deemed to be a transaction of funds or property contribution by a taxpayer to legal entity’s authorised capital — resident in exchange for equity rights issued by him.

Investment asset granted to a taxpayer or inherited by a taxpayer, is deemed to be purchased at cost equal to the amount of state duty and personal income tax paid in connection with such granting or inheritance.
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Investment income from derivative transactions is calculated as a positive difference between the income obtained by a taxpayer from derivative transactions (derivative instruments), including obtained amounts of periodical or one-time payments, provided by the contracts, and documented amount paid by a taxpayer to the party of such contract with derivatives (derivative instruments), including paid amounts of periodical or one-time payments provided by the contracts.

Documentary support (basic document) of income and expenses from investment assets transactions, concluded in electronic form on stock exchange for clients — participants of stock exchange, shall be securities dealer's (broker's) report, formed on basis of news financial and broking agreement.

170.2.3. If as a result of investment income calculation as provided by this Article, negative value occurs, it is considered to be the investment loss.

170.2.4. If during 30 calendar days before the day of stock of securities (equity rights) or derivatives sale, and also within the following 30 calendar days after the day of such sale, the taxpayer acquires a stock of identical securities (equity rights) or derivatives, then:

a) investment loss resulted from such sale is not taken into account in determination of total financial result from investment assets transactions;

b) the cost of purchased stock for tax purposes is determined at its purchase price, but not lower than the price of stock sold.

170.2.5. If the taxpayer during the accounting (tax) year sells the investment asset under the contract, which stipulates the right of its repurchase in the next year, or acquires the option for such repurchase, investment loss resulted from such sale is not taken into account in determination of total financial result from investment assets transactions.

If the taxpayer, who sells investment asset during the accounting (tax) year, from whence investment loss arises, acquires such investment asset or identical stock during the following accounting (tax) year, then for tax purposes, the cost of such purchased stock is determined at price level of stock sold, respectively increased or reduced by the difference between purchase prices of two such stocks.

If the taxpayer sells a stock of securities (equity rights) or derivatives to the associated persons, investment loss resulted from such sale, is not taken into account in determination of total financial result from investment assets transactions.

If the taxpayer grants investment asset or conveys it by inheritance, investment loss, resulted from such granting or conveyance by inheritance, is not taken into account in determination of total financial result from investment assets transactions.

170.2.6. Total taxpayer’s annual taxable income includes positive value of total financial result from investment assets transactions based on the results of such accounting (tax) year.
Total financial result from investment assets transactions is determined as the sum of investment incomes, obtained by a taxpayer during the accounting (tax) year, reduced by the amount of investment loss incurred by a taxpayer during such year.

If total financial result from investment assets transactions has negative value, its amount shall be shifted in decrease of total financial result from investment assets transactions of the subsequent years till its full repayment, except for financial results specified in the first paragraph of clause 29 subsection 4 section XX “Transitional Provisions” hereof.

Financial result from securities or derivatives transactions is determined by a taxpayer. Thus a taxpayer determines financial result from transactions of securities or derivatives in circulation on stock exchange, separately of financial result from transactions of securities or derivatives, which are not in circulation on stock exchange.

Within the context of this clause, securities or derivatives are considered to be in circulation on stock exchange, subject to the conditions provided by sub-clause 153.8.2 of clause 153.8 Article 153 hereof.

Within the context of this clause, national legislation should be understood as the legislation of state, in which territory the circulation of securities or derivatives is implemented (conclusion of civil law agreements, resulting in transfer of securities or derivatives ownership).

The effect of sub-clauses 170.2.4 and 170.2.5 is not applied to purchase or sale of securities and derivatives, implemented on stock exchange, and also in the following cases:

acquisition or sale of a stock of shares in the amount over 25 percent of issuer’s authorised capital;

repurchase of shares by the issuer, including upon the shareholder request;

acquisition of issuable securities in the course of their private placement;

acquisition or sale of securities, which cannot be in circulation on stock exchange in accordance with the requirements of legislation.

If during the accounting year a taxpayer incurred (accrued) the expenses resulted from acquisition of securities and derivatives with the fictitious signs, established by State Commission for Securities and Stock Market, such expenses are not taken into account in determination of financial result from securities or derivatives transactions.

170.2.7. Within the context of this clause:

a) the term “investment asset” means a stock of securities, derivatives or equity rights, expressed in the forms other than securities, issued by one issuer;

b) the term “a stock of securities” means separate security, fund and commercial derivative, and a stock of identical securities or fund and commercial derivatives;
c) the term “identical security or derivative” means securities or derivatives issued by one issuer under identical provisions of issue, income payment, repurchase or redemption.

170.2.8. The following is tax exempt and not included in total annual taxable income:

a) income obtained by a taxpayer during the accounting tax year from investment assets sale, subject to the amount of such income does not exceed the amount specified in the first paragraph of sub-clause 169.4.1 clause 169.4 Article 169 hereof;

b) the income obtained by a taxpayer from investment assets sale as provided by sub-clauses 165.1.40 and 165.1.52 clause 165.1 Article 165 hereof.

In cases specified in sub-clauses “a” and “b” of this sub-clause, a taxpayer does not include incomes and expenses amount in calculation of total financial result from investment assets transactions for acquisition of such investment assets.

170.2.9. Taxpayer's tax agent, who carries out investment assets transactions using the services of professional securities dealer, including the bank, is such professional dealer (except for securities transactions specified in sub-clause 165.1.52 clause 165.1 Article 165 hereof).

Procedure of determination of investment income by professional securities dealer in performing duties of tax agent is established by central executive authority, responsible for the implementation of national financial policy jointly with State Commission for Securities and Stock Market.

170.3. Royalty taxation.

170.3.1. Royalty is taxable under the regulations established for dividends taxation, at rates specified in clause 167.1 Article 167 hereof.

170.4. Interest taxation.

170.4.1. Taxpayer’s tax agent during accrual (payment) of income in his favour, as specified in clause 167.2 Article 167 hereof, is a person, who implements such accrual (payment).

Total amount of taxes, deducted during the accounting tax month from such accrued (paid) interest to the taxpayer, is paid (transferred) by such tax agent to the budget within the terms as provided by this Code for monthly tax period.

170.4.2. Tax agent who accrues income in the form of interest, shall indicate total amount of income accrued (paid) and total amount of tax deducted in tax calculation, which submission is provided by sub-clause “b” clause 176.2 Article 176 hereof. Thus the information concerning separate bank deposit or natural person's current account, the amounts of interest accrued on it, and also reports concerning such natural person — investor is not provided.

170.4.3. Interest taxation (including discount incomes), accrued (paid) in favour of natural persons for any other reason, other than specified in clause 170.4.1 of this clause, is imple-
mented as generally specified by this Code for income, finally taxable during their payment at rates, specified in clause 167.1 Article167 hereof.

170.5. Dividends taxation.

170.5.1. Taxpayer’s tax agent during dividends accrual (payment) in his favour, except as specified in sub-clause 165.1.18 clause 165.1 Article 165 hereof, is issuer of equity rights or on his behalf — other person, who implements such accrual (payment).

170.5.2. Any resident, who accrues dividends, including that who pays profit tax of enterprises in a manner other than general (is a subject of simplified tax system), or tax exempt on any grounds, is a tax agent during dividends, accrual.

170.5.3. Dividends, accrued to the taxpayer equity right issuer- resident, which is legal entity, are taxable at a rate, specified in clause 167.2 Article 167 hereof, except for dividends in favour of natural persons (including non-residents) under shares or other equity rights with privileged or other status providing payment of dividends fixed amount or the amount, exceeding the payments calculated for any other share (equity right), issued by such taxpayer, which under sub-clause 153.3.7 clause 153.3 Article 153 hereof are treated as tax purpose before salary payment with appropriate taxation.

170.5.4. Incomes specified in this clause are finally taxable during their payment at their expense.

170.6. Winnings and prizes taxation.

170.6.1. Taxpayer’s tax agent during income accrual (provision) in his favour in the form of prizes (winnings) in lottery or drawing, prizes and winnings in specie, obtained for win and/or participation in sporting competition, including billiard, is the person, which implements such accrual (payment).

170.6.2. During incomes accrual (payment) in the form of winnings in lottery or other drawings, which provide advance acquisition of right to take part in such lotteries or drawings by a taxpayer, taxpayer’s expenses associated with acquisition of such income are not taken into account.

Incomes specified in this clause are finally taxable during their payment at their expense.

170.7. Charitable support taxation.

170.7.1. Beneficent and humanitarian aid (hereinafter referred to as charitable support) received by him in the form of funds or property (unpaid work executed, services rendered) and complies with the requirements specified in this clause is tax exempt and not included in total monthly or annual taxpayer’s taxable income.

For tax purposes, charitable support is divided into target and general.
Charitable support is considered to be target when it is provided for intended terms and trends of its expenditure, and it is considered to be general, when provided without determination of such terms and trends;

170.7.2. Target or general charitable support is not included in taxable income, provided to a taxpayer, subjected to:

a) ecological, industrial or other disaster in the regions, declared to be the areas of environmental emergency under the Constitution of Ukraine, — in ceiling amounts determined, by the Cabinet of Ministers of Ukraine;

b) natural disasters, accidents, epidemics and epizootics of national or local nature, which damaged or create health hazards for citizens, environment, caused or can cause death of people or loss of property, in connection with which the decision of attraction (provision) of charitable support accordingly was made by the Cabinet of Ministers of Ukraine or local government body, in ceiling amounts determined by the Cabinet of Ministers of Ukraine or by local government body accordingly.

Charitable support, provided for the specified purposes, shall be distributed through state or local budget or through bank accounts of charitable organizations, Red Cross Society of Ukraine, added to a Register of non-profit institutions and organizations.

Within the context of this sub-clause, trade union payments are considered to be target charitable support and are tax exempt, according to the decision of trade union, made in due order in favour of such trade union member with status of injured person as a result of circumstances, specified in this sub-clause;

170.7.3. The amount of general charitable support including financial aid, is not included in taxable income, provided by residents — legal or natural persons in taxpayer’s favour during the accounting tax year, in total amount not exceeding the ceiling amount of income, determined in accordance with the first paragraph of sub-clause 169.4.1 clause 169.4 Article 169 hereof, established as of January 1 of such year.

The provisions of this sub-clause do not apply to trade union payments to its members, which tax exemption terms are provided by sub-clause 165.1.47 clause 165.1 Article 165 hereof.

Charity provider, legal entity, specifies in tax reporting details of general charitable support amounts provided.

In case of obtaining of general charitable support from charity provider — natural person or legal entity, the taxpayer is obliged to submit annual tax statement with indication of its amount, if total amount of obtained general charitable support during the accounting tax year exceeds its ceiling amount established by the first paragraph of sub-clause 169.4.1 clause 169.4 Article 169 hereof.

170.7.4. Target charitable support is not included in taxable income, provided to residents—legal entities or natural persons in any amount (cost):
a) health facilities for cost compensation of paid medical treatment services of taxpayer or his family member of the first degree of relationship, person with disabilities, disabled child or a child, whose at least one parent is a person with disabilities; orphaned children, half-orphans; children from large or needy families; a child, whose parents were deprived of parental rights, including acquisition of medicaments (donated members, prosthetic and orthopaedic devices, medical products for private use of persons with disabilities) to the extent not covered by payments from compulsory state social medical insurance funds, except for expenses for cosmetic medicine or cosmetical surgery (including cosmetic prosthesis, not associated with medical indications), hydropathy and heliotherapy, unrelated to chronic disease management, prosthetic dentistry with precious metals, galvanoplastics and porcelain, abortions (except for therapeutic abortions or if the pregnancy resulted from forceful rape), sex reassignment surgery; venereal disease treatment (except for AIDS and venereal disease resulted from casual contact or forceful rape), nicotine and alcohol addiction treatment; acquisition of medicaments, medical means and facilities, not included in the list of vital and essential medicines, approved by the Cabinet of Ministers of Ukraine;

prosthetic and orthopaedic enterprises, rehabilitation institutions for cost compensation of paid rehabilitation services, technical and other convalescent facilities, provided to such taxpayer, declared a person with disabilities in due order, or his disabled child, to the extent, not covered by payments from compulsory state social medical insurance budgets and funds;

b) baby house, orphanage, foster home, residential school (including special, sanitory or for orphans), family-type children's home, foster family, social rehabilitation school, asylum for under age children; remand house of Internal Ministry of Internal Affairs of Ukraine for charitable support distribution among persons under the age of 18 years who stay in these institutions;

c) state or public unity service or charitable organizations, including Red Cross Society of Ukraine, which provide to the persons without housing services for food and overnight accommodation;

d) penitentiary institution for improvement of confinement conditions, meals or medical care of the persons in detention facilities or places of detention, or directly to such persons;

e) rest homes and their departments, war and labour veteran nursing home, geriatric home for improvement their housing conditions, meals, medical care, social rehabilitation, rehabilitation centre, territorial social service centre (provision of social services), cost centres and institutions for social protection of homeless people, rehabilitation centres for disimprisoned persons, sanatoriums for veterans and persons with disabilities, supplied using the funds of state and local budgets, for distribution of charitable support among persons residing at such institutions;

f) a taxpayer, who carries out research or development, for compensation of equipment, materials value, other expenses (except for salary payment, additional benefits, other expenses for personal needs) provided that the results of such research or developments shall be published and cannot be a subject of patenting or other restrictions in publishing or free-of-charge distribution of objects of intellectual property right, obtained as a result of such re-
search or developments, and if getting of such help will not be a prerequisite for origin of any contract liabilities between charity provider or third party and recipient of charity support in future, except for liabilities of intended use of such charity support;

g) amateur sports organization, club for compensation of expenses for acquisition or rent of sports facilities, use of sports grounds, premises or facilities for conducting trainings, provision of amateur sportsman participation in sporting competition, acquisition of sport outfit and meals during such competition.

The term “amateur sports organization, club” means non-governmental organization, which activity is not profit-oriented.

The term “amateur sportsman” means a person, whose sporting activities is not profit-oriented, except for winning prizes or rewards on behalf of the state, local government authorities or non-governmental organizations of both Ukraine, and other states in the form of medals, certificates, commemorative prizes in kind, and as compensation of expenses, associated with travel costs of such amateur sportsman to the event location, under the provisions established by legislation for employer’s travel;

h) educational institution, in the form of tuition fees or provision of additional training services for a person with disabilities, disabled child or a child, whose at least one parent is a person with disabilities; orphaned children, half-orphans; children from large or needy families; a child, whose parents were deprived of parental rights;

i) a taxpayer, declared a person with disabilities in due order, official representative of disabled child for fulfilment government obligations in accordance with legislation of Ukraine for provision technical and other convalescent facilities, medical products, motor vehicle, using the budget funds (subject to removal of person with disabilities, disabled child from account of provision with such facilities, products, motor vehicle using the budget funds). Categories of persons with disabilities and disabled children, list of technical and other convalescent facilities, medical products, car models, specified in this sub-clause, shall be approved by legislation.

Prior to implementation of compulsory state social medical insurance system, provisions of sub-clause “a” of this sub-clause apply to total amount of charitable support, obtained by the recipient for such purposes (considering restrictions specified in this clause).

Charitable support, obtained by family-type children’s home or foster families, is tax exempt, if its amount does not exceed three hundred thousand UAH within accounting tax year during validity of state guardianship agreement.

170.7.5. Recipient of target charitable support in the form of funds has a right to use it during the period under the provisions of such support, but not more than 12 calendar months, following the month of obtaining of such support, except for obtaining of charitable support in the form of endowment. If a target charitable support in the form of funds remained unemployed by its recipient during such period and is not returned to a charity provider before its termination, then such recipient is obliged to include the
unemployed amount of such support in total annual taxable income and pay relevant tax.

The term “endowment” means the funds or securities, contributed by charity provider to a bank or non-bank financial institution, thereby charitable support recipient acquires a right of enjoyment interest or dividends, accrued for the amount of such endowment. Thus such recipient has no right to expend or alienate capital amount of such endowment without charity provider’s consent.

170.7.6. Recipient of target charitable support has a right to apply to regulatory authority with request for prolongation of period of use of such target charitable support with specification of circumstances, which prove the impossibility of its full employment within the time limits specified in this clause, and the manager of such regulatory authority has a right to take a decision of such prolongation. If regulatory authority refuses such prolongation, the recipient can appeal against the decision of regulatory authority as provided by this Code.

170.7.7. Provision of charitable support to government authorities and local government authorities or non-profit organizations founded by or on behalf of them — by third parties, is forbidden, if provision of such charitable support is a prerequisite or subsequent condition to issue of any permit, licence, coordination, provision of state service to a taxpayer, or taking other decision in his favour or expedition of such issue, service, decision (simplification of a procedure).

Actions of government and local government authorities officials of demanding such conditions are deemed to be extortion of funds or property to the extent of charitable or sponsor support.

170.8. Income taxation obtained under long-term life assurance contract (including life pension insurance), non-state pension provision contracts, pension deposits and under trust agreements.

170.8.1. Tax agent of a taxpayer — recipient of payment, life pension or surrender value is the insurer -resident, which accrues insurance benefit or surrender value under non-state pension provision or long-term life assurance contract.

Tax agent of a taxpayer — participant of non-state pension funds is administrator of non-state pension funds, who accrues payment under non-state pension provision contract.

Tax agent of a taxpayer — investor under pension contract or bank-managed fund participant is a bank, which makes payments under pension contract or account of bank-managed fund participant.

Tax agent of a taxpayer — recipient of single fee on account of Provident fund or non-state pension fund is administrator of such fund.

170.8.2. Tax agent deducts and pays (transfers) tax to the budget at rates specified in clause 167.1 Article 167 hereof, from:
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a) 60 percent of the amount of:

single insurance benefit under long-term life assurance contract in case of reaching by the insured person of certain age, specified in such insurance contract, or his/her living through the termination of such contract.

If beneficiary is an insurant under the contract, surplus amount of insurance benefit over the amount of insurance payments made is taxable, according to rules of income taxation from placement of funds on deposit accounts;

single insurance benefit under life pension insurance contract, except for single payment, provided by sub-clause “c” sub-clause 170.8.3 of this clause;

taxable in the form of insurance benefit or payment under the pension contract, trust agreement or non-state pension provision contracts, that is paid to the beneficiary or taxpayer's heir in the event of decease of insured person, is subject to tax under the regulations, established by this Code for heritage taxation.

The amount of income obtained under long-term life assurance contract, pension deposits, trust agreements, concluded with bank-managed fund participants, and non-state pension
provision taxable, is reduced by the amount of contributions, made under such contracts before January 1, 2004.

170.9. Taxation of amount excessively expended, from funds obtained by a taxpayer for business trip or on account, not returned within the established terms.

170.9.1. Taxpayer’s tax agent during taxation of amount, paid out to a taxpayer on account and not returned by him within the terms established by sub-clause 170.9.2 of this clause, is a person, who paid out such amount, in particular:

a) for business trip — in the amount exceeding the amount of taxpayer’s expenses for such business trip, calculated in accordance with section III hereof;

b) on account for implementation of certain civil law actions for and on behalf of the person, who paid them out, — in the amount exceeding the amount of actual taxpayer’s expenses for execution of such actions.

Within the context of this clause, documented expenses are not included in excess amount and are tax exempt, if made using cash or non-cash money, paid out to a taxpayer on account by the employer for arrangement and conduct of formal parties, presentation parties, celebrations, entertainments and leisure, presents acquisition and distribution, within the ceiling amounts of such expenses, provided by section III hereof, made by such payer and/or other persons for promotion purposes.

The amount of tax accrued to the such excess amount, is deducted by a person, who paid out such funds, at the expense of any taxpayer’s taxable income (after its taxation) for relevant month, and in case of insufficiency of income amount– on account of taxable income of the subsequent accounting months till full repayment of such tax amount.

In case when a taxpayer terminates labour or civil law relations with the person, who paid out such funds, amount of tax is deducted at the expense of the last payment of taxable income during final settlement, and in case of insufficiency of such income amount, outstanding tax amount is included in tax liability taxpayer’s based on the results of accounting (tax) year.

If full deduction of such tax amount is impossible owing to taxpayer's decease or declaration missing or dead by court, such amount is deducted during accrual of income for the last tax period for such taxpayer, and in outstanding amount is declared uncollectible.

170.9.2. Report of funds application, paid out for business trip or on account, shall be submitted according to the form, established by Central executive authority, responsible for the formation and implementation of national tax and customs policy, within five bank days after the day on which the taxpayer shall:

a) finish such business trip;

b) complete the implementation of certain civil law action for and on behalf of the person, who paid out the funds on account.
In the presence of excessively expended funds their amount shall be returned by a taxpayer to the cash account or transferred to bank account of the person, who paid them out, before or during submission of the specified report.

170.9.3. This clause also applies to the expenses associated with business trip or implementation of some civil law actions, which were paid using corporate payment cards, traveller's, bank or personal cheques, other payment documents, considering the following specifics:

a) in case if during official business trips, the traveller — taxpayer changes payment cards, he shall render a report of application of funds given out for business trip and returns the amount of excessively expended funds within three bank days after finishing business trip;

b) in case if during official business trips, the traveller — taxpayer uses payment cards for noncash settlement, and the term of rendering a report of application of funds given out for business trip by a taxpayer does not exceed 10 bank days, where there is good cause, the employer (self-employed person) can renew it to 20 bank days (till clarification of the situation in case of revelation discrepancies between relevant report document).

170.10. Taxation of income obtained by non-residents.

170.10.1. Incomes from Ukrainian source, accrued (paid, provided) in favour of non-residents, are taxable according to rules and at rates established for residents (considering the specifics, determined by some provisions of this section for non-residents).

170.10.2. In case if incomes from Ukrainian source are paid to a non-resident by another non-resident, they shall be transferred to an account opened by such non-resident in bank-resident, which mode is established by National Bank of Ukraine. Thus such bank-resident is considered to be a tax agent during any debit transactions from such account.

In case of payment of such income by non-resident to another non-resident in cash or in kind, non-resident — recipient of such income is obliged personally accrue and pay (transfer) tax to the budget within 20 calendar days after obtaining of such incomes, but not later than termination of period of stay in Ukraine.

The procedure of fulfilment of this sub-clause is determined by Cabinet of Ministers of Ukraine as agreed by National Bank of Ukraine.

170.10.3. In case if incomes from Ukrainian source are paid to a non-resident by a resident — legal or self-employed natural person, such resident is considered to be a non-resident's tax agent concerning such income. When concluding a contract with non-resident, which terms provide obtaining by such non-resident of income from Ukrainian source, resident is obliged to specify tax rate in the contract, which will be applied to such income.

170.10.4. Based on the results of accounting tax year during which the foreigner acquired residency status of Ukraine, it has to submit annual tax statement, in which specifies the income from Ukrainian source and foreign income.
170.10.5. Taxation of non-residents’ income from participation in guest performance.

Within the context of this section, guest performance means entertainment events (concerts, spectaculars, circus performances, lecture and concert programs, entertainment shows, recitals, travelling circus performances, travelling mechanical fairground attraction, as “Loona Park” etc.) with the participation of culture institutions (enterprises, institutions or organizations), including independent professional associates and solo recital performers.

The provisions of this sub-clause do not apply to charity guest performance, conducted under the legislation of Ukraine.

Taxation of non-residents’ income from participation in guest performance is performed by tax agents on a common basis, established by this section.

Business entities are treated as tax agents, participants of guest performance — music venues, with which lease contracts of carrying out of guest performance are directly concluded. Business entities — music venues act as tax agents as related to check of completeness and timeliness of tax payment by foreign participants of guest performance (their representative) or personally pay tax under relevant contract with such participant (representative) to the budget at the location of such music venues.

170.11. Foreign income taxation.

170.11.1. In case if payment source of any taxable income is of foreign origin, the amount of such income included in total annual taxable income of taxpayer — recipient, which is obliged to submit annual tax statement, and is subject to tax at rates specified in clause 167.1 Article 167 hereof.

The amounts of income obtained in form of dividends with foreign source shall be included to composition of a total taxpayer’s annual taxable income of a taxpayer-recipient, who is obliged to submit annual tax statement, and shall be subject to tax at the rate specified in clause 167.2 of Article 167 hereof.

170.11.2. In case if according to the provisions of international treaties, the consent to be bound by was given by the Verkhovna Rada of Ukraine, a taxpayer reduces the amount of annual tax liability by the tax amount paid abroad, he specifies the amount of such abatement on stated grounds in annual tax statement.

In the absence of taxpayer’s supporting documents for the amount of obtained income from foreign sources and the amount of tax paid by him in foreign jurisdiction, executed under Article 13 hereof, such payer is obliged to submit the application about extension of term of tax statement submission to regulatory authority at his tax home until December 31 of the year, following the accounting. In case of failure to submit tax statement within the established time limits, a taxpayer bears responsibility, provided by this Code and other laws.

170.11.3. Abatement of annual taxpayer’s tax liability does not include the following:
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a) capital tax (capital gain tax), property taxes;

b) post tax;

c) sales tax;

d) other collateral taxes, whether they belong to the category of profit tax or are considered to be separate taxes under the legislation of foreign countries.

170.11.4. Tax amount from foreign income of a taxpayer — resident, paid outside the territory of Ukraine, shall not exceed the tax amount calculated on basis of total annual taxable income of such taxpayer in accordance with legislation of Ukraine.

170.12. Taxation of income, obtained by natural persons in the form of payment (interest), distributed into share membership dues of credit unions members.

170.12.1. Taxpayer's tax agent during accrual (payment) of interest, distributed into share membership dues of credit unions members in his favour, is a credit union, which imposes tax on such income at a rate specified in clause 167.2 Article 167 hereof.

170.12.2. Credit union, which pays interest distributed into share membership dues of credit unions members, to such taxpayers, submits to regulatory authority tax calculation of payment (interest) accrued and tax deducted within the terms established by this Code for tax quarter.

Article 171. Persons, responsible for tax deduction (accrual) and payment (transfer) to the budget

171.1. The person responsible for tax accrual, deduction and payment (transfer) to the budget from the incomes in the form of salary, is an employer, who pays such income in taxpayer's favour.

171.2. The person responsible for tax accrual, deduction and payment (transfer) to the budget from other incomes, is:

a) tax agent — for taxable incomes from Ukrainian source;

b) taxpayer — for foreign income and profit, which source of payment is owned by persons relieved of liabilities for tax accrual, deduction or payment (transfer) to the budget.

Article 172. The procedure of taxation of real estate items sales (exchange) transactions.

172.1. Income obtained by a taxpayer from sale (exchange) residential building, apartment or its part, lodging, garden cottage (including land plot, on which such objects are located, as well as service buildings and amenities, located on such land plot), and land plot without exceeding the rate of granting, not more frequently than once per accounting tax year, pro-
vided by Article 121 Land Code of Ukraine depending on its purpose, and provided that such property is owned by a taxpayer over three years, is tax exempt.

The provision concerning taxpayer's ownership of such property over three years does not apply to property, inherited by such taxpayer.

Income from alienation of service buildings and amenities, located on one plot with residential building or garden cottage and sold jointly with it, for tax purposes is not specifically indicated.

172.2. Income obtained by a taxpayer from sale during accounting tax year of more than one real estate items, specified in clause 172.1 of this Article, or from sales of real estate items, which are not specified in clause 172.1 of this Article, is subject to tax at a rate, provided by clause 167.2 Article 167 hereof.

According to the same procedure, income from sale (exchange) of asset under construction is taxable.

172.3. Income from sale of real estate item is determined based on the price specified in sale and purchase agreement, but not lower than estimated cost of such items, calculated by agency, authorised to perform such estimation in accordance with the law.

During real estate exchange for other taxpayer's income in the form of financial compensation for alienation of real estate obtained by him, determined:

a) in the first paragraph clause 172.1 of this Article, — tax exempt;

b) in clause 172.2 of this Article, — taxable at a rate provided by clause 167.2 Article 167 hereof.

172.4. During real estate sales (exchange) transactions between natural persons, notary officer verifies the relevant contract upon availability of such real estate estimated cost and document about tax payment to the budget by contract party (parties), and quarterly submits to regulatory authority, at location of state notarial office or private notary's workplace, the information on such contract, including its cost and the amount of tax paid as provided by this section for tax calculation.

172.5. Tax amount is determined and independently paid through banking institutions:

a) a person, who sells or exchanges real estate to another natural person, — before notarial certification of sale and purchase agreement, exchange;

b) a person who owned a real estate item, alienated under the court law about change and transfer of ownership of such real estate. Natural person is obliged to indicate the income from such alienation in annual tax statement.

172.6. In case of failure to execute notarial actions concerning verification of sale and purchase agreement, exchange of real estate item, under which the tax is paid, a taxpayer has a
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right to tax refund excessively paid on basis of tax statement, submitted as appropriate, and supporting documents about actual tax payment.

172.7. Contemporaneously with clause 172.4 of this Article, if the party of sale and purchase agreement, exchange of real estate item, is a legal entity or sole proprietor, such person is a taxpayer’s tax agent concerning income tax accrual, deduction and payment (transfer) to the budget, obtained by a taxpayer from such sale (exchange).

172.8. Within the context of this Article, sale should be understood as any transfer of ownership of real estate items, except for their inheriting and granting.

172.9. Income from real estate objects sale (exchange) transactions, conducted by natural persons — non-residents, is subject to tax under this Article according to the procedure established for residents, at rates, specified in clause 167.1 Article 167 hereof.

172.10. Sales by residents and non-residents of inherited (obtained pro donate) real estate item is subject to tax according to the provisions of this Article.

172.11. The procedure of determination of estimated cost of real estate and construction object under construction sold (exchanged) is established by the Cabinet of Ministers of Ukraine.

Article 173. The taxation procedure of sales or exchange transactions of movable property objects.

173.1. Taxpayer’s income from sales (exchange) of movable property objects during accounting tax year is taxable at a rate, specified in clause 167.2 Article 167 hereof.

Income from sale (exchange) of movable property object (except for passenger cars, motor-cycles, mopeds) is determined based on the price specified in sale and purchase agreement (exchange), but not lower than the estimated cost of this object, determined in accordance with the law.

Income from sale (exchange) of passenger car, motor-cycle, moped is determined based on the price specified in sale and purchase agreement (exchange), but not lower than mid-market price of relevant vehicle or not lower than its estimated cost, determined in accordance with the law (at the taxpayer’s discretion).

Mid-market price of passenger cars, motor-cycles, mopeds is determined quarterly by Central executive authority responsible for the formation of state policy in economic development, as provided by the Cabinet of Ministers of Ukraine (for each such vehicle make, model considering the year of manufacture and mileage, based on analysis of actual sales prices of relevant vehicles), and published in official site of this authority in free running mode not later than the 10th day of the month following the accounting quarter.

173.2. By way of exception to the provisions of clause 173.1 of this Article, the income obtained by a taxpayer from sales (exchange) of one movable property object in the form of passenger car and/or motor-cycle, and/or moped during the accounting (tax) year, is tax exempt.
Income obtained by a taxpayer from sale (exchange) of two and more movable property objects in the form of passenger car and/or motor-cycle, and/or moped during the accounting (tax) year, is subject to tax at rate specified in clause 167.2 Article 167 hereof.

173.3. In case if the party of movable property objects sale and purchase agreement is a legal entity or sole proprietor, such person is considered to be a taxpayer’s tax agent and is obliged to acts as a tax agent provided by this section. Thus a taxpayer collects tax at rates determined in accordance with clauses 173.1 or 173.2 of this Article considering the information of sale priority movable property, specified by a taxpayer in sale and purchase agreement or in separate application.

In case if movable property object is sold (exchanged) through the intermediary of legal entity (its affiliate, department, other separate subdivision) or establishments of non-resident or sole proprietor, such intermediary acts as a tax agent in submission to regulatory authority of information of the income and tax amount paid to the budget in the manner and within the time limits established for tax calculation, and a taxpayer during conclusion of agreement is obliged to pay individually income tax from sale (exchange) of movable property objects to the budget.

173.4. During movable property objects alienation transactions as provided by this Article:

notary officer verifies the relevant sale and purchase agreement (exchange) of movable property objects (except for passenger cars, motor-cycles, mopeds) upon availability of document about property assessment and the document about payment of tax to the budget by seller (exchange contract parties) calculated based on the price specified in the agreement;

during sale (exchange) of passenger cars, motor-cycles, mopeds relevant contracts are verified by notary officer upon availability of document about payment of tax to the budget by seller (exchange contract parties), calculated based on specified in sale and purchase agreement (exchange), but not lower than mid-market price of such vehicles;

if during sale (exchange) passenger cars, motor-cycles, mopeds their assessment is carried out according to the law, notary officer verifies the relevant contracts upon availability of document about payment of tax to the budget by seller (exchange contract parties), calculated based on estimated cost of such vehicles, and document about assessment of vehicles.

Notary officer quarterly submits to regulatory authority at location of state notarial office or private notary’s work place the information on verification of sale and purchase agreements (exchange), each agreement value and the amount of tax paid according to the procedure established by this section for tax calculation;

business entity, which renders services for conclusion of market contracts or takes part in their conclusion upon availability of estimated cost of such movable property and the document about tax payment by contract parties, quarterly submits to regulatory authority the information on such agreements, including the information on the amount of income and tax paid to the budget, in the manner and within the time limits established for tax calculation.
Within the context of this clause, a taxpayer individually determines the amount of tax and pays it to the budget through banking institutions.

Subject to approval by court, arbitration of the decision of change of owner and transfer of ownership of movable property, tax amount is determined and individually paid through banking institutions by a person, who owned movable property object, alienated under such decision, based on indication by him of income from such alienation within total annual taxable income.

173.5 excluded;

173.6. Income from sale (exchange) of movable property objects transactions, carried out by natural persons — non-residents, is taxable under this Article according to the procedure established for residents, at rates, specified in clause 167.1 Article 167 hereof.

173.7. Sale by residents and non-residents of inherited (obtained pro donate) movable property object is subject to tax according to the provisions of this Article.

173.8. Within the context of this Article, sale should be understood as any transfer of ownership of movable property objects, except for their inheriting and granting. The provisions of this Article do not apply to currency assets transactions, taxable in accordance with sub-clause 165.1.51 clause 165.1 Article 165 hereof.

### Article 174. Taxation of income, obtained by a taxpayer as a result of inheriting or obtaining pro donate of assets, property, property or non-property rights

174.1. For tax purposes objects of taxpayer's heritage are divided into:

a) real estate item;

b) movable property objects, namely:

antique or work of art;

natural precious stones or precious metals, jewellery of precious metals and/or natural precious stones;

any vehicle and accessories for it;

other kinds of movable property;

c) commercial property object, namely: securities (except for depositary (savings), mortgage certificate), equity right, ownership of business object itself, that is ownership of integral property complex, intellectual (industrial) property or the right to obtain income from it, property and non-property rights;

d) amount of insurance indemnities (insurance payments) under insurance contracts, and also the amount kept respectively on pension deposit account, accumulation pension ac-
count, individual pension account of estate-leaver — participant of accumulation pension fund scheme;

e) cash money or funds, kept on estate-leaver’s accounts, opened in bank and non-bank fi-
nancial institutions, including deposit (savings), mortgage certificate, certificates of real es-
tate transactions fund.

174.2. Heritage objects are subject to tax:

174.2.1. at zero rate:

a) value of property, inherited by family members of estate-leaver of the first degree of relationship;

b) value of property, specified in sub-clauses “a”, “b”, “e” clause 174.1 of this Article, inherited by a person who is a person with disabilities of group I or has a status of disabled child or a child, deprived of parental care, and value of property, specified in sub-clauses “a”, “b” clause 174.1, inherited by a disabled child;

c) money savings, deposited before January 2, 1992 in institutions of USSR Savings Bank and state insurance, which were effective in the territory of Ukraine, and in state securities (State target interest-free loan bonds of 1990, State internal lottery loan bonds of 1982, USSR State treasury bills, USSR Savings Bank certificates) and money savings of citizens of Ukraine, deposited in institutions of Savings Bank of Ukraine and former Ukrgosstrakh during 1992–1994, which redemption did not happen, inherited by any heir;

174.2.2. at a rate, specified in clause 167.2 Article 167 hereof, cost of any heritage ob-
ject, inherited by heirs, who are not estate-leaver’s family members of the first degree of relationship;

174.2.3. at rates, specified in clause 167.1 Articles 167 hereof, for any heritage object, inher-
ited by an heir from estate-leaver -non-resident, and for any heritage object, inherited by an heir — non-resident from estate-leaver -resident.

174.3. Persons responsible for tax payment (transfer) to the budget, are heirs, who obtained heritage.

Income in the form of value of inherited property (funds, property, property or non-property rights) to the extent, which is subject to tax, is specified in annual tax statement, except for heirs-non-residents, which are obliged to pay tax to notarization of heritage objects, and heirs, who inherited objects taxable at zero rate of individual income tax, and other heirs — residents, who paid tax to notarization of heritage objects.

174.4. Notary officer quarterly submits to regulatory authority at location of state no-
tarial office or private notary’s work place the information on issue of right of inheritance certificates and/or verification of deeds of gift as provided by this section for tax calculation.
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Notary officer issues to heirs - non-resident certificate of right of inheritance upon availability of document about tax payment from the cost of heritage object by such heir.

174.5. In case of transfer of right to obtain insurance payments according to Article 1229 Civil code of Ukraine by tax agent is the insurant — financial institution.

174.6. Taxation of income, obtained by a taxpayer pro donate (or as a result of deed of gift conclusion) from natural persons.

Funds, property, property or non-property rights, cost of works, services, donated to a taxpayer, are subject to tax according to the provisions specified in this section for heritage taxation.

174.7. Cost of passenger cars, motor-cycles, mopeds, inherited or obtained pro donate, which are subject to tax according to this Article, is determined as provided by the third paragraph of clause 173.1 Article 173 hereof.

Article 175. Determination of interest, paid by a taxpayer for use of real estate loan for accrual of tax deduction

175.1. Taxpayer — resident has a right to include in tax deduction the part of interest for use of real estate loan, granted to borrower in national or foreign currency, actually paid during accounting tax year.

During payment of interest for real estate loan in foreign currency, payments of such interest in foreign currency are transferred in Ukrainian Hryvnia at official exchange rate of National Bank of Ukraine, effective as of the date of payment of such interest.

Such right arises when residential building (apartment, lodging) under construction or purchase, using the funds of real estate loan indicated by a taxpayer as his primary residence, in particular in accordance with the mark of registration at location of such housing in the passport.

175.2. In case if the building (apartment, lodging) is purchased using the funds of real estate loan, the part of interest included in tax deduction of a taxpayer — borrower of real estate loan equals to product of sums of interest, actually paid by a taxpayer during the accounting tax year for its repayment, and the coefficient, considering minimum residential area for determination of tax deduction, calculated according to clause 175.3 of this Article.

In case if the building (apartment, lodging) was built using the funds of real estate loan, the part of interest included in tax deduction of a taxpayer — borrower, real estate loan, accrued during the first year of such loan redemption, can be included in tax deduction based on the results of accounting tax year, during which real estate loan object built passes into taxpayer's ownership and begins to be used as the primary residence, serial transfer of right to include the following annual interest actually paid by a taxpayer in tax deduction during validity period of right to include the part of such interest in tax deduction provided by clause 175.4 of this Article. Thus total amount of interest part, permitted to include in tax deduction, equals
to product of sums of interest actually paid by a taxpayer — borrower during appropriate accounting tax year, counted towards redemption, and the coefficient, considering minimum residential area for determination of tax deduction, calculated according to clause 175.3 of this Article.

175.3. The coefficient, considering minimum residential area for determination of tax deduction per interest amount for real estate loan, is calculated according to the following formula:

\[ K = \frac{M_P}{\Phi_P}, \]

where \( K \) is coefficient;

\( M_P \) is minimum total residential area, that makes 100 square metres;

\( \Phi_P \) is total actual residential area, under construction (acquired) by a taxpayer using the funds of real estate loan.

In case if this coefficient is greater than one, tax deduction includes the amount of interest for real estate loan actually paid without application of such coefficient.

175.4. The right to include in tax deduction the amount, calculated in accordance with this Article, is provided to a taxpayer for one real estate loan during 10 subsequent calendar years starting from the year, when:

real estate loan object is purchased;

constructed object of real estate loan passes into taxpayer’s ownership and begins to be used as his primary residence.

In case if real estate loan has redemption period more than 10 calendar years, taxpayer’s right to include the part of interest in tax deduction under the new real estate loan arises after full redemption of principal sum and interest of the previous real estate loan.

A taxpayer can resume the right to include the part of interest actually paid under new real estate loan, in tax deduction without observance of time specified in this Article in the following case:

a) forced sale or forfeiture of real estate loan object in cases provided by law;

b) abandonment of real estate loan object on the resolution of local government authorities or resume right as provided by law;

c) destruction of real estate loan object or its declaration unsuitable for use as a result of force-majeure circumstances;

d) sale of real estate loan object in connection with insolvency (bankruptcy) of a taxpayer according to the law.
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175.5. In case if the amount of real estate loan obtained by natural person exceeds the amount expended for purchase (construction) of real estate loan object, the expenses shall include the interest paid for real estate loan use to the extent expended for the purpose intended.

Article 176. Enforcement of fulfilment of tax liabilities

176.1. Taxpayers are obliged to:

a) keep accounts of income and expenses to the extent necessary for determination of total annual taxable income, in case if such taxpayer is obliged to submit a statement according to this section or has a right of such submission for return of excessively paid tax, including exercising the right of tax social privilege.

The forms of such accounting and the procedure of its keeping are determined by Central executive authority responsible for the formation and implementation of national tax and customs policy;

b) receive and keep during period of limitation, established by this Code, primary accounting documents, on which basis the expenses are determined in calculation of investment income and taxpayer’s tax deduction forms;

c) submit tax statement in the prescribed form within the established terms when under the provisions of this section such submission is obligatory.

On demand of regulatory authority and within its power, according to legislation, taxpayers are obliged to submit documents and account books, associated with arising of income or right to obtain tax deduction, calculation and payment, and support with required documents reliability of data, specified in tax statement for this tax;

d) submit documents of confirmation of right to apply tax social privilege of the taxpayer who obtains such income, to the persons assigned responsible for deduction (accrual) and tax payment to the budget according to this Code;

e) according to the procedure provided by law, allow access for officials of regulatory authorities to the territory or premises used by a taxpayer for obtaining incomes from carrying out of business activity;

f) implement measures, provided by this Code, in case of change of base for getting tax social privilege;

g) timely pay the agreed amount of tax liabilities, and the amount of penalties, accrued by regulatory authorities, and the interest fine, except for the amount disputed administratively or through the courts;

h) submit tax statement based on the results of tax (accounting) year within the terms, provided by this Code for payers of individual income tax, if during such tax (accounting) year
taxable income was accrued (paid, provided) in the form of salary, other rewarding and compensatory payments or other payments and rewards, to the taxpayer associated with labour relations and under civil law contracts by two or more tax agents and upon that total annual amount of such taxable income exceeds 120 minimum salaries, as provided by law as of January 1 of accounting tax year.

Taxable income accrued (paid, provided) to taxpayers other than specified in the first paragraph of this sub-clause, is not included in total annual taxable income, declared according to this sub-clause.

Recalculation of tax from declared annual total taxable income is performed in separate attachment to tax statement according to the following procedure:

Declared annual total amount of taxable income is reduced by actually accrued (deducted) by tax agents amount of single contribution to compulsory state social insurance, insurance contributions to Provident fund, and as provided by applicable law, — required insurance contributions to non-state pension fund and by the amount of tax social privilege provided to a taxpayer (if any) during the accounting year;

from reduced total amount of taxable incomes 120 minimum salaries, established by law as of January 1 of accounting tax year, taxable at a rate of 15 percent, remaining amount — at a rate of 17 percent.

Accrued tax from reduced total amount of taxable income is reduced by the amount of tax, actually accrued (deducted) by tax agents during tax (accounting) year for incomes, specified in the first paragraph of this sub-clause, declared by a taxpayer. Positive difference of tax is payable by a taxpayer to the relevant budget as provided by this Code.

176.2. The persons under this Code which have the status of tax agents, are obliged to:

a) timely and fully accrue, deduct and pay (transfer) to the budget tax from the income paid in taxpayer’s favour and taxable before or during such payment at its cost;

b) submit tax calculation of income amount, accrued (paid) in favour of taxpayers within the terms established by this Code for tax quarter, and the amount of tax deducted from them, to regulatory authority at their location. Such calculation is submitted only in case of accrual of specified taxpayer’s income by tax agent during accounting period. Introduction of other reporting forms as to above-stated subject is not allowed.

In case if separate subdivision of legal entity is not authorised to accrue, deduct and pay (transfer) tax to the budget, tax calculation in the form of separate abstract is submitted by legal entity for such subdivision to regulatory authority at its location and the copy of such calculation is sent to regulatory authority at the location of such separate subdivision according to the established procedure;

c) at taxpayer’s request provide information on the amount of income paid in his favour, tax social privilege applied and the amount of tax deducted;
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d) submit to regulatory authority other taxation data of certain taxpayer’s income to the extent and according to the procedure, determined by this section and section II hereof;

e) bear responsibility in cases determined by this Code;

f) excluded.

Article 177. Taxation of income obtained by sole proprietor from carrying out of business activity, except for the persons, who have chosen simplified tax system.

177.1. Income of natural persons — entrepreneurs, obtained during calendar year from carrying out of business activity, is taxable at rates, specified in clause 167.1 Article 167 hereof.

177.2. Taxable item is a net taxable income, that is the difference between total taxable income (revenue in specie or in kind) and documented expenses, associated with business activity of such sole proprietor.

177.3. For sole proprietor, registered as a payer of value added tax, amounts of value added tax, included in cost of purchased or sold goods (works, services), are not included in expenses and income.

177.4. The expenses directly related to obtaining incomes, involve documented expenses, included in operating activity expenses according to section III hereof.

177.5. Natural persons — entrepreneurs submit to regulatory authority tax statement at the location of their tax home, based on the results of calendar year within the terms, established by this Code for annual accounting tax period, during which advance payments from income tax are also specified.

177.5.1. Advance payments from individual income tax are calculated by entrepreneur independently, but not less than 100 percent of annual tax amount from taxable income for the previous year (in comparable conditions), and paid to the budget 25 percent quarterly (before March 15, before May 15, before August 15 and before November 15).

In case of reduction of obtained income amount for the previous calendar quarter of current year by more than 20 percent compared to expected profit amount for such quarter, a taxpayer has a right to reduce the amount of advance payable during the next period, established by this sub-clause, in proportion to the reduction of specified income amount. For such reduction of advance payment amount by natural person — entrepreneur, before the beginning of payment due date of such advance payment, the application in free format, with calculation of advance payment reduction and brief explanation of circumstances, that resulted in reduction of obtained income should be submitted to regulatory authority.

177.5.2. Sole proprietors, registered during the year as provided by applicable law or switched from simplified tax system to general taxation system or paid flat tax before this Code becoming effective, submit tax calculation based on the results of accounting quarter, during which such activity was launched or switching to general taxation system happened. Entrepreneurs
registered for the first time also should specify in tax statement the information on property assets and incomes, as of the date of entrepreneur’s state registration. Taxpayers calculate and pay advance payments within the terms established by sub-clause 177.5.1 clause 177.5 of this Article, which will come in the accounting tax year.

177.5.3. Final calculation of individual income tax for accounting tax year is carried out by a payer personally according to the data, specified in annual tax statement, taking into account individual income tax and the fee for carrying out of some entrepreneurial activities paid by him during the year with documentary support of the fact of their payment.

Excessively paid tax amounts are subject to offset against future payments for this tax or return to taxpayer as provided by this Code.

177.6. In case if a sole proprietor obtains income, other than from entrepreneurial activities within selected types of such activities by him, such income is taxable according to general rules, provided by this Code for taxpayers—natural persons.

177.7. Sole proprietor is considered to be a tax agent of the employee—natural person, who is in labour, civil law relations with him or any other natural person concerning any taxable income, accrued (paid, provided) in favour of such person.

177.8. During accrual (payment) to a sole proprietor of income from entrepreneurial activity, business entity and/or self-employed person, who accrue (pay) such income, do not deduct income tax to the sources of payment, if a sole proprietor, who obtains such income, submits the copy of document, certifying its state registration as entrepreneurial entity according to the law. This rule does not apply in case of accrual (payment) of income for execution of certain work and/or rendering service according to civil law contract, when the relations under such contract turn out to be labour in fact, and the contract parties can be treated as the employee or the employer according to sub-clauses 14.1.195 and 14.1.222 clause 14.1 Article 14 hereof.

177.9. Taxation of income, obtained by a sole proprietor, who selected another taxation system of income from carrying out of business activity, is performed according to the rules, established by this Code.

177.10. Sole proprietors are obliged to keep the Ledger of income and expenditure and have supporting documents for origin of goods.

The form of Ledger of income and expenditure and the procedure of its keeping are determined by Central executive authority responsible for the formation and implementation of state taxation and customs policy.

Sole proprietors use cash registers according to Law of Ukraine “On the Use of Cash Registers in Trade, Public Catering and Services”.

177.11. Natural persons — entrepreneurs submit annual tax statement within the term specified in sub-clause 49.18.5 clause 49.18 Article 49 hereof, where near the incomes from en-
trepreneurial activity other incomes from Ukrainian source and foreign incomes should be specified.

177.12. Foreigners and stateless persons, registered as entrepreneurs according to the legislation of Ukraine, are residents, and clause 177.11 of this Article applies to them.

**Article 178. Taxation of income obtained by natural person which carries out independent professional activity**

178.1. Persons, who intend to carry out independent professional activity, are obliged to register in regulatory authorities at their permanent place of residence as self-employed persons and get tax registration certificate according to Article 65 hereof.

178.2. Incomes of citizens, obtained during calendar year from carrying out of independent professional activity, are taxable at rates, specified in clause 167.1 Article 167 hereof.

178.3. Taxable income is considered to be total net income that is the difference between income and documented expenses, necessary for carrying out of certain independent professional activity.

In case of failure to get tax registration certificate by a person, who carries out independent professional activity, taxable item is the income from such activity without expenses.

178.4. Natural persons, who carry out independent professional activity, submit tax statement based on the results of accounting year according to this section within the terms provided for payers of individual income tax.

Foreigners and stateless persons, registered in regulatory authorities as self-employed persons, are the residents and in annual tax statement, near the incomes from carrying out of independent professional activity, other incomes from Ukrainian source and foreign incomes should be specified.

178.5. During payment by business entities — tax agents, natural persons, who carry out independent professional activity, incomes directly associated with such activity, tax for incomes from payment source is not deducted subject to submission by such natural person of copy of tax registration certificate as natural person, which carries out independent professional activity. This rule is not applied in case of accrual (payment) of income for execution of certain work and/or rendering services in accordance with civil law contract, under which the relations are determined as labour relations, and the contract parties can be treated as the employee or the employer according to clauses 14.1.195 and 14.1.222 clause 14.1 Article 14 hereof.

178.6. Natural persons, who carry out independent professional activity, are obliged to keep income and costs accounting from such activity.

The form of such accounting and the procedure of its keeping are determined by central executive authority, responsible for the formation and implementation of state taxation and customs policy.
178.7. Final statement of individual income tax for accounting tax year is executed by a taxpayer himself according to the data, specified in tax statement.

**Article 179. The procedure of submission of annual declaration of property assets and income (tax statement)**

179.1. Taxpayer is obliged to submit annual declaration of property assets and income (tax statement) according to this Code.

179.2. According to this section, taxpayer's obligation to submit tax statement is considered to be fulfilled, and tax statement is not submitted, if such taxpayer obtained incomes:

- from tax agents, which are not included in total monthly (annual) taxable income according to this section;
- solely from one tax agent regardless of the kind and the amount of income accrued (paid, provided), unless otherwise explicitly provided by this section;
- from property sales (exchange), gift transactions, with notarized contracts, under which the tax was paid according to this section;
- in the form of heritage objects, which according to this section are taxable at zero tax rate and/or from which the tax was paid according to clause 174.3 Article 174 hereof;
- as specified in clauses 167.2–167.4 Article 167 hereof, except when declaration of such income is explicitly provided by relevant provisions of this section;
- as specified in sub-clause “h” clause 176.1 Article 176 hereof, from two and more tax agents, and upon that total annual amount of taxable income, accrued (paid, provided) by such tax agents does not exceed 120 minimum salaries, established by law as of January 1 of accounting tax year.

179.3. Taxpayers — residents, who go abroad for permanent residence, are obliged to submit to regulatory authority tax statement within 60 calendar days preceding the leaving.

Regulatory authority within 30 calendar days after the receipt of tax statement is obliged to check the determined tax liability, payment of due tax amount, and issue the certificate of such payment and about absence of tax liabilities for this tax, submitted to customs authority during customs border crossing and is the basis for carrying out customs procedures.

The form of such certificate is established by Central executive authority responsible for the formation and implementation of state taxation and customs policy.

The procedure of application of this clause is determined by the Cabinet of Ministers of Ukraine.

179.4. Taxpayers are discharged from obligation of tax statement submission in the following cases:
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a) regardless of the kind and the amount of income obtained by taxpayers, who are:

minor/underage or legally incompetent persons and are thus fully maintained by other persons (including parents) and/or state as of the end of accounting tax year;

under arrest, apprehended or sentenced to imprisonment, in thrall or imprisoned in the territory of foreign countries as of the end of statement submission deadline;

on the wanted list as of the end of accounting tax year;

at compulsory service as of the end of accounting tax year;

b) in other cases provided by this section.

179.5. Tax statement is filled in by a taxpayer himself or by another person notarially authorised by a taxpayer to perform such filling in, as provided by chapter 2 section II hereof.

179.6. The obligation to fill in and submit tax statement on behalf of a taxpayer is imposed on the following persons:

trustee or custodian — in terms of income obtained by a minor/underage person or a person, declared legally incompetent by court;

heirs (asset managers, state enforcement officers) — in terms of incomes obtained during accounting tax year by a deceased taxpayer;

state enforcement officer, authorised to implement measures for securing of claims to property of creditors of a taxpayer, declared bankrupt according to the established procedure.

179.7. Natural person is obliged by itself not later than on August 1 of the year following the accounting, to pay the amount of tax liability specified in tax statement submitted by it.

The amount of tax liabilities, additionally charged by regulatory authority, is paid to the relevant budget within the terms established by this Code.

179.8. The amount which should be returned to a taxpayer, is transferred to his bank account, opened in any commercial bank, or sent by mail transfer to the address, specified in the statement, during 60 calendar days after the receipt of such tax statement.

179.9. The form of tax statement is established by Central executive authority responsible for the formation and implementation of state taxation and customs policy, on the basis of such conditions:

general part of tax statement should have a simplified view and not contain the data of incomes (expenses), obtained (incurred) by some taxpayers;

tax statement is common and uniform for all cases of its submission established by this section;
calculation of certain incomes (expenses) should be contained in the attachments to tax statement that are filled in solely by taxpayers upon availability of such income (expenses);

tax statement and attachments to it should be executed with the use of common terms, and contain detailed instructions on their filling in;

tax statement and attachments to it must identify the taxpayer and contain information, necessary for determination of the amount of his tax liabilities or tax amount, that is subject to return in case of exercising the right of tax deduction by a taxpayer.

The forms of tax statements should be provided by regulatory authorities to taxpayers upon their request free of charge, and publicly available.

179.10. A taxpayer not later than on March 1 of the year following the accounting period, has a right to make an application to relevant regulatory authority for clarification concerning filling in of annual tax statement, and regulatory authority is obliged to provide free services upon such application.

179.11. Natural persons, who declare property, incomes, expenses and financial obligations according to the Law of Ukraine “On Principles of Counteraction and Prevention of Corruption”, submit tax statement solely in cases provided by this section.

179.12. Upon taxpayer’s application, the regulatory authority, where the tax statement was submitted, issues the certificate of submitted declaration of property assets and income (tax statement) according to the form established by Central executive authority responsible for the formation and implementation of state taxation and customs policy.
SECTION V.

VALUE ADDED TAX

Article 180. Taxpayers

180.1. For tax purposes, the taxpayer shall be:

1) any person carrying out or intending to carry out economic activity and registered as a taxpayer at own voluntary discretion according to the procedure stipulated by Article 183 hereof;

2) any person registered or subject to registration as a taxpayer;

3) any person importing goods into the customs territory of Ukraine in taxable amounts and charged with the payment of taxes in case of transfer of goods across the customs border of Ukraine according to the Customs Code of Ukraine, as well as:

any person responsible for compliance with the customs procedure providing for complete or partial conditional tax exemption, in case of breach of the said customs procedure as established by customs legislation;

any person using the tax concession improperly and/or using it in contravention to the terms or purposes of provision thereof under this Code, including without limitation when importing goods into the customs territory of Ukraine, as well as any other person/entity using the tax concession not intended for their use.

Provisions of this clause shall not apply to transactions for import into the customs territory of Ukraine of cultural property as specified in Clause 197.7 of Article 197 hereof by natural persons (citizens) or business entities other than taxpayers;

4) a person keeping record of performance under cooperative agreement without establishing a legal entity;

5) an administrator of estate keeping independent tax record for VAT settlements in respect of business transactions connected with the use of property obtained for administration under trust agreements.

For tax purposes, business relations between individual business activity of administrator of estate and its activity on estate administration shall be made equivalent to relations based on separate civil law agreements. Provisions of this clause shall not apply to administrators of estate who manage assets of collective investment schemes, bank-managed funds, construction financing funds and real estate transaction funds as established under the law;

6) a person carrying out transactions for supply of seized property, findings, treasures, confirmed abandoned property, property the owner did not apply for by the end of the period of custody, and property that passes into public ownership by right of inheritance or otherwise as established by the law (including without limitations property specified in Article 243 of
the Customs Code of Ukraine), irrespective of whether it reaches the total amount of transactions for supply of goods/services stipulated by Clause 181.1 of Article 181 hereof, and irrespective of tax treatment applied by the said person in accordance with the law;

7) a person authorised to enter tax imposed on taxable items that occur due to supply of services by railway undertakings related to their core activity, which are at the disposal of the taxpayer, according to the procedure established by the Cabinet of Ministers of Ukraine;

8) an individual investor (operator) keeping independent tax record with respect to performance of a product distribution agreement.

180.2. In the event that services are supplied by non-residents, including but not limited to permanent establishments thereof, other than the registered taxpayers, if the service is located within the customs territory of Ukraine, the person responsible for charging and payment of tax to the budget is the service recipient.

180.3. Persons specified in Clause 180.2 of this Article have rights, perform duties and bear responsibility under the law as taxpayers.

180.4. Provisions of this Article shall not apply to non-residents who supply services for preparation to removing from service and for removing from service of Chornobyl NPP power generating units, for operation and transformation of Object Shelter into an environmentally sound system, financed through free-of-charge and non-refundable international technical assistance, according to the provisions of the Framework Agreement between the EBRD and Ukraine concerning the Operation of the Chornobyl Shelter Fund and Grant Agreement (Draft Action Plan on Nuclear Safety of Chornobyl Nuclear Power Plant) between the EBRD as Administrator of the Grant Funds allocated according to the Nuclear Safety Grant, the Government of Ukraine and Chornobyl Nuclear Power Plant.

**Article 181. Requirements for registration of taxpayers**

181.1. Should the aggregate amount of transactions for supply of goods/services subject to taxation according to this section, including without limitations those using local or global computer network, accrued (paid) to the person within the past 12 calendar months exceeds UAH 300,000 (excluding VAT), the said person shall be registered as a taxpayer at the regulatory authority at their location (place of residence) in compliance with the requirements stipulated by Article 183 hereof, except for single tax payers.

181.2. Should persons other than the registered taxpayers import goods into the customs territory of Ukraine in taxable amounts as set forth by the law, the said persons shall pay the tax during customs clearance of goods without registration as taxpayers.

**Article 182. Voluntary registration of taxpayers**

182.1. Should the person who is, according to clause 181.1 of Article 181 hereof, not a taxpayer due to absence of amounts of taxable transactions or their being lower from amounts determined in the Article indicated, consider it expedient to be registered as a taxpayer
voluntarily, such a registration shall be realized upon the relevant application of such a person.

**Article 183. Taxpayers’ registration procedure**

183.1. Any person subject to compulsory registration as a taxpayer shall submit a registration application at the regulatory authority at the location (place of residence) of such a person.

183.2. In the event of compulsory registration of a person as taxpayer, the registration application shall be submitted at the regulatory authority on or before the 10th day of the calendar month following the month when the extent of taxable transactions as established under Article 181 hereof was first achieved.

183.3. In the event of voluntary registration of a person as a taxpayer or a person conforming with the requirements set forth in Sub-clause 6 of Clause 180.1 of Article 180 hereof, the registration application shall be submitted with the regulatory authority in no later than 20 calendar days before commencement of the tax period from which they shall be considered taxpayers and shall be entitled to tax credit and issue of tax invoices.

183.4. In the event of transfer of persons from a simplified tax system which does not stipulate for the tax payment to payment of other taxes and duties as established under this Code, in cases set forth in Chapter 1, Section XIV hereof, provided that they comply with the requirements set forth in Clause 181.1 of Article 181 hereof, the registration application shall be submitted on or before the 10th day of the first calendar month when the transfer to payment of other taxes and duties as established under this Code occurred. Provided that the said persons comply with the requirements set forth in Clause 182.1 of Article 182 hereof, the registration application shall be submitted within the time limit established under Clause 183.3 of this Article.

Should the single tax rate be changed according to Sub-clause “b”, Sub-clause 4 of Clause 293.8 of Article 293 hereof, the registration application shall be submitted not less than 15 calendar days before commencement of the calendar quarter within which the single tax rate providing for the VAT payment is applied.

183.5. The persons specified in Clause 183.3 of this Article may provide a desirable (scheduled) date of registration as taxpayer in their applications, corresponding with the tax period commencement date (calendar month) from which they shall be considered taxpayers and shall be entitled to tax invoice issue.

The registration of persons specified in Paragraph two of Clause 183.4 of this Article shall be valid from the first day of the calendar quarter within which the single tax rate providing for the VAT payment shall be applied.

183.6. Should the closing date of application be a day off, a holiday or a non-work day, the closing date shall be considered the next working day following the day-off, the holiday or the non-work day.
183.7. The application for registration of a person as a taxpayer shall be submitted personally by the said natural person or immediately by the manager or representative of the legal entity who is a taxpayer (in either case, supported by documented identification and authorization) at the regulatory authority at their location (place of residence).

The taxpayers who entered into the agreement on recognition of electronic documents with the relevant regulatory authority may submit registration application by means of electronic communication in electronic form complying with the condition on registration of electronic signature of reporting persons in accordance with the procedure determined by the applicable legislation.

Application for voluntary registration as a taxpayer may be submitted to the state registrar as an attachment to registration card that is filed for the purpose of state registration of a legal entity or a sole proprietor. An electronic copy of application produced by way of scanning shall be submitted to regulatory authorities by the state registrar together with information from registration card for the purpose of the state registration of a legal entity or a sole proprietor in accordance with the Law of Ukraine “On State Registration of Legal Entities and Sole Proprietors”.

The application shall contain the grounds for registration of a person as a taxpayer.

183.8. The regulatory authority may refuse to register the person as a taxpayer, should it be established in the result of examination of a registration application and/or documents submitted that the person does not comply with the requirements set forth in Article 180, clause 181.1 of Article 181, clause 182.1 of Article 182 and clause 183.7 of Article 183 hereof, or should any existing circumstances be a cause for cancellation of registration according to Article 184 hereof.

183.9. Should there exist no grounds for refusal to register the person as a taxpayer, the regulatory authority shall make an entry in the register of taxpayers on registration of such a person as a taxpayer on the desirable (scheduled) day of registration as a taxpayer as specified in the relevant application provided the desirable (scheduled) date of registration has not been specified in the application or this day occurs before the date of the last day of the period established by the regulatory authority for taxpayer registration. Should the desirable (scheduled) registration date as specified in the person's application occur upon expiry of 5 business days from the date of receipt of the registration application, the regulatory authority shall make an entry on registration of such a person as a taxpayer on or before the desirable (scheduled) taxpayer registration date as specified in the application.

183.10. Any person subject to compulsory registration as a taxpayer, who, in cases and according to the procedure stipulated by this Article, has not submitted a registration application at the regulatory authority, shall bear responsibility for failure to charge or pay VAT at a registered taxpayer level without the right of tax credit and budget refund accrual.

183.11. At the taxpayer’s request the regulatory authority shall provide free of charge and unconditionally an extract from the register of taxpayers within two business days following the receipt of such an enquiry.
SECTION V.

The form of enquiry and form of extract from the register of taxpayers shall be approved by the central executive authority responsible for formation and implementation of the national tax and customs policy.

183.12. The central executive authority responsible for the formation and implementation of national tax and customs policy shall keep the Register of Taxpayers containing information on the registered taxpayers.

183.13. In order to permanently provide the state and local authorities as well as legal entities and natural persons with information, the central executive authority responsible for formation and implementation of the national tax and customs policy, shall make the below data public at the unified state registration web-portal of legal entities and sole proprietors on a daily basis:

183.13.1. data from the register of taxpayers, including the taxpayer’s company name or surname, first name and patronymic, registration date, individual tax number and period of validity of the taxpayer’s registration;

183.13.2. information on persons removed from the register of taxpayers with indication of individual tax numbers, cancellation dates, grounds and basis for cancellation.

At the electronic request received from the taxpayers who submit tax declarations by means of electronic communication with due consideration of requirements on registration of electronic signature of the reporting persons in accordance with the legal procedure the regulatory authorities shall provide the information that shall be made public in accordance with this clause free of charge within 5 business days following the date of receipt of the relevant enquiry.

The forms of enquiry and form of extract from the register as well as procedure for formation thereof shall be established by the central executive authority responsible for formation and implementation of the national tax and customs policy.

183.14. Registration application forms, applications for cancellation of registration as well as the regulation on registration of taxpayers shall be approved by the central executive authority responsible for formation and implementation of the national tax and customs policy.

183.15. In the event of change of the taxpayer’s location (residence) or transfer thereof to be served by another regulatory authority, deregistration of the taxpayer at one regulatory authority and registration at another regulatory authority shall be carried out according to the procedure established by the central executive authority responsible for the formation and implementation of national tax and customs policy.

Should the taxpayer’s data on taxnumber and/or the taxpayer’s name (surname, name and patronymic) be changed, should location (place of residence) of the taxpayer change or should any inconsistencies or errors in registration certificate and/or register of taxpayers records be discovered, the taxpayer shall submit the registration application at the regulatory authority within 10 business days following the day when the taxpayer’s data were changed or any other reasons for re-registration occurred.
Re-registration of the taxpayer is carried out with due compliance with regulations and within the periods determined hereunder for the purpose of registration of taxpayers by introducing the relevant entry to the register of taxpayers.

183.16. In the event that the duration of entity or the period after which the data in the taxpayer's registration data change shall be established according to the law, the taxpayer's registration shall only be valid for the period established.

183.17. An entity formed as a result of a taxpayer's reorganization (except for entities formed by way of transformation) shall be registered as a taxpayer as any other newly formed entity, according to the procedure established hereof, including without limitations when tax obligations have passed to this person in connection with allocation of tax liabilities or tax payable.

183.18. An individual tax number is assigned to the person registered as a taxpayer to be used in tax payment.

**Article 184. Taxpayer registration annulment**

184.1. Taxpayer registration is valid until annulment thereof by way of removal from the Register of Taxpayers and shall take place in cases as follows:

a) any person registered as a taxpayer within the past 12 months have submitted an application for registration annulment if the total cost of goods/services subject to taxation supplied by the person within the past 12 calendar months is below the amount specified in Article 181 hereof, provided that the amount of tax liabilities is paid in cases specified in this section;

b) any person registered as a taxpayer has made a decision on dissolution and has approved a liquidation balance sheet, a Delivery Acceptance Act or a demerger balance sheet according to the law, provided that the amount of tax liabilities is paid in cases specified in this section;

c) any person registered as a taxpayer is also registered as a single tax payer, the terms of payment whereof do not stipulate for payment of VAT;

d) a person registered as a taxpayer has not filed their VAT declarations at the regulatory authority for 12 consecutive tax months and/or has filed a tax declaration (tax calculation) indicative of no supplies/purchase of goods in view of forming a tax liability or a tax credit;

e) the constituent documents of any person registered as a taxpayer have been invalidated under court decision;

f) economic court has issued a decree on liquidation of a bankrupt entity;


g) the taxpayer has been liquidated under court decision (a natural person has lost status of a business entity) or a person has been freed of taxes or their tax registration has been annulled (cancelled, invalidated) under court decision;
h) a natural person registered as a taxpayer has died, has been announced dead, incapable or missing, their civil capacity has been restricted;

i) there is an entry in the Unified State Register of Legal Entities and Individual Entrepreneurs on the absence of a legal entity or a natural person at their location (place of residence) or an entry on the absence of confirmed information on the legal entity;

j) the agreement on joint activity, property management, product distribution (for taxpayers indicated in sub-clauses 4, 5 and 8 of clause 180.1 of Article 180 hereof) is suspended or the period for which an entity registered as a taxpayer was formed.

k) excluded;

184.2. The annulment of registration according to Sub-clause “a” of Clause 184.1 of this Article shall be performed upon the taxpayer’s application, and according to Sub-clauses “b”-“j” of Clause 184.1 of this Article, upon the taxpayer’s application or at a sole discretion of a relevant regulatory authority.

The annulment of registration shall be performed as of:

the date of filing an application by the taxpayer or the date of decision on annulment of registration by the regulatory authority;

the date specified in the court decision;

termination of agreement on joint activity, property management, product distribution or termination of a period for which a entity registered as a taxpayer was formed;

the date preceding the date of losing a VAT payer’s status.

Herewith the date of annulment of registration shall be determined as the date that occurred earlier.

184.3. The regulatory authority shall annul registration of the taxpayer to file an application for annulment if it is established that the taxpayer does not comply with the requirements of Clause 184.1 of this Article.

184.4. If there are no reasonable grounds for registration annulment, the regulatory authority shall within 10 calendar days upon receipt of the taxpayer’s application for registration annulment provide this taxpayer with a reasoned written refusal for registration annulment including clarification thereof.

184.5. Upon annulment of the taxpayer’s registration the person loses their right to charging tax amounts against the tax credit, to the issue of tax invoices.

184.6. In the case of annulment of taxpayer's registration, the final accounting (tax) period shall be the period starting from the day following the last day of the preceding tax period and ending with the day of registration annulment.
184.7. In the event that goods/services, capital assets with tax amounts attributed to the tax credit have not been used in taxable transactions within the framework of business activity, such taxpayer shall in the last accounting (tax) period on or before the date of registration annulment determine tax liabilities for the said goods/services, capital assets in view of the regular price of the corresponding goods/services or capital assets, except for the annulment of taxpayer’s registration due to the taxpayer’s reorganization by way of accession, merger, transformation, split-up and spin-off according to the law.

184.8. In the event that the taxpayer with annulled registration has tax liabilities following the results of the past tax period, this tax amount shall be counted towards the amount of budget refund reduction, and failing this, within the time limit established hereof the taxpayer shall discharge the tax liabilities or tax payable that have occurred prior to the annulment, where available, irrespective of whether this person remains registered as a taxpayer on the date of payment of this amount or not.

184.9. In the event that following the results of the past tax period the person is entitled to budget refund, such refund shall be provided within the time limits determined in this section, irrespective of whether this person remains registered as a taxpayer on the date of this refund or not.

184.10. The regulatory authority shall notify the taxpayer on annulment of registration in writing within three business days after the date of annulment.

**Article 185. Definition of a taxable item**

185.1. The taxable item is the taxpayer’s transactions for:

a) the supply of goods located within the customs territory of Ukraine, according to Article 186 hereof, including without limitations transactions for the transfer of ownership of subjects to pledge to the borrower (lender), of the goods transferred under terms of a commodity credit, as well as transactions for the assignment of the finance leasing object for use of the lessee;

b) the supply of services located within the customs territory of Ukraine, according to Article 186 hereof;

c) the import of goods into the customs territory of Ukraine;

d) the export of goods outside the customs territory of Ukraine;

e) excluded;

f) excluded;

f) excluded;

g) the supply of services for international passenger and luggage carriage by rail, road, sea, river, and air.

For tax purposes, transactions for the import of goods into the customs territory of Ukraine and export of goods outside the customs territory of Ukraine shall be made equivalent to placing of goods under any customs procedure as determined by the Customs Code of Ukraine.
Article 186. Place of supply of goods and services

186.1. The place of supply of goods shall be:

a) the actual location of goods on arrival (except as provided in sub-clauses “b” and “c” of this clause);

b) the location of goods upon commencement of shipment or transmission, in the event that the goods are shipped or transmitted by the seller, purchaser or the third person;

c) the place of assembly, mounting or installation, in the event that the goods are assembled, mounted or installed (with or without tests) by the seller or on behalf thereof.

186.1.1. In the event that the goods supplied are intended for consumption on board of seacraft or aircraft or on trains in the segment of passenger carriage within the customs territory of Ukraine, the place of supply shall be the point of departure of the passenger vehicle.

The segment of passenger carriage within the customs territory of Ukraine shall be the segment of such carriage without stops outside the customs territory of Ukraine between the point of departure and the point of arrival of the passenger vehicle.

The point of departure of the passenger vehicle shall be the first point of loading within the customs territory of Ukraine, if required after a stop outside the customs territory of Ukraine.

The point of arrival of the vehicle within the customs territory of Ukraine shall be the final point within the customs territory of Ukraine for passenger loading/unloading within the customs territory of Ukraine.

186.2. The place of supply of services shall be:

186.2.1. the place of actual supply of services related to movable property, namely:

a) ancillary services in transportation activity: loading, unloading, reloading, warehouse processing of goods and other similar services;

b) services for expert examination and assessment of movable property;

c) services related to passenger and cargo carriage, including but not limited to supply of food products and beverages intended for consumption;

d) services for repair works and raw material processing services, as well as other works and services related to movable property;

186.2.2. actual location of real estate, including real estate under construction, for services related to real estate:

a) services of real estate agencies;
b) services for preparation and performance of construction works;

c) other services at the location of real estate, including real estate under construction;

186.2.3. actual location of services in culture, art, education, science, sport, entertainment or other similar services, including without limitations services by organizers of activities in the said areas and services provided for organization of paid exhibitions, conferences, scientific workshops and other similar events.

186.3. The place of supply of services set forth in this clause shall be the place of registration of the service recipient as a business entity or, failing this, the permanent or predominant residence thereof. Such services include:

a) provision of title to intellectual property, creation upon order and use of intellectual property, including without limitation use under license agreements, and provision (transfer) of title to greenhouse gas (carbon units) emission reduction;

b) advertising services;

c) consulting, engineering, legal (including advocation), accounting, auditing, actuarial services, as well as services for software development, supply and testing, for data processing and informatization consulting, information provision and other informatization services, including services in connection with computer systems;

d) secondment, including when the personnel works at the place of business activity of the purchaser;

e) lease of movable property, except for vehicles and safe deposit boxes;

f) telecommunication services, namely: services related to transmission, propagation or reception of signals, words, images and sounds or information of any sort by way of cable, satellite, cellular, radio, optical and other electromagnetic communications systems, including respective provision or transfer of title to use of the opportunities of such transmission, propagation or reception, including without limitation granting access to global information networks;

g) radio and television broadcasting services;

h) supply of intermediary services on behalf and at the expense of another person or on one's own behalf, but at the expense of another person, if the services indicated in this sub-clause are delivered;

i) supply of forwarding services.

186.4. The place of supply of services shall be the place of registration of the supplier, except for transactions specified in Clauses 186.2 and 186.3 of this Article.
SECTION V.

187.1. Tax point for goods/services supply shall be the date falling on the tax period within which any of the events that have occurred before takes place:

a) the date of transfer of funds from the purchaser/customer to the taxpayer’s account against payment for goods/services subject to supply, and in case of goods/services supply for cash — the date of capitalization of funds at the taxpayer cash office, and in the absence thereof — the date of cash collection at the banking institution providing services to the taxpayer;

b) the shipment date, and in case of export — the date of issue of the customs declaration confirming crossing of the customs border of Ukraine, executed according to the requirements of customs legislation, and for services — the date of execution of the document confirming the supply of services by the taxpayer.

For contracting construction transactions, cash method of tax accounting may be applied by business entities in accordance with Sub-clause 14.1.266 of Clause14.1 of Article 14 hereof.

187.2. In case of goods/services supply using vending machines or similar equipment that does not stipulate for the cash register, operated by an authorised natural person, the tax point shall be the date of collection of cash proceeds from such vending machines or similar equipment. Cash collection procedure shall be established by the National Bank of Ukraine.

187.3. In case of goods supply under commodity credit agreements (commodity instalment credit) providing for payment (accrual) of interest, the date of tax liability increase in terms of such interest shall be the date of accrual thereof according to the terms of a respective agreement.

187.4. In the event that goods/services are delivered through vending machines using tokens, cards or other national currency substitutes, the date of tax liability increase shall be the date of supply of such tokens, cards or other national currency substitutes.

187.5. In the event that goods/services are supplied using credit or debit cards, traveller’s checks, commercial receipts and personal checks, the date of tax liability increase shall be the date of supply of goods/services by the taxpayer to the purchaser, supported by tax invoice, or the date of invoice (‘traveller’s check) production, whichever is sooner.

187.6. The tax point for the lessor in finance lease transactions shall be the date of actual assignment of a finance leasing object for use of the lessee.

187.7. The tax point in the event that the delivered goods/services are paid out of the budget shall be the date of transfer of such funds to the taxpayer’s bank account or the date of receipt of respective compensation in another form, including the reduction of indebtedness of this taxpayer with respect to their liabilities to the budget.

187.8. The tax point in case of import of goods into the customs territory of Ukraine shall be the date of filing customs declarations for customs clearance.
In cases stipulated by Article 191 hereof, the tax point shall be determined in view of the provisions of Article 191 hereof.

The tax point for transactions for supply of services by non-residents within the customs territory of Ukraine shall be the date of debiting the taxpayer’s account in payment for services or the date of execution of a document supporting the supply of services by a non-resident, whichever is sooner.

187.9. The tax point for the long-term agreement (contract) executor shall be the date of actual transfer of work results under the said agreement (contract) by the executor.

As used in this clause, the long-term agreement (contract) shall be any manufacturing, works or service agreement with a long-term (over one year) manufacturing composite lead time, unless the agreements for manufacture of goods, execution of works or supply of services provide for the staged supply thereof.

187.10. Taxpayers who supply thermal energy, natural gas (except for liquefied natural gas), including the supply of services for transportation and supply thereof, deliver services for water supply, sewerage or services with cost included into the residential rent or the maintenance cost to natural persons, budgetary institutions not registered as taxpayers, as well as to housing management offices, apartment management units, apartment building co-owners associations, other taxpayers who raise funds from the said sellers in view of subsequent transfer to the sellers of such goods (service providers) for compensation of cost thereof, shall determine the tax point and tax credit using cash method.

The above rule for determination of the tax point shall also apply to transactions for supply of the said goods/services to housing management offices and budgetary institutions who receive the said goods/services, if they are registered as taxpayers.

As used in this clause, the services with cost included into the residential rent or the maintenance cost shall be the services for maintenance of elevators and dispatching systems, automatic fire fighting and smoke exhaust systems, cooking appliances, maintenance of flue and air ducts, plumbing and heating systems, removal and recycling of solid and rough household waste, cleaning of buildings and building surrounding grounds and other services provided by housing management offices to and at the expense of the purchasers as specified in this clause.

187.11. Early (advance) payment for exported or imported goods shall not change the amount of tax included in the tax credit or taxpayer’s liabilities for such exporter or importer.

**Article 188. Procedure for determination of tax base for supply of goods/services**

188.1. The tax base for goods/services supply transactions shall be determined on the basis of contract price thereof (in case of controlled transactions — at least equal to regular prices established according to Article 39 hereof) in view of the national taxes and duties (except for the VAT and excise tax on ethyl alcohol used by manufacturing business entities in drug production, including without limitation production of blood components and blood de-
rived products (except for medicinal products in the form of balms or elixirs) and duty on mandatory state pension insurance levied from the cost of cellular mobile services).

The contract price includes any amount of funds, the cost of tangibles and intangibles immediately transferred to the taxpayer by the purchaser or through a third person in view of compensation for the cost of goods/services. The contract price does not include the amount of forfeits, fine and/or penalty, three percent of per annum and inflationary amounts received by the taxpayer due to failure to perform or undue performance of contract obligations.

The tax base includes the cost of goods/services delivered (except for the amount covering the difference between actual expenses and controlled prices (tariffs) by way of production subsidy from the budget and/or amount of reimbursement to the leasing budgetary institution of expenses for the leased real estate maintenance, for utilities and energy sources), and the cost of tangibles and intangibles immediately transferred to the taxpayer by the recipient of goods/services as supplied by this taxpayer.

In cases stipulated by Article 189 hereof, the tax base shall be determined in view of provisions of Article 189 hereof.

**Article 189. Peculiarities of tax base determination in separate cases of goods/services supply**

189.1. Should transactions under Clause 198.5 of Article 198 hereof be performed, the tax base for capital assets shall be determined on the basis of net fixed assets as of the beginning of accounting (tax) period over which such transactions are performed (in default of the capital assets accounting — on the basis of regular price), and for goods/services — on the basis of purchase thereof.

189.2. The tax base shall not include the cost of tare defined as returnable (deposit-paid) according to provisions of the agreement (contract). In the event that the returnable tare has not been returned to the dispatcher within a period exceeding 12 calendar months upon receipt of the tare, the cost of tare shall be included in the tax base of the recipient.

189.3. Should the taxpayer perform supply of second-hand goods (commission trade) purchased from persons not registered as taxpayers, the tax base shall be the commission fee of this taxpayer.

Should the taxpayer perform supply of homogeneous second-hand goods purchased from persons not registered as taxpayers within the framework of agreements providing for the transfer of ownership of such goods, the tax base shall be the positive difference between the selling price and the purchase price of such goods determined according to the procedure established under this section.

The date of increase in the taxpayer’s liabilities shall be the date determined according to the procedure established under Clause 187.1 of Article 187 hereof.

In this case the selling price of a second-hand vehicle shall be determined:
for a natural person — based on the price stated in the sale and purchase agreement, but not below the assessed value of this vehicle calculated by the assessor authorised in accordance with the law;

for taxpayers — based on the contract price, but at least equal to regular prices.

As used in this section:

second-hand goods shall be the goods used for at least a year, as well as vehicles falling outside the definition of a new vehicle.

New vehicles shall be:

a) land vehicle — first registered in Ukraine according to the law, with total miles up to 6,000 km;

b) seacraft — first registered in Ukraine according to the law, with up to 100 hours elapsed from the first putting into service;

c) aircraft — first registered in Ukraine according to the law, with air travel before the registration not exceeding 40 hours from the first putting into service. Air travel shall be the time calculated from the block take-off time and block landing time of the aircraft;

homogeneous goods shall be the goods within the meaning stipulated by Section I hereof.

189.4. The tax base for goods/services transferred/received within the framework of commission (consignment) agreement, surety agreement or trust agreement shall be the cost of supply of such goods determined according to the procedure established under Article 188 hereof.

The date of increase in tax liabilities and tax credit of taxpayers who deliver/receive goods/services within the framework of commission (consignment) agreement, surety agreement, trust agreement, or other civil law agreements and without title to such goods/services, shall be determined according to the procedure established under Articles 187 and 198 hereof.

The abovementioned procedure for determination of tax liabilities and tax point shall also apply to transactions for forced sale of distrained property by judicial authorities.

189.5. In the event that goods delivered under finance lease agreement were returned by the lessee not registered as a taxpayer in view of non-compliance with the terms of such agreement, the tax base shall be the positive difference between the selling price and the purchase price of such goods.

In the event that second-hand goods delivered were returned by the lessee not registered as a taxpayer in view of non-compliance with the terms of a finance lease agreement, the tax base shall be the positive difference between the selling price and the purchase price of such goods.
In this case the selling price shall be determined according to Clause 188.1 of Article 188 hereof, while the purchase price shall be determined at the level of the amount of unsettled lease payments in terms of compensation for the cost of a finance leasing object as of the date of return.

189.6. Provisions of Clauses 189.3–189.5 of this Article shall not apply to transactions for export of goods outside the customs territory of Ukraine or import of goods into the customs territory of Ukraine within the framework of the abovementioned agreements.

189.7. Should the taxpayer perform supply of taxable goods/services according to Article 185 hereof against security of the purchaser’s bonds submitted to the taxpayer in the form of a promissory note or bill of exchange or other debt instrument (hereinafter referred to as the bill) issued by the purchaser or the third person, the tax base shall be the contract price determined according to the procedure established under Clause 188.1 of Article 188 hereof, exclusive of discounts on bills, and for interest-bearing bills — contract price increased by the amount of interest accrued or subject to accrual for the face value of the bill.

189.8. Tax liabilities shall not be accrued for the face value of the bill, including value net of discount or value inclusive of interest.

189.9. In the event of decommissioning of fixed production and nonproduction assets at the taxpayer’s sole discretion, such decommissioning for tax purposes shall be considered as supply of such fixed production and nonproduction assets at regular prices, but at least equal to the net asset value as of the date of decommissioning.

Provisions of this clause shall not apply to cases of decommissioning of fixed production and nonproduction assets in view of destruction or damage thereto due to force majeure circumstances, in other cases when such decommissioning takes place without the taxpayer's consent, including without limitations in case of fixed production and nonproduction assets embezzlement as confirmed according to the law, or in case the taxpayer submits at the regulatory authority a document with respect to destruction, dismantling or transformation of fixed production and nonproduction assets through another means, whereupon the assets may not be used as initially intended.

189.10. In the event that due to decommissioning of capital assets accessories, constituents, components and other waste are entered into material stock accounts in view of utilization thereof in the taxpayer’s business activity, tax liabilities shall not be charged for such transactions.

189.11. excluded;

189.12. In cases when the taxpayer delivers to persons not registered as taxpayers agricultural products and derivative products previously purchased (procured) by this taxpayer from natural persons other than the payers of this tax, the taxable item is markup as established by the taxpayer.

189.13. In case of supply of bus tickets and luggage tickets according to the Law of Ukraine “On Motor Vehicle Transport”, the tax base shall be the remuneration including the terminal
Value Added Tax
duty. The tax base shall not include the carriage cost paid to the carrier and the amount of
passenger insurance expenses paid to the insurance company.

189.14. In case of supply within the customs territory of Ukraine of derivative goods placed under
the customs processing procedure within the customs territory, including goods received in pay-
ment for processing services, the tax base shall be determined according to Article 188 hereof.

Article 190. The procedure for determination of tax base for goods imported into the
customs territory of Ukraine, services delivered by non-residents within the customs
territory of Ukraine

190.1. The tax base for goods imported into the customs territory of Ukraine shall be the con-
tract price, but at least equal to the customs value of such goods determined in accordance
with Section III of the Customs Code of Ukraine, including tariff and excise tax payable and
included into the price of goods.

In determination of a tax base for goods imported into the customs territory of Ukraine,
foreign currency shall be converted into the currency of Ukraine according to the official
currency rate determined according to Article 397 of this Code.

190.2. The tax base for services delivered by non-residents within the customs territory of
Ukraine shall be the contract price of such services taking into account taxes and duties,
excluding VAT, included into the price of supply according to the law. The established price
shall be converted into the national currency of Ukraine according to the exchange rate of the
National Bank of Ukraine as of the tax point. In the event that services were accepted from
non-residents without pay, the tax base shall be determined according to regular prices of
such services excluding tax.

190.3. In cases stipulated by Article 191 hereof, the tax base shall be determined in view of
the provisions of Article 191 hereof.

Article 191. Peculiarities of tax base determination for goods imported into the customs
territory of Ukraine by international mail or express mail, in unaccompanied luggage,
and for goods imported into the customs territory of Ukraine by natural persons in
hand luggage and/or accompanied luggage

191.1. Peculiarities of tax base determination for goods imported into the customs territory
of Ukraine by international mail or express mail, in unaccompanied luggage.

191.1.1. In the event of import of goods into the customs territory of Ukraine by international
mail and express mail, in unaccompanied luggage, the tax base shall be the total invoice value
thereof as determined according to Articles 234 and 374 of the Customs Code of Ukraine,
inclusive of the customs duty and excise duty subject to payment.

191.1.2. The tax point in the event of import of goods into the customs territory of Ukraine
by international mail or express mail, in unaccompanied luggage, shall be the date of filing at
the customs authority of a document to substitute the customs declaration.
191.1.3. In determination of a tax base for goods imported into the customs territory of Ukraine by international mail and express mail, in unaccompanied luggage, foreign currency shall be converted into the currency of Ukraine according to the official currency rate determined according to Article 39\(^1\) of this Code.

191.2. Peculiarities of tax base determination for goods imported into the customs territory of Ukraine by natural persons in hand luggage and/or accompanied luggage.

191.2.1. In the event of import of goods (except for excise goods and personal items) into the customs territory of Ukraine by natural persons in hand luggage and/or accompanied luggage more often than once a day, the tax base shall be the total invoice value of goods imported during the entries following the first entry within one day, inclusive of the customs duty subject to payment.

In this case the provisions of Sub-clauses 191.2.2–191.2.4 of this clause shall not apply.

191.2.2. In the event of import of goods (except for excise goods and personal items) with total invoice value exceeding 1000 Euros equivalent by natural persons in hand luggage and/or accompanied luggage into the customs territory of Ukraine through checkpoints on the State Border of Ukraine open for air traffic, the tax base shall be the part of a total invoice value thereof exceeding 1,000 Euros equivalent, inclusive of the customs duty subject to payment.

191.2.3. In the event of import of goods (except for excise goods and personal items) with total invoice value exceeding 500 Euros equivalent by natural persons in hand luggage and/or accompanied luggage into the customs territory of Ukraine through checkpoints on the State Border of Ukraine other than those open for air traffic, the tax base shall be the part of a total invoice value thereof exceeding 500 Euros equivalent inclusive of the customs duty subject to payment.

191.2.4. In the event of import of goods (except for excise goods and personal items) with total weight exceeding 50 kg by natural persons in hand luggage and/or accompanied luggage into the customs territory of Ukraine through checkpoints on the State Border of Ukraine other than those open for air traffic, the tax base shall be the total invoice value of goods calculated in proportion to weight exceeding 50 kg, inclusive of the customs duty subject to payment.

191.3. The total invoice value of goods imported into the customs territory of Ukraine by international mail or express mail, in unaccompanied luggage, by natural persons in hand luggage and/or accompanied luggage, shall be determined according to the Customs Law of Ukraine.

**Article 192. Peculiarities of tax base determination in particular cases (the procedure for adjustment of tax liabilities and tax credit)**

192.1. Should any change occur in the amount of compensation for the cost of goods/services upon supply of such goods/services, including price revision following the supply, repricing in case of return of goods/services to the provider thereof or in case of return of the prepaid
amount of goods/services by the provider, the amount of tax liabilities and tax credit of the provider and the recipient is subject to respective adjustment.

192.1.1. Should such repricing result in the reduction of compensation amount in favour of the taxpayer — provider:

a) the provider shall reduce the amount of tax liabilities accordingly based on the results for the tax period when such repricing took place and shall submit to the recipient the tax adjustment calculation;

b) the recipient shall reduce the amount of tax credit accordingly based on the results of the tax period in question, if the recipient has been registered as a taxpayer at the time of adjustment and has increased the tax credit in view of the receipt of the goods/services in question.

192.1.2. Should such repricing result in the increase of compensation amount in favour of the provider taxpayer:

a) the provider shall increase the amount of tax liabilities accordingly based on the results for the tax period when such repricing took place and shall submit to the recipient the tax adjustment calculation;

b) the recipient shall increase the amount of tax credit accordingly based on the results of the tax period in question, if the recipient has been registered as a taxpayer at the time of adjustment.

192.2. Provisions of Clause 192.1 of this Article shall not apply to cases when the provider of goods/services has not been registered as a taxpayer as of the end of the accounting (tax) period when such repricing took place.

The reduction of tax liabilities of the taxpayer — provider in the event of change in the amount of compensation for the cost of goods/services delivered to persons not registered as taxpayers at the time of such supply shall only be allowed on return of previously delivered goods to the provider granting full monetary compensation of the cost of goods/services to the recipient, including without limitations on revision of prices related to guarantee replacement of goods or low-quality goods according to the law or under agreement.

192.3. The result of adjustment of tax liabilities and tax credit of the provider and the recipient shall be disclosed in the tax declaration for the accounting tax period according to the procedure established by the central executive authority responsible for the formation of national tax and customs policy.

**Article 193. Tax rates**

193.1. The tax rates shall be established as of the tax base in the amount as follows:

a) 20 percent;
b) 0 percent.

c) 7 per cent with regard to operations of:

supply in the customs territory of Ukraine and import into the customs territory of Ukraine of pharmaceutical products, authorized for manufacturing and application in Ukraine and entered into the State Register of Pharmaceutical Products as well as medical products on the list approved by the Cabinet of Ministers of Ukraine;

supply in the customs territory of Ukraine and import into the customs territory of Ukraine of pharmaceutical products, medical products and/or medical equipment authorized for application within clinical trials, the authorizations for the conduct thereof was granted by the central executive authority ensuring the formation of the state health care policy.

**Article 194. Transactions taxable at basic rate**

194.1. Transactions specified in Article 185 hereof, except for non-taxable transactions, tax-exempt transactions or zero-rate transactions and those subject to a 7 per cent rate, are taxable at the rate specified in the Sub-clause “a” of the Clause 193.1 of Article 193 hereof being the basic rate.

194.1.1. The tax rate is 20 per cent, 7 per cent of the tax base and is added to the cost of goods/services.

**Article 195. Zero-rated transactions**

195.1. The following transactions are zero-rated:

195.1.1. export of goods outside the customs territory of Ukraine:

a) under the customs procedure for export;

b) under the customs procedure for re-export, if the goods have been placed under this procedure according to Clause 5 of Part 1 of Article 86 of the Customs Code of Ukraine;

c) under the customs procedure for duty-free trade;

d) under the “free customs zone” procedure.

The goods shall be considered exported outside the customs territory of Ukraine in the event of confirmation of such export according to the procedure established by the Cabinet of Ministers of Ukraine by the customs declaration in due form according to the requirements of the Customs Code of Ukraine.

195.1.2. supply of goods:

a) for fuelling and maintenance of seacraft:
intended for navigation, passenger and cargo carriage for remuneration, trade, fishing or another business activity carried out outside the Territorial Waters of Ukraine;

intended for rescue or support within neutral waters or territorial waters of other states;

incorporated in the Ukrainian Naval Forces and sailing outside the Territorial Waters of Ukraine, including without limitation for anchorage;

b) for fuelling and maintenance of aircraft:

performing international flights for navigation or passenger or cargo carriage for remuneration;

incorporated in the Ukrainian Air Force and departing outside the air boundary of Ukraine, including without limitation to temporary bases;

c) for fuelling (refuelling) and maintenance of spacecraft, space launch vehicles or earth satellites;

d) for fuelling (refuelling) and maintenance of land military vehicles or other special contingent of the Armed Forces of Ukraine taking part in peacekeeping operations outside Ukraine, or in cases otherwise provided by law;

e) duty-free stores, according to the procedure established by the Cabinet of Ministers of Ukraine. No duty is levied in the event of subsequent export of such goods outside the customs territory of Ukraine (including tax at the zero rate).

Duty-free stores may only deliver goods to natural persons travelling outside the customs territory of Ukraine, or to natural persons travelling on vehicles owned by residents and located outside the customs territory of Ukraine. Breach of provisions of this sub-clause shall imply liability imposed by law. The procedure for control of compliance with provisions of this sub-clause shall be established by the Cabinet of Ministers of Ukraine.

195.1.3. supply of services as follows:

a) international passenger and luggage carriage and cargo carriage by rail, road, sea, river, and air.

As used in this sub-clause, international carriage shall be carriage performed on the basis of a standard international carriage document;

b) services related to operations with movable property previously imported into the customs territory of Ukraine to execute the said operations and exported outside the customs territory of Ukraine by the executor of operations or by the non-resident recipient.

Movable property operations include goods processing operations including goods processing as such — mounting, assembly and adjustment, leading to creation of new products, in-
including the supply of services for supplied raw materials processing, as well as goods upgrading and repair providing for a set of operations with partial or full recovery of the facility’s production resource (or parts thereof) as specified in standards, regulations and specifications leading to improvement of the said facility;

c) services for maintenance of aircraft performing international flights.

Service of aircraft performing international flights includes overall necessary services directly connected with the international flight performance, namely:

airport aircraft and passenger service (aircraft landing and take-off, terminal passenger services, aviation safety protection, excess aircraft parking);

services for aircraft and passenger ground handling at airports;

leasing of airport premises for service of international flights handling (offices, check-in counters and other office premises leased by air carriers operating international flights);

aircraft maintenance personnel services;

d) services for passenger carriage by Intercity+ high-speed trains.

195.2. In the event that goods supply transactions are exempt from taxes within the customs territory of Ukraine according to the provisions of this section, a zero rate shall apply to export transactions for such goods.

**Article 196. Non-taxable transactions**

196.1. The following transactions are non-taxable:

196.1.1. issue, placement into any forms of management, and sale (redemption, repurchase) of securities issued by business entities, the National Bank of Ukraine, the central executive authority responsible for the formation and implementation of financial policy, local authorities according to the law, including but not limited to investment and mortgage certificates, real estate transaction fund certificates, derivatives, as well as equity rights other than securities; exchange of the said securities and equity rights other than securities for other securities, equity rights other than securities; clearing and settlement, registrar and depository activities in the stock market, as well as assets management activities (including retirement assets, bank-managed funds) according to the law, and other professional activities in the stock market subject to licensing according to the law.

Provisions of this sub-clause shall not apply to sale of ’traveller’s, bank and personal check forms, securities, accounting and payment documents, credit (pay) cards, or commemorative coins disposed of for numismatic purposes and other goods/services charged separately by way of a fixed amount or interest;

196.1.2. placing property in the custody, transfer to concession, or lease, except for finance lease;
return of property under custody to the owner, as well as return of property previously transferred to concession or leased to concessor or lessor, except for property subject to finance lease;

accrual and payment of interest or commission fees as part of a lease payment under terms of a finance lease agreement;

pledging (mortgaging) property to the lender (creditor) and/or transfer as security of another valid creditor’s claim, return of such property from pledge (mortgage) to the owner upon expiry of a respective agreement, provided that the site of transfer (return) is located within the customs territory of Ukraine;

payment of principal on a consolidated mortgage debt and of accrued interest, consolidation and/or purchase (sale) of a consolidated mortgage debt, substitution of one portion of consolidated mortgage debt with another portion, or return (repurchase) of such consolidated mortgage debt according to the law by a resident or in favour thereof;

196.1.3. supply of insurance, coinsurance or repeated insurance services by persons licensed to carry out insurance activities under the law and related services of insurance (reinsurance) brokers and insurance agents;

supply of services for compulsory state social insurance (including pension insurance), non-state pension provision, involvement and service of pension contributions and bank-managed fund participants’ accounts, non-state pension fund management;

196.1.4. turnover of banking metals, other currency valuables (except for banknotes and coins used for numismatic purposes or foreign precious coins with selling value thereof being a tax base); issue, turnover and repayment of lottery tickets in state cash lotteries, other documents certifying the right to participate in state cash lotteries; cash prize and cash incentives; supply of uncancelled postage stamps of Ukraine, envelopes or postcards with uncanceled postage stamps of Ukraine, except for collectors’ stamps, envelopes or postcards for philatelic purposes with selling value thereof being a tax base;

196.1.5. supply of payment system organization services related to money transfers, cash collection, cash management services, services for involvement, investment and repayment of money under credit, deposit agreement (including pension deposit agreement), funds and securities (equity rights and derivatives) management, delegation, provision, management and assignment of claims in financial credits of financial institutions, credit guarantees and bank guarantees by the person granting such credits or guarantees. The list of cash management services shall be established by the National Bank of Ukraine upon consultation with the central executive authority responsible for the formation and implementation of national tax and customs policy;

debt trading for money or securities, except for transactions related to collection of debt and factoring, except for factoring transactions where the object of debt includes currency valuables, securities, including compensation stock (certificates), investment certificates, fixed-income mortgage certificates, transactions for assignment of claims in mortgage-backed credits, housing checks, land bonds and derivatives;
196.1.6. payment in specie of wages (other equivalent payments), pensions, grants, subsidies from the budget or the Pension Fund of Ukraine or from other compulsory social insurance funds (except for payments provided in kind);

payment of dividends, royalty in specie or in the form of securities by the issuer;

supply of services on a commission basis (brokerage, dealership) related to trade and/or management of securities (equity rights), derivatives and currency valuables, including any monetary payments (including commissions) to stock or currency exchange or to off-exchange markets or to members thereof in view of management and trade in securities by licensed dealers in securities, derivatives and currency valuables;

196.1.7. reorganization (merger, accession, split-up, spin-off and transformation) of legal entities.

In execution of joint activities, the transfer of goods (works, services) to a separate balance sheet of the taxpayer authorised to keep record of joint performance shall be considered supply of such goods (works, services);

196.1.8. supply of paid non-formal education services to trainees, students and participants by non-formal education facilities;

196.1.9. supply of services related to management of bank-managed funds, real estate transaction funds, construction financing funds (including without limitations for transfer of funds for construction financing from a construction financing fund), for mortgage certificate payments according to the law, by banks (financial institutions);

196.1.10. arbitration charge payment and reimbursement of other expenses related to settlement of disputes by arbitration according to the law;

196.1.11. supply of services for agenting and chartering of merchant marine by shipping agents in favour of non-residents delivering international passenger, luggage, cargo or international postal item carriage;

196.1.12. excluded;

196.1.13. excluded;

196.1.14. excluded;

196.1.15. lease or concession payment under lease or concession agreements with respect to integral property complex of state or municipal enterprises (organization units thereof), where state or local self-government authorities act as lessors or concessors under agreements and payments under the law paid to the State Budget of Ukraine or to local budgets;

196.1.16. import into the customs territory of Ukraine, export outside the customs territory of Ukraine irrespective of the selected customs treatment of goods with customs value not exceeding 150 Euros equivalent;
196.1.17. import into the customs territory of Ukraine of goods with total invoice value of 150 Euros equivalent:

in unaccompanied luggage;

to the address of a single addressee (legal entity or natural person) in a single dispatch from a single addresser by international mail;

to the address of a single addressee (legal entity or natural person) in a single dispatch of an express carrier from a single addresser by international express mail;

196.1.18. import of goods (except for excise goods and personal items) with total invoice value not exceeding 1000 Euros equivalent by natural persons in hand luggage and/or accompanied luggage into the customs territory of Ukraine through checkpoints on the State Border of Ukraine open for air traffic;

import of goods (except for excise goods and personal items) with total invoice value not exceeding 500 Euros equivalent and with total weight not exceeding 50 kg, by natural persons in hand luggage and/or accompanied luggage into the customs territory of Ukraine through checkpoints on the State Border of Ukraine other than open for air traffic.

**Article 197. Tax-exempt transactions**

197.1. Exempt from taxes are transactions as follows:

197.1.1. supply of baby food products and baby stuff according to the list established by the Cabinet of Ministers of Ukraine;

197.1.2. supply of higher, secondary, vocational and preschool education services by educational institutions, including postgraduate and doctoral programs by licensed educational institutions, as well as services for child training and education at recreation centres, children's music, art, sports schools and clubs, and services for dormitory accommodation of students. Such services include:

a) child training and education at children's music and art schools, recreational centres (playing musical instruments, choreography, fine art, foreign languages and computer training groups (courses));

b) maintenance, care and education of children at children's preschool institutions, both within the scope of curriculums and syllabuses and beyond the said scope;

c) all types of education activities executed by comprehensive schools of I–III levels;

d) all types of education activities executed by vocational schools;

e) all types of education activities executed by higher educational institutions of I–IV accreditation levels, including institutions for second higher and postgraduate education;
f) training of students of preparatory divisions at higher education institutions;

g) restudy by expelled students (cadets) of separate subjects and courses with subsequent examination;

h) postgraduate and doctoral training;

i) conducting post-graduation entry exams;

j) giving scientific advice to persons improving their qualifications;

k) pre-university training;

l) conducting lectures in science and technology, culture and fine art, physical education and sports, law, tourism and country studies;

m) giving advice to pupils, trainees, students, cadets beyond the scope established by curriculums and syllabuses, to postgraduates, doctoral students;

n) organization of summer language schools, workshops; group and individual exercises at stadiums, gyms and swimming pools, at tennis courts for children, pupils and students;

197.1.3. supply of:

a) technical and other rehabilitation equipment (except for motor cars), repair and supply services; special purpose goods, including medical products for personal use, for persons with disabilities and other welfare beneficiaries as established in accordance with Ukrainian legislation according to the list established by the Cabinet of Ministers of Ukraine;

b) accessories and semi-manufactured goods for technical and other rehabilitation equipment (except for motor cars), special purpose goods, including medical products for personal use, for persons with disabilities and other welfare beneficiaries according to the list established by the Cabinet of Ministers of Ukraine;

c) motor cars for drivers with disabilities to the authorised executive authority with payment thereof at the expense of the state or local budgets and compulsory state insurance funds, as well as transactions for handover thereof to persons with disabilities free of charge;

197.1.4. supply of pensions, insurance pay-outs and allowance to population (irrespective of the supply method) at all stages of supply to the end user;

197.1.5. supply of healthcare services by licensed healthcare institutions, as well as services delivered by licensed rehabilitation centres for persons and children with disabilities under the law, except for services as follows:

a) cosmetological assistance, except for assistance provided for medical reasons;
b) restorative massage for adult population, postural-alignment massage;

c) preventive medical surveys with preparation of position statement on request;

d) hygienic expertise of design documents and pilot design offers, including offers for object location, as well as regulations and standards for innovative manufacturing techniques and novelty products on customer's request, hygienic assessment of novelty product samples;

e) consulting assistance in state sanitary and hygienic expertise;

f) inspection of objects under construction or reconstruction or objects in operation on customer's request for the purpose of compliance thereof with health legislation;

g) toxicological-hygienic, biomedical, sanitary-hygienic, physiologic and other inspections on customer's request for the purpose of safety of products to human health;

h) issue of permits to production, use, transportation, storage, sale, dumping, destruction, disposal of home-made and foreign-made potentially hazardous products and substances to business entities;

i) consulting assistance to legal entities and natural persons concerning application of health-care legislation, including legislation concerning the sanitary and epidemiological welfare of the population;

j) medical examination of persons to issue:

authorization to possess weapons to persons other than military and officers authorised to carry weapons by law;

relevant documents for travelling abroad on invitation of relatives who reside abroad, for voluntary health improvement at foreign health and sanitary institutions, and for business trips (except for officers whose position requires going on such business trips, possessing relevant medical documents);

driver's licenses;

k) medical service of conventions, conferences, symposia, festivals, meetings, contests etc.;

l) voluntary public health service at medical institutions with improved service level;

m) medical monitoring of persons engaged in physical training and sports at sanitation institutions;

n) prophylactic immunization of citizens travelling abroad on invitation, for voluntary health improvement at foreign health and sanitary institutions and for tourist trips (except for persons travelling abroad for treatment and for business trips);
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o) drafting sanitary passports of radio-technical facilities and certification studies on customer’s request;

p) state sanitary-hygienic expertise for accreditation and attestation of enterprises, institutions, organizations for the right to conduct toxicological-hygienic, biomedical, sanitary-hygienic and other studies on customer’s request;

q) determination of harmful and hazardous work environment factors, production and working process factors, studies for the development of means and measures to prevent or reduce hazardous effect thereof on customer’s request;

r) onsite training of enterprise, institution, organization professionals at sanitary and epidemiological service institutions, state research institutes specialized in hygiene and epidemiology, and of enterprise, institution, organization professionals, sanitary-hygienic and bacteriological studies on customer’s request;

s) supply of services on customer’s request for departmental sanitary laboratory management, fitting out with medical equipment (hardware, devices); onsite training of laboratory professionals in sanitary-hygienic research methods;

197.1.6. supply of rehabilitation services to persons and children with disabilities, as well as supply of vouchers for health resort treatment, sanitation and recreation within the territory of Ukraine to natural persons aged up to 18 years, persons with disabilities, children with disabilities;

197.1.7. supply of services in:

a) maintenance of children at preschool educational institutions, boarding schools;

b) maintenance of persons at nursing homes for elderly persons and persons with disabilities, orphanages, war and labour veterans boarding homes, geriatric homes, rehabilitation centres, territorial social services centres;

c) bed and board and other social services to homeless persons at record centres, social protection centres for homeless persons, and to persons released from confinement at social adaptation centres for persons released from confinement;

d) nutrition of children at preschool, secondary and vocational institutions and of citizens at healthcare institutions. The procedure for service supply shall be approved by the Cabinet of Ministers of Ukraine;

e) nutrition, provision of property, supply of social and welfare and other services to inmates of penitentiary institutions, namely:

nutrition, including cooking;

supply of clothing, underwear, footwear and bedding;
use of continuous visiting rooms;

postage, telephone and telegraph services;

food products and basic commodities supply;

footwear and clothing repair;

additional medical service;

bathing and laundry services;

hire of motion picture films and video films, cultural and educational activities;

f) government funded nutrition, provision of property, supply of social and welfare and other services to inmates of rehabilitation institutions, territorial social service centres, institutions, enterprises, organizations of all-Ukrainian non-governmental organizations of persons with disabilities and unions thereof engaged in rehabilitation, sanitation and physical training and sports activities, record centres and social protection centres for homeless persons, social adaptation centres for persons released from confinement, health resorts for veterans and persons with disabilities, nursing homes for elderly and persons and children with disabilities, psychoneurological and special purpose nursing homes, war and labour veterans boarding homes, geriatric homes;

197.1.8. supply of services for passenger carriage by municipal passenger transport (except for taxi) with tariffs regulated in the manner prescribed by law.

This provision shall not apply to passenger transport lease (hire) transactions;

197.1.9. supply of cult services and cult objects according to the list as follows:

a) cult services: baptism, religious marriage conclusion, funeral, prayer service, service for the dead, consecration (of dwellings, motor cars etc.), circumcision, first communion, Bar Mitzvah (age of consent);

b) cult objects: candles, icons (holy images), crosses (baptismal, funeral, altar, missal, holy-water, priestal crosses, ornate crosses etc.), rosary, cloths (altar, funeral etc.), lockets with religious symbols, incensory coal, incense, lamp oil, myrrh, oil lamps, incensories, candlesticks (seven-branched candlesticks, three-branched Easter candlesticks etc.), sindons, canonicals (chasubles, surplices, aers, eagles, sticharions, skullcaps, miters, kamelaukions etc.), crowns, obituarics, baptizing accessories (baptismal chest), monstrances, sacrariums (reliquaries), baptisteries, phosphora seals, aspergillums, spears, anointing brushes, basins (chalices), plates, star-covers, liturgical spoons, ladles, discuses, floats, bells, pipe organs, harmoniums, ordinances, “He that dwelleth in the shelter of the Most High” belt, mezuzahs, talliths, tefillins (phylacteries), sculptures of saints, holly banners, phanes, matza bread, prosphors, wafers, liturgical literature;
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197.1.10. supply of funeral services and funeral goods by state and municipal services, namely:

a) call of an undertaker to order organization and carrying out of funeral;

b) execution of medical certificate on the cause of death;

c) supply of attributes for funeral organization to the customer;

d) loading, unloading and carriage of funeral attributes;

e) carriage services in the process of funeral organization;

f) standard coffins sale;

g) zinc coffin shipping containers sale; zinc coffin sealing;

h) storage of bodies in refrigerating chambers above the authorised storage time (upon death at health institutions, and upon death at home or otherwise);

i) preparation of the body to burial or cremation (hairdresser’s and cosmetician’s services, bathing, embalming, placing into coffin);

j) grave digging;

k) carriage of pall (to a house, apartment in an apartment building, to the mortuary; from a house, apartment, mortuary to the burial place);

l) musical accompaniment of the funeral;

m) public commemoration;

n) funeral director’s services;

o) production and installation of a metal tomb plate, cross, headstone or temporary memorial sign;

p) standard funeral wreaths and weepers sale;

q) arrangement of coffin or cinerary urn shipment abroad;

r) in the event of multiple burial, services for dismantling of existing headstone (tomb) elements and installation thereof;

s) writing on weepers;

t) cremation;
u) urn sale;

v) urn bowl sale;

w) cinerary urn burial in a grave, columbarium, scattering of ashes;

197.1.11. exemptions set forth in Sub-clause 197.1.10 of this clause shall not apply to supply of services in burial and cremation of animal carcasses and related activities;

197.1.12. free transfer of rolling stock by a railway or public railway undertaking to other state-owned railways or public railway undertakings.

Free transfer of rolling stock between railway undertakings shall be carried out at the instigation of a railway superintendent according to the decision of Ukrzaliznytsia, and within Ukrzaliznytsia — according to the order of General Director thereof. Free transfer of rolling stock shall be formalized by a Supply Acceptance Act under the law.

Free transfer shall occur in cases as follows:

production necessity in view of a unified operating procedure;

rolling stock allocation due to branch restructuring and divestment of separate units.

Should at the date of free transfer of rolling stock by a railway or public railway undertaking to other state-owned railways or public railway undertakings not tax liabilities arise. In this case railways or railway undertakings transferring rolling stock free of charge shall not adjust tax credit amounts;

197.1.13. free privatization of housing stock, including common facilities in apartment buildings and building surrounding grounds, household plots according to the law, as well as supply of services essential for privatization of housing, apartment building surrounding grounds, household plots;

free transfer of a share in public property (shares) to workers of state-owned farms and other agricultural enterprises to be privatized and equivalent persons according to the Law of Ukraine “On Peculiarities of Privatization of Property in the Agroindustrial Complex”. The list of enterprises subject to privatization shall be established by the Cabinet of Ministers of Ukraine;

197.1.14. provision of housing (housing facilities), except for the first provision thereof, unless otherwise stipulated by this sub-clause.

As used in this sub-clause, the first provision of housing (housing facility) shall mean:

a) the first transfer of finished newly-built housing (housing facility) to the purchaser or supply of services (including without limitation the cost of materials purchased at the contractor’s expense) for construction of such housing at the customer’s expense;
b) the first sale of reconstructed or overhauled housing (housing facility) to the purchaser who is a person other than the owner of the facility as of the date of taking it out of service (use) in view of such reconstruction or overhaul, or supply of services (including without limitation the cost of materials purchased at the contractor’s expense) for such reconstruction or overhaul at the customer’s expense.

Provisions of this sub-clause shall also apply to the first sale of country or garden cottages or other proprietary subjects registered as housing (housing stock) according to the law.

Transactions for the first provision of affordable housing and housing under government-supported construction shall be tax exempt;

197.1.15. charitable support, in particular free supply of goods/services to charitable organizations established and registered according to the law, as well as provision of such support by charitable organizations to beneficiaries (subjects) of charitable support according to the law on charity and charitable organizations.

Free supply shall mean supply of goods/services to charitable organizations and charitable support beneficiaries without any monetary, material and other types of compensation. In case of non-observance of terms of this sub-clause, such transactions shall be fully taxable.

Marking regulations shall apply to goods delivered as charitable support from domestic charity providers related to the purposes established under Article 3 of the Law of Ukraine “On Charity and Charitable Organizations”.

Marking shall be performed by affixing inscription “Charitable support. Not for sale” on labels, tag marks or immediately upon outer or inner package. Charitable organization’s or charity provider’s marks may be used for labelling of charity goods.

Goods shall be labelled so that during inspection of package or goods the inscription is clearly visible.

Charity goods shall be labelled by charity providers.

Control of compliance with marking regulations shall be exerted by local executive and regulatory authorities.

Charitable support may be provided by way of goods, works, services intended for use by beneficiary legal entities, in view of pursuit of activities related to the purposes established under Article 3 of the Law of Ukraine “On Charity and Charitable Organizations”.

Upon receipt of an offer regarding charitable support provision by way of goods, types and amount thereof etc., a beneficiary legal entity shall:

specify the scope of persons to receive charitable support taking account of recommendations by relevant executive authorities and local self-government authorities;
notify the charity provider of intent to accept the charitable support offered.

Beneficiary legal entities keep accounting and operative accounting of acceptance, storage, allocation and use of charitable support by way of goods, works, services, and keeps records in due form prescribed by the central executive authority responsible for the formation of national statistics policy, filed at regulatory authorities.

For accounting of charity-related transactions beneficiary legal entities shall use charts of accounts and specifications as in effect in Ukraine.

Beneficiary legal entities shall at their own discretion establish the procedure for analytical accounting of charity-related transactions, establish respective accounts.

Beneficiary legal entities shall provide in their annual financial statements:

in balance sheet — separate funds (goods, works, services) obtained by way of charitable support;

in profit and loss statements — separate value of obtained charitable support.

Notes to the annual report contain necessary clarifications for specified charity-related performance indicators.

Control of acceptance, storage, allocation of charitable support by way of goods, works, services shall be exerted by local executive authorities, and control of intended use thereof — by local executive authorities and regulatory authorities.

Labelled goods obtained by way of charitable support delivered for money or other types of compensation, and/or proceeds from such supply are subject to seizure from mala fide sellers to the state revenue according to the established procedure.

Non-exempt shall be transactions related to charitable support by way of excise goods specified in Section VI hereof, securities (except for endowments specified in Section IV hereof), intangibles and goods-services intended for use in business activities;

197.1.16. free transfer into public ownership or ownership of territorial communities of villages, rural settlements, cities or into joint ownership of objects of all forms of ownership available on a taxpayer's balance and transferred to another taxpayer's balance, should such transactions be conducted upon the decision of the Cabinet of Ministers of Ukraine, central and local executive authorities, local self-government authorities, as adopted within powers thereof.

Provisions of this sub-clause shall apply to free transfer of objects from balances of legal entities of all forms of ownership to balances of other entities in public or community ownership as conducted upon the decision of a state government authority of Ukraine or a local self-government authority, as adopted within powers thereof, and upon decisions of legal entities, in the event of transfer of fixed assets of railway transport infrastructure, irrespective of whether subjects to transaction are taxpayers or not;
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197.1.17. free supply of own-produced goods/services by household plots and occupational therapy workshops of boarding homes, territorial social service centres, reintegration centres for homeless persons, social adaptation centres for persons released from confinement, specialized hospitals, specialized medical and preventive treatment facilities and public dispensaries provided that such supply is performed for the own needs of the above-stated institutions;

197.1.18. supply of paid public services to natural persons or legal entities by executive authorities and local self-government authorities or by other entities authorised to deliver the above services as established by law, including without limitations registration, license, certification fees, by way of duty, stamp duty etc.;

197.1.19. supply of civil registration services by public authorities responsible for such registration according to the law;

197.1.20. supply of paid services for library registration documents (tickets, cards) collection, rare and high value handbooks, books (including overnight loans), thematic book selection at reader's request and thematic, bibliographic and factual references by public or community libraries or libraries of all-Ukrainian non-governmental organizations of persons with disabilities;

197.1.21. supply (sale, transfer) of land lots, land shares, except for those situated under real estate items and included into the cost thereof according to the law (subject to the provisions of Paragraph one, Sub-clause 197.1.13 of Clause 197.1 of Article 197 hereof);

lease payment for state-owned or community-owned land plots, provided that such lease payment is transferred in full to respective budgets;

197.1.22. reimbursement for fundamental research, research and development, and development and design by a person immediately collecting the funds from the account of the authority responsible for treasury servicing of budget funds;

197.1.23. free transfer of devices, equipment, materials other than excise devices, equipment, materials, to scientific institutions and organizations, higher educational institutions of III–IV accreditation levels listed on the State Register of State-Supported Scientific Institutions;

197.1.24. supply of services for schools, preschool institutions, boarding schools, healthcare institutions repair and welfare assistance (equal to one monthly personal exemption per person) by way of own-produced food products and tillage services by rural agricultural producers to large families, labour and war veterans, rehabilitated citizens, persons with disabilities, lonely elderly persons, persons who suffered from Chornobyl disaster and to schools, preschool institutions, boarding schools, healthcare institutions;

197.1.25. provision of (subscription to) domestically produced print media periodicals and books (except for erotic publications), exercise books, textbooks and tutorials, Ukrainian-foreign language or foreign language-Ukrainian dictionaries, supply of such print media periodicals within the customs territory of Ukraine;
197.1.26. transfer of seized property, findings, treasures, confirmed abandoned property, property the owner did not apply for by the end of the period of custody, and property that passes into public ownership by right of inheritance or otherwise as established by law (including without limitations property specified in Article 184 of the Customs Code of Ukraine), to state institutions or organizations responsible for storage or supply thereof according to the law, as well as transactions for free transfer of the above-stated property into possession and assignment thereof for use by state authorities, institutions (organizations) funded through the budget, as well as institutions for care of orphans and children deprived of parental care, family-type children's homes, foster families, as established by law.

Transactions for subsequent supply of the above mentioned goods shall be fully taxable;

197.1.27. excluded;

197.1.28. supply of goods/services with respect to the amount of compensation for covering the difference in actual expenses and controlled prices (tariffs) by way of production subsidy from the budget;

197.1.29. free transfer into public or community ownership of tramcars (UCCFEA code 8603 1000 10), trolley buses (UCCFEA code 8702 90 90 10), buses (UCCFEA code 8702) for passenger carriage on routes (lines) in accordance with the community sustainment requirements. In the event of improper use of the above-stated goods, the taxpayer shall increase tax liabilities as of the results of tax period over which such violation occurred by VAT amount to be paid as of the import (supply) of such goods, and pay an interest fine as established by law;

197.1.30. free transfer of property by Ukroboronprom State Concern and affiliated public enterprises, including state-owned enterprises, provided that such transfer is performed to enterprises, establishments or organizations by way of demonstration of military goods or dual use goods (with subsequent return of such property), performance of joint or independent testing of military goods (with or without subsequent return of such property), support of research and development, and development and design activities of state enterprises, establishments and organizations (with or without subsequent return of such property), ensuring activity of representative establishments of Ukroboronprom State Concern and affiliated defence enterprises (with or without subsequent return of such property);

197.1.31. development, supply, promotion, restoration and distribution of the national cultural product according to the procedure established by the Cabinet of Ministers of Ukraine.

197.2. Tax-exempt shall be transactions for supply and import into the customs territory of Ukraine of goods/services for internal requirements of diplomatic missions, foreign consular institutions and missions of international organizations in Ukraine, and for use by diplomatic staff and immediate family members. The procedure for tax exemption and the list of transactions subject to tax exemption shall be established by the Cabinet of Ministers of Ukraine on a reciprocity basis with respect to separate states.

In the event of subsequent supply (sale) within the customs territory of Ukraine of imported exempt vehicles in accordance with provisions of this sub-clause, tax shall be paid by the per-
son specified in paragraph 3, Sub-clause 3 of Clause 180.1 of Article 180 hereof on or before the day of supply.

197.3. Tax-exempt shall be transactions for import into the customs territory of Ukraine of sea fishery products (cooled, salted, frozen, preserved, ground fish, mammals, mollusk shells, shell fish, aquatic plants etc.) fished by seacraft registered in the Shipping Register or the Ship Register Book of Ukraine. Transactions for subsequent supply of the said goods by ship owning legal entities or charter providers shall be taxable according to the standard procedure established under this Code.

197.4. Tax exemption of goods stipulated by Clause 197.1 of this Article shall apply to transactions for import into the customs territory of Ukraine.

197.5. Tax exemption stipulated by Clause 197.1 of this Article shall not apply to transactions with excise goods set forth in Section VI hereof.

197.6. Tax-exempt shall be transactions for supply of goods (except for excise goods) and services (except for services provided at the time of lotteries and entertaining games and services for supply of goods received within the framework of commission (consignment) agreements, surety agreements, trust agreements, other civil law agreements authorizing the taxpayer to supply goods for and on behalf another person without transfer of ownership of such goods) directly manufactured by enterprises and organizations established by non-governmental organizations of persons with disabilities where the number of full-time employees with disabilities at such organizations over the preliminary accounting period constitutes a minimum of 50 percent of the average number of staff and provided that payroll of employees with disabilities over the accounting period constitutes a minimum of 25 percent of the amount of total labour costs within costs in accordance with corporate income tax rules.

Direct manufacture of goods/services shall be manufacture resulting in the amount of expenses for processing (processing, other types of transformation) of raw materials, accessories, constituents, other purchased goods/services used for manufacture of such goods/services that constitutes a minimum of 8 percent of the amount of supply of such manufactured goods/services.

Enterprises and organizations of non-governmental organizations of persons with disabilities as mentioned above shall be entitled to apply the above-stated concession subject to registration at a respective regulatory authority on the basis of a taxpayer's application on intention to obtain such concession and the decision of regulatory authority in accordance with the Law of Ukraine “On Basic Principles of Social Protection for Persons with Disabilities in Ukraine”.

In the event of failure to comply with the requirements of this sub-clause by the taxpayer, the regulatory authority shall cancel registration thereof as a person entitled to tax concession, and tax liabilities of such taxpayer shall be recalculated from the tax period over which the above-stated violations were discovered, according to the basic taxation rules as established hereof with concurrent application of respective financial penalties.
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Tax accounts of such enterprises and organizations shall be filed according to the procedure established by the law.

197.7. Tax-exempt shall be transactions for import into the customs territory of Ukraine of cultural valuables with UCCFEA codes 9701 10 00 00, 9701 90 00 00, 9702 00 00 00, 9703 00 00 00, 9704 00 00 00, 9705 00 00 00, and 9706 00 00 00, manufactured 50 or more years ago.

197.8. Tax-exempt shall be transactions for supply of services for transit passenger and cargo carriage (transfer) through the customs territory of Ukraine and for transactions for supply of services related to such carriage (transfer).

197.9. Tax-exempt shall be transactions for supply of services to foreign and domestic seacraft performing international passenger luggage and cargo carriage as paid by way of port duties in accordance with the Law of Ukraine.

197.10. Tax-exempt shall be transactions for supply of services for air navigation service of aircraft performing interstate, international and transit flights in flight information regions of Ukrainian control zone. The procedure for paperwork, tax invoice issue and reporting of the said transactions shall be established by the Cabinet of Ministers of Ukraine.

197.11. Tax-exempt shall be transactions for import into the customs territory of Ukraine of property by way of international technical assistance provided in accordance with international treaties of Ukraine, with consent to be bound by the said treaties given by the Verkhovna Rada of Ukraine, or by way of humanitarian aid supplied according to the provisions of Law of Ukraine “On Humanitarian Aid”.

197.12. Tax-exempt shall be transactions of banks and other financial institutions for supply (sale, alienation through another means) of property pledged by natural persons and business entity entrepreneurs or by other persons other than taxpayers, including mortgage, and recovered.

197.13. Tax-exempt shall be bank transactions for sale (transfer) or purchase of deposit liabilities.


197.15. Tax-exempt shall be transactions for supply of services for construction and assembly of affordable housing and state-funded housing.

197.16. Tax-exempt shall be transactions for import into the customs territory of Ukraine:

197.16.1. of renewable energy equipment, energy conservation equipment and materials, means for measuring, control and management of expenses for fuel and power resources, equipment and materials for alternative fuel manufacture and for renewable energy generation;

197.16.2. of materials, equipment, constituents used in manufacture:
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197.16.2.1. of renewable energy equipment;

197.16.2.2. of materials, raw materials, equipment and constituents to be used in alternative fuel manufacture or renewable energy generation;

197.16.2.3. of energy conservation equipment and materials, products providing economy and sustainable use of fuel and power resources;

197.16.2.4. of means for measuring, control and management of expenses for fuel and power resources.

Transactions for import into the customs territory of Ukraine of goods specified in this clause shall be tax-exempt provided that such goods are used for the taxpayer’s own production and that identical goods with similar qualitative characteristics are not manufactured in Ukraine.

The list of goods with UCCFEA codes shall be established by the Cabinet of Ministers of Ukraine.

In the event of improper use of the above-stated goods, the taxpayer shall increase tax liabilities as of the results of tax period over which such violation occurred by VAT amount payable as of the import of such goods, and pay an interest fine charged against this tax amount based on 120 percent of the accounting rate of the National Bank of Ukraine as of the tax liability due date, and for the period from the date of import of such goods until the date of the tax liability increase.

197.17. For the period of military exercises on the territory of Ukraine held as part of Partnership for Peace program tax-exempt shall be transactions for import into the customs territory of Ukraine of combustible and lubrication materials purchased by non-residents for transfer to participants of joint military exercise with Armed Forces units.

The procedure, list of enterprises and volume of combustible and lubrication materials supply shall be established by the Cabinet of Ministers of Ukraine.

197.18. Tax-exempt shall be transactions for import into the customs territory of Ukraine of purebred animals, breeding (genetic) resources under UCCFEA codes 0101 10 10 00, 0102 10 10 00, 0102 10 30 00, 0103 10 00 00, 0104 10 10 00, 0511 10 00 00, 0511 99 85 10, performed by subjects of special tax treatment established under Article 209 hereof. Transactions for subsequent supply of the above-mentioned purebred animals or breeding (genetic) resources shall be taxable according to the standard procedure established under this Code.

197.19. Tax-exempt shall be transactions for supply to the National Bank of Ukraine:

of precious metals, including but not limited to import thereof into the customs territory of Ukraine;

of services related to exploration, extraction, production and use of precious metals in view of foreign exchange reserve replacement and banking metals production.
197.20. Tax-exempt shall be transactions for import into the customs territory of Ukraine by natural persons of goods specified by Part 10 of Article of the Customs Code of Ukraine.

197.21. Transactions on supply within the customs territory of Ukraine and exportation within the customs treatment of grain crops with commodity heading 1001–1008 according to the UCCFEA and technical crops with commodity heading 1205 and 1206 according to UCCFEA are exempted from tax, except for supply and exportation of such grain and technical crops by agricultural enterprises who produce them and enterprises who have immediately purchased such grain and technical crops from agricultural enterprises who produced them, as well as except for supply of such grain and technical crops by the Agricultural Fund of Ukraine in case of acquisition thereof with VAT.

The provisions of this clause shall not apply for transactions on supply of grain crops with commodity heading 1006 and commodity category 1008 10 00 00 according to the UCCFEA that are subject to VAT collection in accordance herewith.

197.22. The transactions on natural gas import into the customs territory of Ukraine under the code of UCCFEA 2711 21 00 00 shall be tax-exempt.

**Article 198. Tax credit**

198.1. The right to attribute tax amounts to tax credit shall arise with respect to transactions for:

a) purchase or production of goods (including import thereof into the customs territory of Ukraine) and services;

b) purchase (construction, erection, development) of capital assets, including import thereof into the customs territory of Ukraine (including purchase and/or import of such assets by way of capital contribution and/or transfer of such assets to the balance sheet of the taxpayer authorised to keep record of joint performance);

c) obtaining services provided by non-resident within the customs territory of Ukraine and in the event of obtaining services with place of supply located within the customs territory of Ukraine;

d) import of capital assets into the customs territory of Ukraine under operating and finance lease agreements.

198.2. The date of creation of a taxpayer’s right to attribute tax amounts to tax credit shall be the date of the preceding event:

the date of debiting the taxpayer’s account for payment of goods/services;

the date of obtaining by the taxpayer of services/goods as supported by the tax invoice.

The date of creation of a taxpayer’s right to attribute tax amounts to tax credit for transactions for import into the customs territory of Ukraine of goods shall be the date of payment of tax
according to Clause 187.8 of Article 187 hereof, and for transactions for supply of services by non-residents within the customs territory of Ukraine — the date of payment (accrual) of tax with respect to tax liabilities included in tax declaration for the preceding period by the service recipient.

The date of creation of a lessee's right to increase tax credit for finance lease transactions shall be the date of actual supply of a finance leasing object to the lessee.

The date of creation of the customer’s right to attribute tax amounts to tax credit under agreements (contracts) defined as long-term according to Clause 187.9 of Article 187 hereof shall be the date of actual receipt by the customer of work results (filed under work completion certificates) under such agreements (contracts).

Actual supply (purchase) of goods/services controlled by metering devices shall be confirmed by accounting data.

198.3. Tax credit over the accounting period shall be determined in view of the contract price of goods/services (for controlled transactions — not above the regular price level established according to Article 39 hereof) and consists of tax amounts accrued (paid) by the taxpayer at the rate established under Clause 193.1 of Article 193 hereof over such accounting period in view of the following:

purchase or production of goods (including import thereof) and services for the purpose of subsequent use thereof in taxable transactions in the ordinary course of taxpayer’s business activities;

purchase (construction, erection) of fixed assets (including other capital tangible assets and outstanding capital investments), including import thereof, for the purpose of subsequent use in taxable transactions in the ordinary course of taxpayer’s business activities.

The right to tax credit accrual shall arise irrespective of whether such goods/services and fixed assets have come into use in taxable transactions in the ordinary course of taxpayer’s business activities over the accounting tax period, and whether the taxpayer has performed taxable transactions over the said accounting tax period.

198.4. Should the taxpayer purchase (produce) goods/services and capital assets intended for use in non-taxable and tax-exempt transactions, tax amounts paid (accrued) in view of such purchase (production) shall not be attributed to tax credit of the said taxpayer.

198.5. The taxpayer shall accrue tax liabilities in view of the tax base determined according to Clause 189.1 of Article 189 hereof for goods/services, capital assets, during purchase or production whereof tax amounts were attributed to tax credit, provided that such goods/services, capital assets have come into use:

a) in transactions that are non-taxable according to Article 196 hereof (except for transactions stipulated by sub-clause 196.1.7 of clause 196.1 of Article 196 hereof);
b) in tax-exempt transactions according to Article 197, sub-section 2, Section XX of this Code, international treaties (except for transactions stipulated by Sub-clause 197.1.28 of Clause 197.1 of Article 197 hereof);

c) in transactions performed by the taxpayer within the taxpayer's balance sheet, including transfer for nonproduction use, transformation of production capital assets into nonproduction capital assets;

d) in transactions falling out of the scope of taxpayer's business activities.

The taxpayer may attribute to tax credit tax amounts paid (accrued) for goods/services, capital assets not included into tax credit as of purchase or production of such goods/services, capital assets and/or taxable according to this clause, based on accounting memorandum in view of the tax base determined according to Clause 189.1 of Article 189 hereof, provided that the said goods/services, capital assets come into use in taxable transactions in the ordinary course of taxpayer's business activities, including transformation of production capital assets into nonproduction capital assets.

As used in this clause, tax liabilities and tax credit shall be determined as of actual coming into use of goods/services, capital assets as established in source documents executed in accordance with the Law of Ukraine «On Accounting and Financial Reporting in Ukraine».

198.6. Not attributed to tax credit shall be tax amounts paid (accrued) in view of the purchase of goods/services, not supported by tax invoices (or supported by tax invoices billed in violation of the requirements of Article 201 hereof) or not supported by customs declarations, other documents stipulated by Clause 201.11 of Article 201 hereof.

In the event that on inspection of the taxpayer by a regulatory authority tax amounts previously included in the tax credit remain not supported by the above-stated documents, the taxpayer shall bear responsibility according to this Code.

In the event that the taxpayer has not included in tax credit over a respective tax period the VAT based on tax invoices received, such right shall be reserved within 365 calendar days from the date of tax invoice billing.

Taxpayers who have used cash method of tax accounting prior to entry into force of this Code or use cash method, are entitled to include in tax credit tax amounts based on tax invoices received within 60 calendar days upon debiting the taxpayer's account.

For banking institutions who obtain title to pledged property with a view to subsequent sale thereof, such title shall be reserved until the date of sale of such pledged property.

**Article 199. Pro rata attribution of tax amounts to tax credit**

199.1. In the event that only a part of purchased and/or produced goods/services, capital assets is used in taxable transactions whereas the other part is not, tax amounts that may be attributed by the taxpayer to tax credit shall include the proportion of paid (accrued) tax as of
purchase or production of goods/services, capital assets corresponding with the proportion of such goods/services, capital assets used in taxable transactions.

199.2. The proportion of goods/services, capital assets used in taxable transactions shall be determined on a percentage basis as a ratio of taxable supply volume (excluding tax amounts) for the preceding calendar year to total taxable and tax-exempt supply volumes (excluding tax amounts) for the same calendar year. The value expressed as a percentage shall be applied throughout the current calendar year.

199.3. Taxpayers who throughout the preceding calendar year performed no tax-exempt transactions, while such tax-exempt transactions have got under way over the accounting period, as well as newly formed taxpayers shall carry out calculation of proportion of goods/services, capital assets used in taxable transactions over a current calendar year based on calculation made according to factual data of taxable and tax-exempt supply volume over the first accounting tax period where such transactions have been declared.

The calculation of proportion of goods/services, capital assets used in taxable transactions shall be filed at the regulatory authority together with the tax declaration over the accounting tax period where such taxable and tax-exempt transactions have been declared.

199.4. The taxpayer shall recalculate the proportion of goods/services, capital assets used in taxable transactions at calendar year end in view of actual volume of taxable and tax-exempt transactions performed throughout the year. In case of deregistration of taxpayer, including but not limited to deregistration under court decision, recalculation of proportion shall be performed in view of actual volume of taxable and tax-exempt transactions performed from the beginning of the current year to the date of taxpayer deregistration.

Recalculation of proportion of capital assets used in taxable transactions shall be performed following the results of one, two and three calendar years following the year of coming in use (putting into operation) thereof.

199.5. The proportion of goods/services, capital assets used in taxable transactions as determined taking into account the provisions of Clause 199.2–199.4 of Article 199 hereof, shall be used for adjustment of tax amounts attributed to tax credit under transactions specified in Clause 199.1 of Article 199 hereof. The results of tax credit recalculation shall be recorded in the tax declaration for the final tax period of the year. In case of deregistration of taxpayer, including but not limited to deregistration under court decision, the taxpayer shall record the adjustment in tax declaration for the last tax period when deregistration occurred.

199.6. Provisions of this Article shall not apply and tax credit shall not be reduced in cases as follows:

performance of transactions stipulated by sub-clause 196.1.7 of clause 196.1 of Article 196 hereof;

supply by taxpayer of waste and ferrous steel and non-ferrous scrap as a result of processing, melting of goods (raw materials, materials, stock materials etc.) during manufacture, construction, disassembly of liquidated fixed assets and similar operations;
Article 200. Procedure for determination of the amount of tax payable (accruable) to the State Budget of Ukraine or to be refunded from the State Budget of Ukraine (subject to budget refund), and calculation terms

200.1. The amount of tax payable (accruable) to the State Budget of Ukraine or subject to budget refund shall mean the difference between the amount of tax liability over the accounting (tax) period and the amount of tax credit over such accounting (tax) period.

200.2. If the amount calculated according to clause 200.1 of this Article is positive, such amount is subject to payment (accrual) to the budget within the time limits set in this section.

200.3. If the amount calculated according to clause 200.1 of this Article is negative, such amount is counted towards reduction of tax debt for the preceding accounting (tax) periods (including instalment or deferred debt according to this Code), and in the absence of a tax debt such amount is counted towards tax credit of the following accounting (tax) period.

200.4. If in the following tax period the amount calculated according to clause 200.1 of this Article is negative, then:

a) the part of such negative value equal to the amount of tax paid by the recipient of goods/services in the preceding tax periods and in the accounting tax period to suppliers of such goods/services or to the State Budget of Ukraine, and in the event of receipt of services supplied by non-residents within the customs territory of Ukraine — equal to the amount of tax liability recorded in tax declaration for the preceding period for services supplied to the recipient by non-resident, shall be subject to budget funding;

b) the remaining negative value for the preceding tax period after budget refund shall be included in amounts attributed to tax credit for the following tax period.

200.5. The persons as follows shall not be entitled to budget refund:

the persons who were registered as taxpayers less than 12 calendar months before the month as of which the budget refund application is filed (except for tax credit accrual due to purchase or construction of fixed assets);

the persons who performed taxable transactions over the past 12 calendar months at volumes less than the claimed budget refund amount (except for tax credit accrual due to purchase or construction of fixed assets).

200.6. The taxpayer may at its own discretion decide to assign the due amount of budget refund in full or in part towards reduction of tax liabilities that have occurred over the following accounting (tax) periods, subject to the conditions stipulated by clause 200.4 of this Article. Such decision shall be recorded in the tax declaration filed according to the results of accounting (tax) period within which a title to filing a budget refund application according
to provisions of this Article occurs. The taxpayer reserves the right to receive budget refund with the money of the following accounting (tax) periods.

200.7. The taxpayer entitled to budget refund determined to return the budget refund amount shall file at the respective regulatory authority a tax declaration and application for return of budget refund amount as recorded in the tax declaration.

200.8. The taxpayer shall append to the tax declaration calculation of budget refund amount and original copies of customs declarations. In the event that customs clearance of goods exported outside the customs territory of Ukraine have been performed using electronic customs declarations, such electronic declarations shall be provided by the regulatory authority at the place of clearance to the regulatory authority at the place of taxpayer's registration according to the procedure established by the central executive authority responsible for the formation and implementation of national tax and customs policy in electronic form in compliance with the requirement for electronic signature registration under the law.

200.9. Refund application form and budget refund calculation form shall be determined by the central executive authority responsible for the formation and implementation of national tax and customs policy.

200.10. Within 30 calendar days following the deadline for filing tax declarations the regulatory authority shall carry out office audit of data contained thereof.

200.11. If there is evidence of the fact that budget refund calculation was performed in violation of tax law, the regulatory authority shall be entitled to carry out unscheduled field audit of the taxpayer to authenticate accrual of such budget refund within 30 calendar days following the deadline for office audit.

The list of sufficient reasons entitling tax authorities to unscheduled field audit of VAT payers to authenticate accrual of budget tax refund shall be established by the Cabinet of Ministers of Ukraine.

200.12. The regulatory authority shall within five days upon audit completion submit to the authority responsible for treasury servicing of budget funds a report containing the amount subject to budget refund.

200.13. Based on the report of the relevant regulatory authority, the authority responsible for treasury servicing of budget funds issues to the taxpayer the amount of tax refund as stated in the report by way of transfer of funds from the budget account to the current taxpayer's account at the servicing bank within five transaction days upon receipt of the regulatory authority's report.

200.14. Should, following the results of office or unscheduled field audit, the regulatory authority identifies inconsistency of the budget refund amount with the amount stated in tax declaration, the authority shall:

a) subject to understatement of the declared budget refund amount with respect to the amount determined by the regulatory authority following the results of audits, shall submit
to the taxpayer a tax notice stating the amount of understatement and grounds for deduction thereof, in which case the taxpayer is deemed to refuse the amount of such understatement as budget refund and count it towards reduction of tax liabilities in the following tax periods in accordance with clause 200.6 of this Article;

b) subject to overstatement of the declared budget refund amount with respect to the amount determined by the regulatory authority following the results of audits, shall submit to the taxpayer a tax notice stating the amount of overstatement and grounds for deduction thereof;

c) subject to the fact established following the results of audits, according to which the taxpayer is not entitled to budget refund, shall submit to the taxpayer a tax notice stating the grounds for budget refund rejection.

200.15. Provided that following the results of audit of tax amounts offered for refund the taxpayer or the regulatory authority initiate the administrative or court appeal procedure, the regulatory authority shall on or before the working day following the day of receipt of a respective notice from the taxpayer or court resolution on initiating case proceedings is obliged to notify the authority responsible for treasury servicing of budget funds. The authority responsible for treasury servicing of budget funds shall discontinue the refund procedure with respect to the amount under appeal until coming into legal force of the court decision.

Upon completion of the administrative or court appeal procedure the regulatory body shall within five working days following the day of receipt of a respective decision submit to the authority responsible for treasury servicing of budget funds a report stating the refundable tax amount.

200.16. In the event that the taxpayer exports outside the customs territory of Ukraine goods obtained from another taxpayer under commission, consignment, agency or other agreements not stipulating for transfer of ownership of such goods from such other taxpayer to the exporter, another taxpayer shall be entitled to budget refund. In this case the commission fee received by the taxpayer exporter from the other taxpayer shall be included in the tax base at the rate established under sub-clause “a” of clause 193.1 of Article 193 hereof and shall not be included in the customs value of exported goods.

200.17. The source for payment of budget refund (including outstanding budget) shall be revenues of the budget the tax is paid to.

It is prohibited to specify or limit the payment of budget refund by the existence or lack of tax revenues raised in certain regions of Ukraine.

200.18. Taxpayers entitled to budget refund according to this Article, who have filed a respective application and comply with the requirements of clause 200.19 of this Article, shall be entitled to automatic budget tax refund.

Automatic budget refund shall be performed based on the results of office audit carried out within 20 calendar days following the deadline for filing tax declarations according to provisions stipulated by Article 76 hereof.
200.18.1. The regulatory authority shall within three working days upon completion of audit submit to the authority responsible for treasury servicing of budget funds a report stating the amount subject to automatic budget refund.

200.18.2. The authority responsible for treasury servicing of budget funds shall provide to the taxpayer the amount of automatic budget refund by way of transfer from the budget account to the current taxpayer’s account at the servicing bank within three transaction days upon receipt of the regulatory authority’s report.

200.18.21. The exhaustive list of taxpayers which received a budget refund, is published monthly on the website of an authority responsible for treasury servicing of budget funds with the mandatory indications of refund amounts.

Other tax information relating to the refund of value added tax is not a restricted information and is subject to publications within volumes and following the procedure established by the central executive authority responsible for the formation and implementation of the state financial, budgetary, tax and customs policy.

200.18.3. The officers of regulatory authorities and authorities responsible for treasury servicing of budget funds in the event of violation of refund terms as established under clause 200.18 of this Article shall bear responsibility as set forth by law.

200.19. To obtain title to automatic budget refund, the taxpayers shall meet the criteria as follows:

200.19.1. not being under bankruptcy proceedings according to the Law of Ukraine “On Restoring Debtor Solvency or Declaring a Debtor Bankrupt”;

200.19.2. being legal entities and individual entrepreneurs listed on the Unified State Register of Legal Entities and Individual Entrepreneurs, and no entries have been made in the Register as follows:

a) absence of confirmed information;

b) absence at the location (place of residence);

c) decision on spin-off, dissolution of a legal entity, entrepreneurial activity of an individual entrepreneur;

d) complete or partial invalidation of constituent documents or amendments to constituent documents of a legal entity;

e) termination of state registration of a legal entity or entrepreneurial activity of an individual entrepreneur, absence of decisions or information based on which state registration of dissolution of a legal entity or entrepreneurial activity of individual entrepreneur is performed;
200.19.3. performing zero-rated transactions (transactions with a total share over the preceding twelve consecutive accounting tax periods (months) of minimum 40 percent of the total supply volume (for taxpayers with quarterly accounting periods — within the preceding four consecutive accounting periods));

200.19.4. the total amount of discrepancy between the tax credit formed by the taxpayer for goods/services purchased and tax liabilities of contractors thereof with respect to supply of such goods/services which occurred over the preceding three consecutive calendar months shall not exceed 10 percent of the budget refund amount stated by the taxpayer;

200.19.5. with average wages not less than two and a half times exceeding the legal minimum level over each of the preceding four accounting tax periods (quarters) as established under Section IV hereof;

200.19.6. meeting any of the criteria as follows:

a) the number of workers having an employment relationship with such taxpayers exceeds 20 persons over each of the preceding four accounting tax periods (quarters) as established under Section IV hereof;

b) net fixed assets for pursuit of reported activities as of the accounting date according to tax audit exceed the reported amount of tax refundable for the preceding 12 calendar months;

c) the level of determination of corporate income tax liability payable to the budget (the ration of tax paid to the amount of income earned) above the average for the field as of the preceding accounting (tax) year;

200.19.7. having not tax debt.

200.19.8. the major taxpayer has not reported the negative value of items subject to corporate income tax as of the past accounting (tax) year.

200.20. The procedure for determination of the taxpayer’s eligibility according to clause 200.19 of this Article shall be established by the central executive authority responsible for the formation and implementation of national tax and customs policy. The determination of the taxpayer’s eligibility shall be carried out automatically within 15 calendar days after the reporting deadline;

200.21. In the event of non-conformity of the taxpayer to the criteria as set forth in this Article according to the report of the taxpayer’s regulatory authority and lack of title to automatic budget refund, the regulatory authority shall within 17 calendar days after the reporting deadline notify the taxpayer of the respective decision and provide detailed explanations and calculations for the criteria which were not met. The respective decision may be can be appealed by the taxpayer according to the established procedure.

In the event that the regulatory authority has not provided the taxpayer with the said notice in due term, the taxpayer shall be considered eligible for automatic budget refund.
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200.22. Beginning from January 1, 2014, office audit of the tax accounts of taxpayers with positive tax history shall be carried out within five calendar months upon filing the tax declaration.

Taxpayers who over the preceding 36 consecutive months have met the criteria established by the Cabinet of Ministers of Ukraine shall be considered taxpayers with positive tax history.

200.23. Tax amounts not refunded to taxpayers within the period established under this Article shall be considered outstanding budget VAT refund. An interest fine in the amount of 120 percent of the accounting rate of the National Bank of Ukraine as of the date of fine incurrence, throughout the validity thereof, including the repayment date, shall be charged against the amount of such outstanding refund.

Article 201. Tax invoice

201.1. The taxpayer shall provide the purchaser (recipient) at their request with a tax invoice signed by the taxpayer’s signatory and sealed (were possible) and drawn up at the purchaser’s (recipient’s) option in one of the following ways:

a) in paper form;

b) in electronic form in compliance with the requirement for registration of electronic signature of the taxpayer’s signatory under the law and subject to tax invoice registration in the Unified Register of Tax Invoices, in which case preparation of tax invoice in paper form is not mandatory.

The tax invoice shall contain in separate lines the following mandatory particulars:

a) tax invoice serial number;

b) tax invoice issue date;

c) full or abbreviated name set forth in constituent documents of a legal entity or surname, first name and patronymic of an individual seller of goods/services registered as a VAT payer;

d) individual tax number (of seller and purchaser);

e) location of a seller entity or tax home of an individual seller registered as a taxpayer;

f) full or abbreviated name set forth in constituent documents of a legal entity or surname, first name and patronymic of an individual purchaser (recipient) of goods/services registered as a VAT payer;

g) description (nomenclature) of goods/services and number, range thereof;

h) supply price excluding tax;
i) tax rate and respective tax amount in digits;

j) total amount of funds payable including tax;

k) civil law agreement type;

l) UCCFEA code (for excise goods and goods imported into the customs territory of Ukraine).

m) excluded.

201.2. The form and procedure for filling out tax invoices are subject to approval by the central executive authority responsible for the formation and implementation of national tax and customs policy.

201.3. In the event of tax exemption in cases stipulated by Article 197 of this section, “excluding VAT” entry shall be made in the tax invoice with reference to a respective clause and/or sub-clause of Article 197 hereof.

201.4. Tax invoice shall be made in duplicate on the taxpayer’s tax point, one copy for the purchaser and one for the seller. Where the tax invoice in made in paper form, the purchaser receives the original and the seller receives a copy.

201.5. Separate tax invoices are issued for taxable and exempt transactions.

201.6. Tax invoice is a tax document concurrently recorded in tax liabilities and in the register of issued tax invoices of the seller and the register of received tax invoices of the purchaser.

Regulatory authorities shall according to the data of registers of issued and received tax invoices provided in electronic form notify the taxpayer on discrepancies with contractors’ data detected in such register. In this case the taxpayer within 10 days upon receipt of such notice shall be entitled to specify tax liabilities without application of punitive penalties stipulated by Section II of this Code.

201.7. A tax invoice shall be drawn up for each complete or partial supply of goods/services and for the amount of funds transferred to the current account by way of advance payment.

In the event that the share of goods/services does not contain separate value, the list (nomenclature) of partially supplied goods/services shall be specified in the supplement to the tax invoice according to the procedure established by the central authority responsible for the formation and implementation of national tax and customs policy and shall be considered in determination of general tax liabilities.

201.8. Title to tax charging and preparation of tax invoices shall be provided only to taxpayers registered according to the procedure stipulated by Article 183 of this Code.
201.9. Tax invoice drawn up by a taxpayer exempt from tax under court decision shall not entitle the taxpayer to attribution of tax amounts to tax credit upon entry into force of such court decision.

201.10. Tax invoice shall be issued by the taxpayer performing transactions for supply of goods/services on the purchaser's request and shall be the basis for charging tax amounts attributed to tax credit.

In the course of transactions for supply of goods/services the taxpayer — seller of goods/services shall provide to the purchaser a tax invoice and register it in the Unified Register of Tax Invoices.

Acceptance of the seller's tax invoice and/or adjustment calculation to the Unified Register of Tax Invoices shall be confirmed by an electronic text receipt which is sent within one transaction day.

The date and time of filing of a tax invoice and/or adjustment calculation in electronic form to the central executive authority responsible for the formation and implementation of national tax and customs policy shall be the date and time stated in the receipt.

Should filed tax invoices and/or adjustment calculations be drawn up in violation of the requirements stipulated by clause 201.1 of Article 201 and/or clause 192.1 of Article 192 of this Code, an electronic text receipt on non-acceptance thereof in electronic form with the reason shall be sent to the seller within one transaction day.

Provided that no receipt on acceptance or non-acceptance has been provided within the transaction day, such tax invoice shall be considered registered in the Unified Register of Tax Invoices.

Registration of tax invoices and/or adjustment calculations to tax invoices in the Unified Register of Tax Invoices shall be carried out within fifteen calendar days following the date of drawing up.

The procedure for keeping the Unified Register of Tax Invoices shall be established by the Cabinet of Ministers of Ukraine. The purchaser shall be entitled to check the data in the tax invoice received for compliance with the data in the Unified Register of Tax Invoices.

Absence of confirmation of registration by the taxpayer — seller of goods/services of tax invoices in the Unified Register of Tax Invoices and/or violation of the procedure for filling out tax invoices shall not entitle the purchaser to inclusion of VAT amounts in tax credit and shall not release the seller from responsibility for inclusion of VAT amount stated in the tax invoice in the amount of tax liability for the respective accounting period.

Discrepancies between the data stated in the tax invoice and the Unified Register of Tax Invoices shall be the reason for unscheduled field audit by regulatory authorities of the seller and, where appropriate, of the purchaser of goods/services.
Should the seller of the goods/services refuse to file a tax invoice or should it violate the procedure for filling out and/or registration in the Unified Register, the purchaser of such goods/services shall be entitled to supplement the tax declaration for the accounting tax period with a complaint against such a supplier which is the ground for inclusion of tax amounts to composition of the tax credit. Such a right shall be reserved for 60 calendar days following the boundary period of submission of tax declaration for accounting (tax) period in which no such declaration was filed or procedure for filling out of declaration or registration in the Unified Register was breached. The copies of sales receipts or other payment documents certifying payment of tax with respect to purchase of such goods/services or copies of source documents executed according to the Law of Ukraine “On Accounting and Financial Reporting in Ukraine” confirming the receipt of such goods/services shall be attached to the complaint.

Filing of such complaint shall be the reason for unscheduled field audit of the said seller with a view to establish accuracy and completeness of charging tax liabilities under such transaction.

201.11. Charging of tax amounts attributed to tax credit without receipt of tax invoice shall also be authorised by the following documents:

a) travel tickets, hotel bills or bills issued to the taxpayer for communication services or other services with value determined by metering device readings, that contain the total amount of payment, amount of tax and the seller’s tax number, except for the documents with form established by international standards;

b) cash register receipts with the amount of goods/services received, total amount of tax accrued (with the supplier’s fiscal and tax number), in which case for the purposes of such accrual the total amount of goods/services received may not exceed UAH 200 per day (tax excluded).

Should the taxpayers use cash registers for payment transactions with customers, cash register receipts shall contain information on the total amount of funds payable by the purchaser including tax, and the amount of tax payable within the total amount.

The procedure for calculation and accumulation of tax amounts by cash registers shall be established by the Cabinet of Ministers of Ukraine.

201.12. In the event of import of goods into the customs territory of Ukraine, the document certifying the title to attribution of tax amounts to tax credit shall be the customs declaration executed in accordance with the law confirming payment of tax.

In transactions for supply of services by non-residents within the customs territory of Ukraine, the document certifying the title to attribution of tax amounts to tax credit shall be the tax invoice with tax liabilities included in the tax declaration for the preceding period.

201.13. For natural persons not registered as business entities importing goods (Articles) into the customs territory of Ukraine in taxable volumes under the law, customs declaration execution shall be made equivalent with filing tax invoices.
201.14. Taxpayers shall keep separate record of taxable transactions for supply and purchase of goods/services, as well as non-taxable and exempt transactions according to this section.

201.15. Collective results of such recording shall be disclosed in tax declarations with form established according to the procedure provided for in Article 46 of this Code. The taxpayer shall keep electronic register of issued and received tax invoices stating the tax invoice serial number, date of issue (receipt), total amount of supply and amount of tax accrued, as well as the taxpayer registration number of the seller who has issued the tax invoice to the taxpayer. The form and procedure for filling out of the register of issued and received tax invoices shall be established according to the requirements of Section II of this Code.

Taxpayers shall on a monthly basis within the time limits established for filing tax accounts (calendar month), including without limitations taxpayers with quarterly accounting tax periods established under this section, shall file at the regulatory authority copies of entries in the register of issued and received tax invoices over the period in electronic form.

The regulatory authority shall develop and post on its official website a program for keeping record in the electronic register of issued and received invoices and shall provide for free distribution of the program (including required amendments), by way of granting access to copying via Internet or by way of magnetic-type recording of taxpayer’s information at the their request.

**Article 202. Accounting (tax) periods**

202.1. Accounting (tax) period shall be one calendar month, and in cases specifically established under this Code, calendar quarter, subject to the following:

a) should the person be registered as a taxpayer from the day other than the first day of the calendar month, the first accounting (tax) period shall be the period starting from the registration date and ending on the last day of the first full calendar month;

b) should tax registration of the person be annulled on the day other than the last day of the calendar month, the final accounting (tax) period shall be the period starting from the first day of such month and ending on the day of annulment.

202.2. Taxpayers who according to Sub-clause “b” of Clause 154.6 of Article 154 hereof are entitled to apply zero corporate income tax rates for the period from April 1, 2011 until January 1, 2016, as well as single tax payers, may select a quarterly tax period. Application for quarterly tax period selection shall be filed at the regulatory authority along with the declaration following the results of the last tax period in the calendar year, in which case quarterly tax period shall be applied from the first tax period of the following calendar year.

Should the taxpayer within any period from the beginning of quarterly tax period application forfeit the right to apply zero corporate income tax rates stipulated by sub-clause “b” of clause 154.6 of Article 154 hereof, the taxpayer shall on its own behalf move to a monthly tax period, starting from the month onto which such excess falls, as stated in the respective tax declaration following the results of such month.
Should the taxpayer who has applied simplified tax system move to payment of other taxes and duties as established under this Code, such taxpayer shall on its own behalf move to a monthly tax period, starting from the month of moving to payment of other taxes and duties as established under this Code, as stated in the respective tax declaration following the results of such month.

**Article 203. Procedure for tax declaration filing and budget settlement terms**

203.1. The tax declaration shall be filed for the base accounting (tax) period equal to a calendar month, within 20 calendar days following the last calendar day of the accounting (tax) month.

203.2. The taxpayer shall on its own behalf pay the amount of tax liability as stated in the tax declaration filed, within 10 calendar days following the last day of the respective deadline for filing tax declaration stipulated by Clause 203.1 of this Article.

**Article 204. Excluded;**

**Article 205. Excluded;**

**Article 206. Peculiarities of taxation of transactions during transfer of goods across the customs border of Ukraine according to the selected customs procedure**

206.1. During the import of goods into the customs territory of Ukraine, tax amounts are payable to the State Budget by taxpayers on or before the date of filing customs declarations directly to a single treasury account, except for exempt (conditionally exempt) transactions.

206.2. Transactions for import into the customs territory of Ukraine of goods under the customs procedure for import are taxable at the rate established under Sub-clause 194.1.1 of Clause 194.1 of Article 194 hereof, except for transactions:

206.2.1. for import of tax-exempt goods according to Article 197 and Sub-section 2 of Section XX hereof and according to international treaties ratified by the Verkhovna Rada of Ukraine;

206.2.2. for tax-exempt import of goods placed under the customs procedure for outward processing and within the time limit established under the Customs Code of Ukraine entered into the customs territory of Ukraine:

in the same condition in which they were exported outside the customs territory of Ukraine in compliance with the requirements established under the Customs Code of Ukraine;

repaired, provided that the repair has been performed within the warranty liabilities;

206.2.3. for partially exempt import of goods placed:

under the customs procedure for outward processing (except for transactions set forth in Clause 206.2.2 of this Article) and within the time limit established under the Customs Code
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of Ukraine entered into the customs territory of Ukraine. Subject to payment is the positive
difference between tax amounts calculated in view of the tax base for derivative products
and the tax base for goods exported outside the customs territory of Ukraine for processing
determined according to the rules established under Clause 190.1 of Article 190 hereof;

under the customs procedure for inward processing and within the time limit established
under the Customs Code of Ukraine not exported outside the customs territory of Ukraine.
Subject to payment is the amount of tax calculated in view of the tax base determined accord-
ing to the rules established under Clause 190.1 of Article 190 hereof for goods imported into
the customs territory of Ukraine for processing.

206.3. Transactions for import of goods under the customs procedure for re-import are tax-
exempt, except for import transactions according to clause 3 of part 2 of Article 78 of the
Customs Code of Ukraine taxable at the rate established under sub-clause 194.1.1 of Clause
194.1 of Article 194 hereof.

206.4. Transactions for export of goods under the customs procedure for export are taxable at
the rate established under sub-clause 195.1.1 of clause 195.1 of Article 195 hereof.

206.5. Transactions for export of goods under the customs procedure for re-export are tax-
exempt, except for export transactions according to clause 5 of Part 1 of Article 86 of the
Customs Code of Ukraine taxable at the rate established under sub-clause 195.1.1 of clause
195.1 of Article 195 hereof.

206.6. Full conditional exemption shall apply to transactions for import of goods under the
transit customs procedure subject to compliance with the requirements and limitations es-
tablished under Chapter 17 of the Customs Code of Ukraine.

206.7. Full conditional exemption or partial conditional exemption shall apply to transac-
tions for import of goods into the customs territory of Ukraine under the customs procedure
for temporary import subject to compliance with the requirements and limitations estab-
lished under Chapter 18 of the Customs Code of Ukraine:

206.7.1. full conditional exemption shall apply to goods and according to the procedure as
established under Article 105 of the Customs Code of Ukraine;

206.7.2. partial conditional exemption shall apply to goods and according to the procedure
as established under Article 106 of the Customs Code of Ukraine. The taxpayer shall include
the paid tax amounts in the tax credit over the accounting (tax) period when the tax was paid.

206.8. Full conditional exemption shall apply to transactions for export of goods outside the
customs territory of Ukraine under the customs procedure for temporary export subject to
compliance with the requirements and limitations established under Chapter 19 of the Cus-
toms Code of Ukraine.

206.9. Full conditional exemption shall apply to transactions for entry of goods into the ware-
house from the customs territory of Ukraine and transactions for entry of goods into the
warehouse from outside the customs territory of Ukraine subject to compliance with the requirements and limitations established under Chapter 20 of the Customs Code of Ukraine.

206.10. Transactions for goods placed under the “free customs zone” procedure shall be taxable according to the following procedure:

206.10.1. transactions for export of goods outside the customs territory of Ukraine to the free customs zone shall be taxable at the rate established under sub-clause 195.1.1 of clause 195.1 of Article 195 hereof;

206.10.2. full conditional exemption shall apply to transactions for import of goods from outside the customs territory of Ukraine to the free customs zone subject to compliance with the requirements and limitations established under Chapter 21 of the Customs Code of Ukraine;

206.10.3. transactions for import into the customs territory of Ukraine of derivative goods placed under the “free customs zone” procedure shall be taxable at the rate established under sub-clause 194.1.1 of clause 194.1 of Article 194 hereof and subject to payment of interest payable in case of instalment or deferred tax payment according to Article 100 of this Code.

206.11. Transactions with goods placed under the customs procedure for duty-free trade shall be taxable according to the following procedure:

206.11.1. full conditional exemption shall apply to transactions for import of goods from outside the customs territory of Ukraine to the duty-free store subject to compliance with the requirements and limitations established under Chapter 22 of the Customs Code of Ukraine;

206.11.2. transactions for export of goods from the customs territory of Ukraine to the duty-free store shall be taxable according to sub-clause 195.1.1 of clause 195.1 of Article 195 hereof.

206.12. Full conditional exemption shall apply to transactions for import of goods into the customs territory of Ukraine under the customs procedure for inward processing subject to compliance with the requirements and limitations established under Chapter 23 of the Customs Code of Ukraine.

206.13. Full conditional exemption shall apply to transactions for export of goods from the customs territory of Ukraine under the customs procedure for outward processing subject to compliance with the requirements and limitations established under Chapter 24 of the Customs Code of Ukraine.

206.14. Full conditional exemption shall apply to transactions for import of goods under the customs procedure for destruction subject to compliance with the requirements and limitations established under Chapter 25 of the Customs Code of Ukraine.

206.15. Transactions for import of goods under the customs procedure for abandonment to the State according to the procedure established under Article 26 of the Customs Code of Ukraine shall be tax-exempt.
206.16. In the event of loss of goods placed under customs procedures providing for exemp-
tion or conditional exemption, improper use of such goods or in the event of non-fulfilment
within the time limits established under the Customs Code of Ukraine of measures for com-
pletion of such customs procedures, the person responsible for compliance with the customs
procedure shall pay the amount of tax liability for which such exemption or conditional ex-
emption have been provided and an interest fine charged according to Article 129 of this
Code as calculated from the date of exemption or conditional exemption.

Article 207. Procedure for taxation of tour operator and travel
agency activities

207.1. This Article shall establish the peculiarities of taxation of a tourist product (tourist
service) provided by a tour operator or travel agent according to the law. For tax purposes,
tourist product as a range of tourist services shall be considered a single service.

207.2. The tax base for transactions for supply by the tour operator of a tourist product (tour-
ist service) intended for consumption (receipt) within the territory of Ukraine shall be the
fee determined as the difference between the cost of tourist product (tourist service) supplied
and the cost of expenses incurred by the tour operator as a result of purchase (creation) of
such tourist product (tourist service).

207.3. The tax base for transactions for supply by the tour operator of a tourist product (tour-
ist service) within the territory of Ukraine intended for consumption (receipt) outside the
territory of Ukraine shall be the fee determined as difference between the cost of tourist
product (tourist service) supplied and the cost of expenses incurred by the tour operator as a
result of purchase (creation) of such tourist product (tourist service).

207.4. The tax base for a tour operator carrying out intermediary activities within the ter-
ritory of Ukraine related to conclusion of tourist service agreements with foreign tourism
entities shall be the fee accrued (paid) to the tour operator by such foreign tourism entities,
including without limitations by way of granting the right to retain at their own discretion
the amount of fee from the funds paid by the tourist service customer (consumer).

207.5. The tax base for transactions carried out by the travel agent shall be the fee accrued
(paid) by the tour operator, other service suppliers in favour of such travel agent, including on
account of funds received by the latter from the tourist product (tourist service) consumer.

207.6. Tax amounts paid (accrued) during purchase of goods/services included in the cost
of tourist product (tourist service) shall not be attributed to the tax credit and shall not be
included in the tour operator's tax base.

Tax amounts paid (accrued) during purchase of goods/services not included in the cost
of tourist product (tourist service) shall be included in the tax credit according to the procedure
established under this Code.

The tour operator’s tax point during supply of tourist product (tourist service) shall be the
date of execution of a document certifying the supply of tourist product (tourist service).
The date of the tour operator’s title to attribution of tax amounts to the tax credit during purchase of goods/services not included in the cost of tourist product (tourist service) shall be the date of receipt of goods/services confirmed by the tax invoice.

207.7. The tax rate determined in sub-clause “a” of Clause 193.1 of Article 193 of this section shall apply to the tax base determined according to clauses 207.2–207.5 of this Article.

Article 208. Taxation of services supplied by non-residents with place of supply located within the customs territory of Ukraine

208.1. This Article shall establish taxation rules in the event of supply by non-resident entity not registered as a taxpayer of services with place of supply located within the customs territory of Ukraine to a registered taxpayer or another resident legal entity.

208.2. The recipient of services supplied by non-residents with place of supply located within the customs territory of Ukraine shall accrue tax at the basic rate to the tax base determined according to Clause 190.2 of Article 190 hereof.

In this case the recipient taxpayer shall, according to the procedure established under Article 201 of this Code, draw up a tax invoice stating the amount of tax accrued which is the basis for attribution of tax amounts to the tax credit as applicable.

The tax invoice shall be drawn up in one copy and shall remain with the recipient taxpayer.

208.3. If the service recipient is a registered taxpayer, the amount of tax accrued shall be included in tax liabilities in declaration for the respective accounting period.

208.4. If the service recipient is not a registered taxpayer, no tax invoice shall be issued. The form of settlement of such recipient's tax liabilities by way of supplement to the declaration for this tax shall be established according to the procedure stipulated by Article 46 of this Code.

208.5. As used in this section, the service recipient shall be made equivalent to the taxpayer in terms of tax payment, tax debt recovery and tax prosecution.

208.6. Provisions of this Article shall not apply to supply by non-residents other than registered taxpayers of services for preparation to removing from service and for removing from service of Chornobyl NPP power generating units, for operation and transformation of Object Shelter into an environmentally sound system, financed through free-of-charge and non-refundable international technical assistance, according to the provisions of the Framework Agreement between the EBRD and Ukraine concerning the Operation of the Chornobyl Shelter Fund and Grant Agreement (Draft Action Plan on Nuclear Safety of Chornobyl Nuclear Power Plant) between the EBRD as Administrator of the Grant Funds allocated according to the Nuclear Safety Grant, the Government of Ukraine and Chornobyl Nuclear Power Plant.
Article 209. Special tax treatment of agricultural, forestry and fishing activities

209.1. The resident pursuing agricultural, forestry and fishing entrepreneurial activities and complying with the requirements of Clause 209.6 of this Article (hereinafter referred to as agricultural enterprise) may select a special tax treatment.

209.2. According to the special tax treatment, the VAT amount accrued by the agricultural enterprise toward the cost of agricultural goods/services supplied shall not be subject to payment to the budget and remain at full disposal of the agricultural enterprise for the purpose of reimbursement of tax amount paid (accrued) to the supplier for the cost of production factors on account of which the tax credit has been formed, and provided that there is a remaining amount of tax — for other production purposes.

Agricultural enterprises shall accumulate the abovementioned VAT amounts on separate accounts established in banking institutions and/or authorities responsible for treasury servicing of budget funds according to the procedure established by the Cabinet of Ministers of Ukraine.

209.3. Should the VAT amount paid (accrued) by the agricultural enterprise to the supplier for the cost of production factors exceed the tax amount accrued for transactions for supply of agricultural goods/services, the difference between such amounts shall not be subject to budget refund and shall be included in the tax credit for the following accounting (tax) period.

209.4. When exporting agricultural goods under the customs procedure for export, agricultural enterprise producing such goods/services shall be entitled to budget refund of VAT paid (accrued) to suppliers of goods/services the cost whereof is included within production factors. Such refund shall be performed according to the standard procedure.

209.5. The tax payer purchasing agricultural goods/services from the agricultural enterprise who has selected a special tax treatment is entitled to increase the tax credit by the amount of tax paid (accrued) according to the standard procedure.

209.6. Agricultural shall be the enterprise with core activity being the supply of agricultural goods (services) it has produced (supplied) at own or leased fixed assets and on a give-and-take basis where agricultural goods/services cost account for not less than 75 percent of the cost of all goods/services supplied over the preceding 12 consequent tax periods in total.

This provision shall apply in view of the following:

a) for a newly-formed agricultural enterprise registered as a business entity having pursued its business activities for less than 12 calendar months, the share of agricultural goods/services shall be calculated following the results of each separate accounting tax period;

b) in order to calculate such share, the core activity of the agricultural enterprise shall not include taxable transactions for supply of fixed assets having formed part of fixed assets thereof
for not less than 12 consecutive accounting tax periods in total, provided that such trans-
actions have not been permanent and have not formed part of a separate entrepreneurial
activity.

209.7. Agricultural goods shall be goods specified in commodity groups 1–24, UCCFEA
commodity headings 4101, 4102, 4103, 4301 and services received as a result of agricul-
tural, forestry and fishing activity to which special tax treatment applies according to Clause
209.17 of this Article, provided that such goods are grown, fed out, fished or gathered (stored
up), and services are supplied directly by the tax payer subject to special tax treatment (ex-
cept for purchase of such goods/services from other persons), supplied by the said producer
taxpayer.

209.8. Provisions of this Article shall not apply to excise goods producers, except for primary
winemaking enterprising supplying wine materials (UCCFEA code 2204 29–2204 30).

209.9. The agricultural enterprise shall issue to the purchaser a tax invoice according to the
procedure established under this section.

209.10. The agricultural enterprise shall be registered as a subject of special tax treatment
with the relevant regulatory authority in accordance with the rules and within the periods
stipulated under Article 183 of this Code for VAT registration.

The register of subjects of a special tax treatment shall contain, except for the information
stipulated for VAT payers on general grounds, the list of activities of the said agricultural en-
terprise that the special tax treatment for agricultural, forestry and fishery activity is applied
to, as well as the date of the relevant entry on these types of activity.

When making public any data from the register of VAT payers in accordance with clause
183.13 of Article 183 hereof additional data from the register of subjects of special tax treat-
ment shall be made public: date of registration as a subject of special tax treatment, list of
types of activity of agricultural enterprise with indication of date of entry on such types of
activity, date of removal from the register as well as date of registration of agricultural enter-
prise as a VAT payer on general grounds.

209.11. Provided that the subject of special tax treatment have supplied over the preceding 12
consecutive accounting tax periods non-agricultural goods/services accounting for over 25
percent of the cost of all supplied goods/services:

a) special tax treatment as established under this Article shall not apply to such enterprise.
Such enterprise shall determine tax liability for such tax following the results of the account-
ing tax period during which such exceeding occurred and pay the tax to the budget according
to the standard procedure;

b) the regulatory authority shall take such enterprise off the register of special tax treatment
subjects and may re-enter the enterprise in such register after the end of the following 12
consecutive accounting tax periods provided there are sufficient grounds as established un-
der this Article;
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c) such enterprise shall be subject to unlimited VAT liability from the first day of the month when such exceeding occurred.

In the event that special tax treatment subjects cannot on their own account cover expenses incurred due to force majeure circumstances, such subjects shall be entitled to extend the term of application of a special tax treatment without observing the amount of share established under this clause.

This rule shall not apply if the risks of goods (stock) loss have been duly insured. In this case the amounts of insurance payments received shall be considered in determination of share of the cost of agricultural goods/services in the total supply volume over the respective accounting period.

The decision on existence of force majeure circumstances, the list of subjects who suffered from such circumstances and the terms of special tax treatment application without observing the amount of share established under this clause shall be established by the Verkhovna Rada of Autonomous Republic of Crimea, regional councils.

Provisions of this clause shall come into application after the end of the term established by the Verkhovna Rada of Autonomous Republic of Crimea, regional councils.

209.12. The certificate of registration of agricultural enterprise as a subject of special tax treatment shall be cancelled in the following cases:

a) the agricultural enterprise has filed an application for deregistration thereof as a subject of a special tax treatment and/or application for tax registration thereof on general grounds;

b) the agricultural enterprise is subject to tax registration on general grounds;

c) the agricultural enterprise shall be dissolved under the relevant decision by way of liquidation or reorganization.

Upon availability of any grounds indicated in the sub-clauses “a” and “b” hereof the agricultural enterprise shall be deregistered as a subject of special tax treatment and registered as a taxpayer on general grounds.

Upon availability of grounds listed in clause 184.1 of Article 184 of this Code (except for the grounds determined in sub-clause “g” of clause 184.1 of Article 184 hereof) the registration of agricultural enterprise as a taxpayer on general grounds and as of a subject of special tax treatment shall be cancelled with due consideration of the rules and periods determined by Article 184 hereof.

209.13. The agricultural enterprise subject to special tax treatment shall file a tax declaration within the time limits and according to the procedure established for other taxpayers. The form of tax declaration filed by the agricultural enterprise subject to special tax treatment shall be established according to clause 201.15 of Article 201 of this Code.
209.14. The agricultural enterprise subject to special tax treatment shall tax transactions for purchase (supply) of agricultural products at the rate established under sub-clause “а” of Clause 193.1 of Article 193 hereof.

In the event of export of agricultural products tax rate established under sub-clause “б” of Clause 193.1 of Article 193 hereof shall apply.

209.15. As used in this Article, the following terms shall have the following meanings:

209.15.1. production factors on account of which the tax credit has been formed:

a) goods/services purchased by the agricultural enterprise for use in production of agricultural products, as well as fixed assets purchased (constructed) for use in production of agricultural products.

Provided that goods/services, fixed assets produced and/or purchased are used by the agricultural enterprise partially for production of agricultural products (services) and partially for other goods/services, the amount of paid (accrued) tax credit shall be allocated according to the share of cost of agricultural goods/services in the total cost of all goods/services supplied over 12 preceding accounting (tax) periods.

In the event of change in the direction of use of goods/services, fixed assets, the taxpayer shall carry out tax credit adjustment in view of the purchase cost of goods/services, net fixed assets established as of the beginning of the accounting (tax) period over which such change in direction of use has occurred;

b) services related to the supply of agricultural goods grown, fed out, fished or gathered (stored up) directly by the taxpayer:

seeding and planting, harvesting, pelleting or piling, other field works, including application of fertilizers and crop protection agents;

packaging and preparation for sale, including drying, cleaning, grinding, disinfection and silage of agricultural products (code 01.41.0 according to the Classifier of Economic Activities KVED);

storage of agricultural products;

growing, breeding, feeding and slaughtering of livestock, use of animal protection products, animal disease control;

obtaining services for use of agricultural equipment, except for finance lease thereof;

obtaining services related to agricultural activities, namely services in taxation, accounting, organization of in-process control (code 74.14.0 according to the Classifier of Economic Activities KVED);

weed destruction and desinsection, seeds and agricultural lands treatment with crop protection agents and use of animal protection products;
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operation of melioration and irrigation systems for crop areas and agricultural lands;

meat processing for commodity condition;

209.15.2. agricultural activities:

a) production of plant products, namely crops, as well as fruit and vegetable growing, flower and ornamental plant growing (open and protected), mushroom, seed, spices, seedling and seaweed growing, as well as processing and/or preservation thereof;

b) production of animal products, namely livestock, poultry, rabbit, hive products, as well as raising of silkworms, snakes and other reptiles or slugs and other land mammals, invertebrates and insects, as well as processing and/or preservation thereof;

c) supply of services to other agricultural producers (legal entities) and/or natural persons using agricultural equipment, except for finance lease thereof;

209.15.3. forestry activities:

a) reforestation, tree and shrub growing and care or tree and/or shrub cutting;

b) picking wild mushrooms and berries, other wild plants, processing and preservation thereof;

209.15.4. fishing activities:

a) breeding and/or catching of freshwater (inundable) fish or other freshwater (inundable) species (codes 05.02.0, 05.01.0 according to the Classifier of Economic Activities KVED);

b) breeding and/or catching of sea or ocean fish or invertebrates (code 05.02.0, 05.01.0 according to the Classifier of Economic Activities KVED);

c) breeding and/or catching of mollusk shells, oysters, shellfish, frogs, wild seaweeds;

d) processing and/or preservation of fish or other freshwater or sea invertebrates, mollusk shells, oysters, shellfish, frogs, wild seaweeds;

209.15.5. production using supply raw materials grown, fed out, fished or gathered (stored up) directly by the taxpayer, — transactions for supply of agricultural equipment by the supplier (owner) subject to special tax treatment to the producer (processor) and acceptance by the latter for processing (breeding or use) of finished products at production facilities of such producer (processor) at a respective charge without gaining title to such products.

209.16. Processing of products obtained as a result of taxpayer’s agricultural, forestry and fishing activities shall be considered agricultural, forestry and fishing activities provided that such products are grown, fed out, fished or gathered (stored up) directly by the taxpayer (except for purchase thereof from other persons) (codes 05.01.0, 15.11.0, 15.12.0, 15.13.0,
209.17. Special tax treatment of agricultural, forestry and fishing activities shall apply to:

209.17.1. corn and industrial crop growing (code 01.11.0 according to the Classifier of Economic Activities KVED):

corn growing for food consumption, feed, seeds;

legume crop growing for drying, hulling for food consumption, feed, seeds;

potato growing for food consumption, technical purposes, seeds;

sugar-beet growing;

tobacco and common tobacco growing, primary processing of leaves (gathering, drying, grading etc.), seedlings growing;

vegetable oil seeds and fruit growing (ground nuts, soybeans, sunflowers, colza, rapeseed, camelina etc.) for food consumption, technical purposes and for seeds;

annual and perennial grass growing for green feed, grazing, hay, haylage and silage;

feeding root crop growing (beetroot, rutabaga, turnip etc.);

feeding vine crop growing;

growing corn and legume crops and mixtures thereof for green feed, grazing, hay, haylage and silage;

production of sugar-beet and feed crop (including grass) seeds;

fibre crop growing and primary processing (soaking);

essential oil plant growing;

officinal annual and perennial herb, subshrub, lianoid and dendroid plant growing;

essential oil and officinal planting stock growing;

growing root crops and tuber crops with high starch or inulin content (girasol, sweet potato etc.);

hope and chicory cone growing;

209.17.2. vegetable growing; landscape gardening and seedbed products growing (code 01.12.0 according to the Classifier of Economic Activities KVED):
growing vegetables and vine crops for food consumption: tomatoes, cucumbers, cabbage, garden carrots and beetroots, marrows, eggplants, melons, watermelons, unhulled legumes, lettuces, onions, sweetcorn etc.;

growing herbs: fennel, parsley, lettuce, spinach etc.;

vegetable seedlings, vegetable seed growing;

spawn and mushroom growing, wild mushroom picking;

growing flowers, seeds, seedlings, flower bulbs, tubers etc.;

fruit and berry, nut, grape plant stock growing;

209.17.3. growing fruit, berries, nuts, crops for beverage and spice production (code 01.13.0 according to the Classifier of Economic Activities KVED):

growing fruit: apples, plums etc.;

growing berries: strawberries, raspberries, currants etc.;

grapes growing;

growing nuts (walnuts, almond nuts, pistachio nuts, hazelnuts etc.);

growing crops for spice production (leaves, flowers, seeds, fruit);

growing plant stock for crops for spice production;

processing of fruit, berries and grapes into wine within the growing farm;

209.17.4. cattle breeding (code 01.21.0 according to the Classifier of Economic Activities KVED):

cattle stock reproduction;

cattle raising;

raw cow, buffalo, yak milk production;

bull semen collection;

209.17.5. sheep, goat, horse breeding (code 01.22.0 according to the Classifier of Economic Activities KVED):

sheep, goat, horse, mule, donkey stock reproduction;
sheep, goat, horse, mule, donkey raising;

raw sheep and goat milk production;

raw mare milk production;

sheep wool production;

goat wool and goat down production;

animal hair collection;

ram, goat, stallion semen collection;

209.17.6. pigs breeding (code 01.23.0 according to the Classifier of Economic Activities KVED):

pig stock reproduction;

pig raising;

boar sperm collection;

209.17.7. poultry breeding (code 01.24.0 according to the Classifier of Economic Activities KVED):

reproduction of poultry stock (chicken, geese, turkey, guinea fowl, quail, ostrich etc.);

poultry raising;

egg production;

209.17.8. breeding of other animals (code 01.25.0 according to the Classifier of Economic Activities KVED):

farm breeding of animals;

rabbit breeding, rabbit products (skins) production;

bee raising, honey, wax production;

breeding of fur animals, fur production;

breeding of aquatic animals (nutrias, muskrats etc.);

silkworm raising, silk cocoons production;
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raising of Californian red worm and other vermicultures;

biohumus production;

breeding of other animals (camels, deer, laboratory animals etc.);

production of other animal products;

raw pig skins production;

209.17.9. mixed farming (code 01.30.0 according to the Classifier of Economic Activities KVED);

209.17.10. forestry and forest harvesting (code 02.01.1 according to the Classifier of Economic Activities KVED):

building timber growing: planting, underplanting of seedlings, forest protection and felling;

coppice and paperwood growing;

tree-planting stock growing;

christmas trees growing;

forest harvesting, felling and production of industrial wood (blocks, posts, poles), firewood production;

forest (tree) felling in view of making lands suitable for agricultural use;

growing plant materials for wickerwork;

209.17.11. production of forestry products (code 02.01.2 according to the Classifier of Economic Activities KVED):

picking forestry products (acorns, chestnuts, moss etc.);

tapping of tree sap (birch sap, maple sap etc.);

resin, true resin collection;

collecting tree and shrub seeds for forest cover;

picking cork, shellac, natural gum, balms, wild fibre plants;

209.17.12. fishing (code 05.02.0 according to the Classifier of Economic Activities KVED):

sea and freshwater fishing;
209.17.13. supply of services related to fishing and fish farming:

services related to fishing (code 05.01.0 according to the Classifier of Economic Activities KVED);

supply of services related to fish nursery and fish farm activities, reservoir inspection (code 05.02.0 according to the Classifier of Economic Activities KVED);

209.17.14. supply of horticultural, landscaping services (code 01.41.0 according to the Classifier of Economic Activities KVED):

supply of horticultural services on a fee or contractual basis: pre-sowing treatment of fields and crop seeds; seeding and planting of crops; crop spraying, including air crop spraying; orchard and grapevine pruning; rice replanting, beetroot seedling;

supply of services related to harvesting and preparation of products to primary marketing: cleaning, cutting, grading, drying, disinfection, waxing, polishing, packaging, hulling, soaking, cooling or packaging in bulk, including vacuum packaging; protection of plants against diseases and pests; agrochemical services;

supply of services using agricultural equipment involving operating personnel;

operation of irrigation and drainage systems;

planting and landscaping for protection against noise, wind, erosion, visibility and blinding;

landscape development and maintenance for the purposes of environment protection (natural environment restoration, land recultivation and improvement, creation of water retention zones, rainwater tanks etc.);

209.17.15. supply of animal breeding services (code 01.42.0 according to the Classifier of Economic Activities KVED):

supply of animal breeding services on a fee or contractual basis;

animal management and services for livestock and poultry care;

services for flock condition survey, cattle driving and grazing, cleaning and disinfection of livestock houses etc.;

services for encouragement of livestock and poultry breeding and provision of productivity gain thereof;

artificial animal insemination;

sheep shearing;
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209.17.16. supply of forestry services (code 02.02.0 according to the Classifier of Economic Activities KVED):

forestry services (survey, estimation of industrial forest use, seedlings planting, reforestation and forest regeneration etc.);

forest fire protection;

forest pest and disease management;

forest harvesting services (transportation of rough timber within the forest);

209.17.17. processing of products obtained as a result of the taxpayer’s agricultural, forestry and fishing activities shall be considered agricultural, forestry and fishing activity provided that such products are grown, fed out, fished or gathered (stored up) directly by the taxpayer (except for purchase thereof from other persons) (codes 05.01.0, 15.11.0, 15.12.0, 15.13.0, 15.20.0, 15.31.0, 15.32.0, 15.33.0, 15.41.0, 15.42.0, 15.43.0, 15.51.0, 15.61.0, 15.62.0, 15.71.0, 15.81.0, 15.83.0, 15.85.0 according to the Classifier of Economic Activities KVED).

209.18. VAT amount payable to the budget by agricultural enterprises irrespective of the form of ownership that comply with the requirements of Article 209 of this Code that haven’t selected a special tax treatment of agricultural, forestry and fishing activities stipulated by Article 209 of this Code and have unlimited VAT liability for the sold own-produced milk, cattle, poultry, wool, as well as for milk products, milk raw materials and meat products produced at own processing plants, remain at full disposal of such agricultural enterprises and shall be applied in support of production of own animal products.

In the event that the inventory produced and/or purchased are used by the agricultural enterprise partially for production of the said goods (services) and partially for other goods/services, the amount of tax credit paid (accrued) shall be allocated in view of the share of such inventory in agricultural transactions and in other transactions accordingly.

**Article 210. Special tax treatment of activities related to works of art, collector’s items or antiques**

210.1. To the extent set forth in this Article, transactions for supply of works of art, collector’s items or antiques are taxable according to provisions of this Article and are non-taxable according to the standard procedure established under this section.

210.2. As used in this Article, the following terms shall have the following meanings:

cultural valuables shall mean the works of art, collector’s items or antiques — goods under UCCFEA commodity headings with code 9701–9706;

the dealer shall mean the taxpayer purchasing (acquiring under other civil law agreements), including without limitation by way of import into the customs territory of Ukraine, of cul-
tural valuables, irrespective of the purpose and objectives of import thereof, with a view to subsequent resale thereof, irrespective of whether such person acts on its own behalf or on behalf of another person on a fee basis;

marginal income (excluding tax) shall mean the amount obtained by way of difference between the selling and the purchase price calculated on the basis of regular prices.

In the event of sale of cultural valuables through a public bidding procedure (by auction), the organizer thereof shall be made equal for tax purposes with the dealer according to this sub-clause.

210.3. In the event of supply of cultural valuables special tax scheme shall apply for marginal income earned by the dealer according to provisions of this Article.

210.4. the margin tax scheme shall apply to supply by the dealer of cultural valuables, provided that such valuables were supplied by any of the persons as mentioned below:

a) the person not registered as a taxpayer;

b) the taxpayer, provided that the transaction for supply of such cultural services is tax-exempt or non-taxable according to this section;

c) the taxpayer, provided that during cultural valuables supply such taxpayer has accrued tax according to the margin tax scheme;

d) authors of cultural valuables or their legal successors.

The margin tax scheme may be applied by the dealer to transactions for supply within the customs territory of Ukraine of cultural valuables imported by the dealer under the customs procedure for import.

210.5. The tax base for transactions for cultural valuables supply by the dealer shall be the marginal income (net of tax) to which the rate established under sub-clause “a” of clause 193.1 of Article 193 hereof applies.

Tax invoice shall not be issued for transactions for supply within the customs territory of Ukraine by the dealer applying rules as established under this Article.

210.6. The dealer purchasing cultural valuables from the persons specified in clause 210.4 of this Article shall not be entitled to tax credit.

210.7. Zero rates shall not apply to transaction for export of cultural valuables under the customs procedure for export.

210.8. The taxpayer purchasing cultural valuables from the dealer who applies the margin tax scheme shall not be entitled to request the tax invoice and attribute the amount of marginal income tax paid to the tax credit.
The dealer shall keep separate record of transactions for purchase and supply of cultural valuables and separate record of transactions for purchase and supply of other goods/services to which standard tax treatment applies.

**Article 211. Peculiarities of taxation of transactions related to works for preparation to removing from service and for removing from service of Chornobyl NPP power generating units and transformation of Object Shelter into an environmentally sound system**

211.1. For the period of execution of works for preparation to removing from service and for removing from service of Chornobyl NPP power generating units and transformation of Object Shelter into an environmentally sound system financed through free-of-charge and non-refundable international technical assistance or through the funds provided for in the State Budget of Ukraine by way of contribution of Ukraine into the Chornobyl Shelter Fund for implementation of the international program for Object Shelter Action Plan, according to the provisions of the Framework Agreement between the EBRD and Ukraine concerning the Operation of the Chornobyl Shelter Fund in Ukraine and Grant Agreement (Draft Action Plan on Nuclear Safety of Chornobyl Nuclear Power Plant) between the EBRD, the Government of Ukraine and Chornobyl Nuclear Power Plant:

transactions for import of goods (raw materials, materials and equipment) shall be tax-exempt;

transactions for supply of goods (raw materials, materials and equipment), execution of works and provision of services within the customs territory of Ukraine performed by way of international technical assistance shall be zero-taxable. Tax amount paid by the taxpayer performing works or providing services under the contract concluded with a non-resident who has concluded a contract with the recipient, are subject to budget refund within a month following the month of tax declaration filing, subject to the existence of duly executed documents supported by audit reports.

211.2. Concessions set forth in this Article shall not apply to transactions related to excise goods and goods under UCCFEA commodity groups 1–24.

211.3. Subject to breach of provisions on intended use of the said goods or execution of works and provision of services, the taxpayer shall increase tax liabilities following the results of the tax period within which such breach falls by the amount of tax payable as of the import into the customs territory of Ukraine of such goods or execution of works and provision of services within the customs territory of Ukraine, and pay an interest fine charged against such tax amount based on 120 percent of the accounting rate of the National Bank of Ukraine as of the date of the tax liability increase and for the period from the date of import of such goods into the customs territory of Ukraine until the date of the tax liability increase.
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EXCISE TAX

Article 212. Taxpayers

212.1. The taxpayer shall be:

212.1.1. The person responsible for production of excise goods (products) within the customs territory of Ukraine, including production from supplied raw materials.

212.1.2. The business entity importing excise goods (products) into the customs territory of Ukraine.

212.1.3. The resident or non-resident natural person importing excise goods (products) into the customs territory of Ukraine in amounts taxable according to the customs law.

212.1.4. The person selling seized excise goods (products), confirmed abandoned excise goods (products), excise goods (products) the owner did not apply for by the end of the period of custody, and excise goods (products) that pass into public ownership by right of inheritance or otherwise as established by law, provided that such goods (products) are subject to sale according to the procedure established by law.

212.1.5. The person selling or assigning for ownership, use or disposal excise goods (products) imported into the customs territory of Ukraine with exemption before the end of the term established by law according to Clause 213.3 of Article 213 hereof.

212.1.6. The person responsible for compliance with customs treatments providing for tax exemption in case of breach of the said provisions.

212.1.7. The person responsible for compliance with the intended use of excise goods (products) taxable at the rate of UAH 0 per 1 liter of 100% alcohol, EURO 0 per 1000 kg of oil products in case of breach of the said provisions.

212.1.8. The person responsible for compliance with the intended use of excise goods (products) in transactions with non-taxable or tax-exempt excise goods (products), in case of breach of the said provisions.

212.1.9. Payers of special tax on transactions for securities alienation and derivative transactions shall be resident or non-resident natural persons or legal entities (including affiliates thereof) performing derivative transactions or transactions for sale, exchange or other ways of securities alienation, except for cases provided for in clause 213.2 of Article 213 hereof.

Not subject to special tax on transactions for securities alienation and derivative transactions shall be central executive authorities and local authorities, government institutions and organizations not being business entities.
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Not subject to special tax on transactions for securities alienation and derivative transactions shall be resident and non-resident natural persons and legal entities (including affiliates thereof) performing transactions for alienation of shares of savings certificates (certificates of deposit), shares of public joint stock companies, equity rights other than securities, securities, equity rights other than securities issued by non-residents.

212.1.10. excluded;

212.2. Customers commissioning manufacture of excise goods (products) from supplied raw materials shall pay tax to the manufacturer.

212.3. Taxpayer registration.

212.3.1. Registration as a taxpayer of a business entity performing production of excise goods (products) and/or import of alcoholic beverages and tobacco products subject to licensing, at the regulatory authority, shall be performed subject to information regarding issue to such person of a relevant license.

Licensing authorities responsible for issuing licenses for the above activities shall provide the regulatory authority at the location of legal entities, place of residence of individual entrepreneurs with information regarding the issued, reissued, suspended or cancelled licenses within five days from the date of execution of the said actions.

212.3.2. Other taxpayers are subject to compulsory registration as taxpayers by regulatory authorities at the location of legal entities, place of residence of individual entrepreneurs on or before the deadline for filing excise tax declarations for the month of business commencement.

212.3.3. The persons specified in sub-clause 212.1.9 of clause 212.1 of this Article are not subject to registration as taxpayers.

Article 213. Taxable items

213.1. Taxable items shall include transactions for:

213.1.1. sale of excise goods (products) produced in Ukraine;

213.1.2. sale (transfer) of excise goods (products) for own consumption, industrial processing, capital contributions, and to own personnel;

213.1.3. import of excise goods (products) into the customs territory of Ukraine;

213.1.4. sale of seized excise goods (products), confirmed abandoned excise goods (products), excise goods (products) the owner did not apply for by the end of the period of custody, and excise goods (products) that pass into public ownership by right of inheritance or otherwise as established by law;
213.1.5. sale or assignment for ownership, use or disposal or excise goods (products) imported into the customs territory of Ukraine with exemption before the end of the term established by the law, according to Clause 213.3 of Article 213 hereof;

213.1.6. amounts and value of lost excise goods (products) exceeding the established standards for losses according to Clause 214.6 of Article 214 hereof;

213.1.7. transactions for sale, exchange or other ways of securities alienation with transfer of ownership of securities and derivative transactions, except for transactions performed in the interbank derivatives market.

As used in this clause, interbank derivatives market shall mean combined derivative trade relationships between banks, between banks and their clients (including non-resident banks), between banks and the National Bank of Ukraine and between the National Bank of Ukraine and its clients.

213.1.8. excluded;

213.2. Non-taxable transactions with excise goods:

213.2.1. export of excise goods (products) by the taxpayer outside the customs territory of Ukraine.

The goods (products) shall be considered exported by the taxpayer outside the customs territory of Ukraine provided that export has been certified by a duly executed customs declaration, including without limitation where unloading took place during the accounting period and export — during the following accounting period, and such customs declaration is available on the date of filing of excise tax declarations for the accounting month;

213.2.2. import into the customs territory of Ukraine of previously exported goods (products) with defects hindering sale of such goods within the customs territory of importing country for the purpose of return thereof to the exporter.

Such excise goods (products) shall be imported by the seller (exporter) without further sale within the customs territory of Ukraine;

213.2.3. transactions with government and municipal securities, government-guaranteed securities and securities issued by the National Bank of Ukraine, central executive authority responsible for the formation of national financial policy, State Mortgage Institution, and straight mortgage bonds issued by financial institutions with over 50 percent of equity rights owned by the State or state banks, investment certificates, certificates of real estate transaction funds, designated bonds of enterprises with execution of liabilities by transfer of housing object (or part thereof), financial bank bills issued in electronic form, and financial treasury bills;

213.2.4. transactions between the issuer and the taxpayer related to repurchase and resale for money, placement, redemption, conversion of own-issued securities by the issuer, transac-
tions for capital contribution, as well as transactions involving the bill drawer, pledger or another person issuing or booking of order or debt securities for issue, booking and redemption of securities;

213.2.5. transactions of issuer of securities in open collective investment schemes, namely transactions for placement, redemption, repurchase and resale;

213.2.6. transactions with securities and other financial instruments performed by the person involved in clearing activities and performing the duty of a central counterparty according to the Law of Ukraine «On Securities and Stock Market», and transactions with securities and other financial instruments performed by the person involved in clearing activities to ensure compliance with obligations towards clearing participants;

213.2.7. transactions of the National Bank of Ukraine in the off-exchange market related to performing the duties thereof.

213.3. Tax-exempt transactions with excise goods:

213.3.1. for sale of motor cars to drivers with disabilities, including children with disabilities, with payment thereof at the expense of the state or local budgets and compulsory state insurance funds, as well as special purpose vehicles (ambulance, vehicles for the purposes of central executive authorities responsible for the implementation of national civil defence, rescue activity, fire and technogenic safety policies) with payment thereof at the expense of the state or local budgets;

213.3.2. import into the customs territory of Ukraine of excise goods (products) intended for official (administrative) use by foreign diplomatic missions, foreign consular institutions and for personal use by members of foreign diplomatic missions, foreign consular institutions, on a reciprocity basis with respect to separate states.

In the event of sale within the customs territory of Ukraine of tax-exempt imported excise goods (products) according to the provisions of this sub-clause the tax shall be paid by persons responsible for sale or assigning for ownership, use or disposal of such excise goods (products) on or before the date of such sale along with VAT payment at rates in effect as of customs declaration filing in the event of excise goods (products) import into the customs territory of Ukraine;

213.3.3. import of excise goods (import) from outside the customs territory of Ukraine into the customs territory of Ukraine, provided that not VAT is levied under the law in view of placement of goods (products) under the following customs procedures: re-import, transit, temporary import, customs warehouse, free customs zone, duty-free trade, inward processing, destruction, abandonment to the State. In the event of breach of a customs procedure providing for complete or partial tax exemption, the person responsible for compliance with the procedure shall calculate and pay the tax liability amount. In the event that in aforementioned cases the customs law of Ukraine provides for a requirement for guarantee measures, such requirement shall be established for excise tax purposes. The tax is levied provided that VAT liabilities with respect to such goods (products) hereinafter arise;
213.3.4. free transfer for destruction of excise goods (products) seized under the court decision or transferred into public ownership due to the owner's abandonment, provided that such goods (products) are not subject to sale according to the procedure established by law;

213.3.5. sale of excise goods (products), except for oil products, produced within the customs territory of Ukraine, used as raw materials for excise goods (products) production;

213.3.6. import into the customs territory of Ukraine of excise goods (products) used as raw materials for excise goods (products) manufacture, subject to subsequent production of finished products from such raw materials within the customs territory of Ukraine, on which excise tax is paid, or sale of such products (excise goods) for export and presenting to the regulatory authority of a manufacturing license (except for oil products production);

import into the customs territory of Ukraine of tobacco raw materials by tobacco fermentation facilities selling fermented tobacco raw materials to tobacco producers or for export, and sale of fermented tobacco raw materials by tobacco fermentation facilities to tobacco producers;

213.3.7. import by natural persons into the customs territory of Ukraine of excise goods (products) in amounts not exceeding duty-free import standards established by the Customs Code of Ukraine;

213.3.8. direct sale by domestic producers of alcoholic beverages and tobacco products to duty-free stores. Duly executed customs declaration drawn up at unloading of products by such producers shall be the basis for exemption of products intended for sale at duty-free stores;

213.3.9. import into the customs territory of Ukraine of excise goods (products) (except for alcoholic beverages and tobacco products) by way of international technical assistance provided under the international treaties of Ukraine with consent to be bound by the treaty given by the Verkhovna Rada of Ukraine, or by way of humanitarian aid provided according to standards of the Law of Ukraine «On Humanitarian Aid»;

213.3.10. import by certified state testing laboratories and/or business entities licensed for production of tobacco products, of reference (control) or test samples of tobacco products (not for retail sale) for tests or assays (laboratory equipment calibration, tasting, physical and chemical parameter study, design);

213.3.11. liquefied gas sale by dedicated auctions for needs of the public according to the procedure established by the Cabinet of Ministers of Ukraine.

**Article 214. Tax base**

214.1. Where the tax is calculated using ad valorem rates, the tax base shall be:

214.1.1. the cost of sold goods (products) produced within the customs territory of Ukraine at minimum retail prices established by the producer, net of VAT and including excise tax;
214.1.2. the cost of goods (products) imported into the customs territory of Ukraine at minimum retail prices established by the producer for the imported goods (products), net of VAT and including excise tax.

214.2. In tax base determination the conversion of foreign currency into the currency of Ukraine shall be performed at the currency rate determined according to the Article 391 of the Code.

214.3. The customs value of goods imported into the customs territory of Ukraine shall be determined in compliance with the Customs Code of Ukraine.

214.4. Where the tax on excise goods (products) produced within the customs territory of Ukraine or imported into the customs territory of Ukraine is calculated using specific rates, the tax base shall be the value thereof expressed in units of weight, volume, quantity of goods (products), cylinder capacity, or other physical indicators.

214.5. Where the tax is calculated using both ad valorem and specific rates, the tax base shall be the base determined under Clause 214.1 and 214.4 of this Article.

214.6. Where excess loss of ethyl alcohol, cognac and fruit spirits, rectified grape ethyl alcohol, rectified fruit ethyl alcohol, grape raw spirit, fruit raw spirit and alcoholic beverages occurs through the producer’s fault during excise goods (products) production, the tax base shall be the cost (quantity) of such goods as could have been produced from goods (products) lost in excess.

The standards for losses and yield of ethyl alcohol, cognac and fruit spirits, rectified grape ethyl alcohol, rectified fruit ethyl alcohol, grape raw spirit, fruit raw spirit and alcoholic beverages shall be determined according to the procedure established by the Cabinet of Ministers of Ukraine.

214.7. In the event of damage, destruction, loss of excise goods (products), except as provided for in Clause 216.3 of Article 216 hereof, the tax base shall be the cost and amount of lost goods (products) in excess of standards established under Clause 214.6 of Article 214 hereof.

214.8. The tax base for special tax on transactions for securities alienation and derivative transactions shall be the contract price of securities or derivatives established in source accounting documents for any transaction for sale, exchange or other ways of securities alienation.

**Article 215. Excise goods and tax rates**

215.1. Excise goods include:

- ethyl alcohol and other alcohol distillates, alcoholic beverages, beer;
- tobacco products, tobacco and industrial tobacco alternatives;
- oil products, liquefied gas;
- motor cars, car bodies, trailers and semitrailers, motorcycles.
215.2. tax rates and the list of goods on which the tax is levied:

215.2.1. tax rates shall be established under this Article and shall be unified over the territory of Ukraine;

215.2.2. tax rates shall be established according to definitions under Section I of this Code:
  ad valorem,
  specific,
  both ad valorem and specific;

215.2.3. excise tax rates for motor gasoline under UCCFEA codes 2710 11 51 00, 2710 11 59 00 containing tetraethyl lead shall increase 1.5 times.

215.3. The tax on such goods shall be levied and calculated at the following rates:

215.3.1. ethyl alcohol and other alcohol distillates, alcoholic beverages, beer:

<table>
<thead>
<tr>
<th>Commodity (products) code according to UCCFEA (Ukrainian Commodity Classification for Foreign Economic Activity)</th>
<th>Commodity (products) description according to UCCFEA</th>
<th>Measurement unit</th>
<th>The tax rate</th>
</tr>
</thead>
<tbody>
<tr>
<td>2203 00</td>
<td>Malt beer</td>
<td>UAH per 1 litre</td>
<td>1,24</td>
</tr>
<tr>
<td>2204 (except for 2204 10, 2204 21 06 00, 2204 21 07 00, 2204 21 08 00, 2204 21 09 00, 2204 29 10 00)</td>
<td>Wines of fresh grapes</td>
<td>- “ -</td>
<td>0,01</td>
</tr>
<tr>
<td>2204 (except for 2204 10, 2204 21 06 00, 2204 21 07 00, 2204 21 08 00, 2204 21 09 00, 2204 29 10 00)</td>
<td>Natural wines with addition of alcohol and strong (fortified) wines</td>
<td>- “ -</td>
<td>3,58</td>
</tr>
<tr>
<td>2204 10, 2204 21 06 00, 2204 21 07 00, 2204 21 08 00, 2204 21 09 00, 2204 29 10 00</td>
<td>Sparkling wines, Carbonated wines</td>
<td>UAH per 1 litre</td>
<td>5,20</td>
</tr>
</tbody>
</table>
### SECTION VI.

<table>
<thead>
<tr>
<th>Commodity (products) code according to UCCFEA</th>
<th>Commodity (products) description according to UCCFEA</th>
<th>Tax rates</th>
</tr>
</thead>
<tbody>
<tr>
<td>2205</td>
<td>Vermouth and other wines of fresh grapes with addition of plant or aromatic extracts</td>
<td>-““- 3.58</td>
</tr>
<tr>
<td>2206 00 (except for 2206 00 31 00, 2206 00 51 00, 2206 00 81 00 — cider and perry — (without alcohol))</td>
<td>Other fermented beverages (for example, cider, perry (pear drink), mead), mixtures of fermented beverages and mixtures of fermented beverages with non-alcoholic beverages, not elsewhere specified (with addition of alcohol)</td>
<td>UAH per 1 litre of 100% alcohol 70.53</td>
</tr>
<tr>
<td>2206 00 31 00, 2206 00 51 00, 2206 00 81 00</td>
<td>Cider and perry (without addition of alcohol)</td>
<td>UAH per 1 litre 0.63</td>
</tr>
<tr>
<td>2207</td>
<td>Ethyl alcohol, nondenatured, with alcoholic strength of 80% or more; ethyl alcohol and other alcoholic distillates and alcoholic beverages obtained by distillation, denatured, of any strength</td>
<td>UAH per 1 litre of 100% alcohol 70.53</td>
</tr>
<tr>
<td>2208</td>
<td>Ethyl alcohol, nondenatured, with alcoholic strength of not less than 80% or more; alcohol distillates and alcoholic beverages obtained by distillation, liquor and other beverages containing alcohol</td>
<td>-““- 70.53</td>
</tr>
</tbody>
</table>

(amenments provided for by the Paragraph Three of the Clause 15 of the Section I of the Law of Ukraine No. 1166-VII of 27.03.2014 with regard to the Sub-clause 215.3.1 of the Clause 215.3 of Article 215 in respect of the increase in rates of excise duty for beer, shall come into effect as of 01.05.2014; the ones in respect of the increase in rates of excise duty for ethyl alcohol and other alcohol distillates, alcoholic beverages, shall come into effect as of 01.07.2014 considering the amendments made under the Law of Ukraine No. 1200-VII of 10.04.2014)

215.3.2. tobacco products, tobacco and manufactured tobacco substitutes:

<table>
<thead>
<tr>
<th>Commodity (products) code according to UCCFEA</th>
<th>Commodity (products) description according to UCCFEA</th>
<th>Tax rates</th>
</tr>
</thead>
<tbody>
<tr>
<td>2401</td>
<td>Raw tobacco Tobacco waste</td>
<td>UAH per 1 kilogram (net) 217.60</td>
</tr>
<tr>
<td>2402 10 00 00</td>
<td>Cigars, including cigars with cut ends and cigarillos (thin cigars), containing tobacco</td>
<td>UAH per 1 kilogram (net) 217.60</td>
</tr>
</tbody>
</table>
### Excise Tax

<table>
<thead>
<tr>
<th>Commodity (products) code according to UCCFEA</th>
<th>Commodity (products) description according to UCCFEA</th>
<th>Minimum excise tax liability</th>
</tr>
</thead>
<tbody>
<tr>
<td>2402 20 90 10 Non-filter cigarettes, cigarettes</td>
<td>UAH per 1 thousand pieces</td>
<td>95.40 percent 12</td>
</tr>
<tr>
<td>2402 20 90 20 Filter cigarettes</td>
<td>UAH per 1 thousand pieces</td>
<td>162.60 percent 12</td>
</tr>
<tr>
<td>2403 (except for 2403 99 10 00, 2403 10) Tobacco and tobacco substitutes, other, manufactured, “homogenised” or “reconstituted” tobacco; tobacco extracts and essences</td>
<td>UAH per 1 kilogram (net)</td>
<td>217.60</td>
</tr>
<tr>
<td>2403 10 Smoking tobacco, whether or not containing substitutes in any proportion</td>
<td>UAH per 1 kilogram (net)</td>
<td>217.60</td>
</tr>
<tr>
<td>2403 99 10 00 Chewing and snuff tobacco</td>
<td>UAH per 1 kilogram (net)</td>
<td>217.60</td>
</tr>
</tbody>
</table>

215.3.3. minimum excise tax liability for payment of excise tax on tobacco products:

<table>
<thead>
<tr>
<th>Commodity (products) code according to UCCFEA</th>
<th>Commodity (products) description according to UCCFEA</th>
<th>Excise duty rate in fixed amounts per unit of commodity (products) sold</th>
</tr>
</thead>
<tbody>
<tr>
<td>Light distillates:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>2710 12 11 10 2710 12 11 20 2710 12 11 90</td>
<td>For specific processing procedures</td>
<td>Euro per 1,000 kilograms</td>
</tr>
<tr>
<td>2710 12 15 10 2710 12 15 20 2710 12 15 90</td>
<td>for chemical transformations in processes, except for those specified in commodity subcategories 2710 12 11 10, 2710 12 11 20, 2710 12 11 90</td>
<td>- “ -</td>
</tr>
<tr>
<td>Petroleum solvents:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>2710 12 21 00</td>
<td>white-spirit</td>
<td>- “ -</td>
</tr>
<tr>
<td>2710 12 25 00</td>
<td>other petroleum solvents</td>
<td>- “ -</td>
</tr>
</tbody>
</table>
### SECTION VI.

<table>
<thead>
<tr>
<th>Tariff Code</th>
<th>Description</th>
<th>Duty Assessable</th>
<th>Rate (Customs Duty)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2710123100</td>
<td>aviation petrol</td>
<td>- “ -</td>
<td>30</td>
</tr>
<tr>
<td></td>
<td>motor petrol with a lead content of 0.013 g/l or less:</td>
<td></td>
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</tr>
<tr>
<td>2710124111</td>
<td>containing at least 5% wt of bioethanol or at least 5% wt of ethyl-tert-butyl ether or their mixtures:</td>
<td>- “ -</td>
<td>198</td>
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<tr>
<td>2710124112</td>
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<td>2710124113</td>
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<td>2710124909</td>
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<tr>
<td>2710124114</td>
<td>Other petrol</td>
<td>- “ -</td>
<td>198</td>
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<td>2710124115</td>
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<td>2710124119</td>
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<td>2710124999</td>
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<tr>
<td>2710209000</td>
<td>Motor petrol with a lead content of more than 0.013 g/l and biodiesel content</td>
<td>- “ -</td>
<td>198</td>
</tr>
<tr>
<td>2710125110</td>
<td>with a lead content of more than 0.013 g/l</td>
<td>- “ -</td>
<td>198</td>
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<tr>
<td>2710125120</td>
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<td>2710125990</td>
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<tr>
<td>2710127000</td>
<td>Jet propulsion fuel</td>
<td>- “ -</td>
<td>30</td>
</tr>
<tr>
<td>2710129000</td>
<td>Other light distillates</td>
<td>- “ -</td>
<td>198</td>
</tr>
<tr>
<td>Code</td>
<td>Description</td>
<td>Tax Rate</td>
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<tr>
<td>2710209000</td>
<td>Other light distillates containing 70% wt or more of oil products containing biodiesel other than light distillates designed for specific and chemical transformations and special and motor petrols</td>
<td>- &quot; &quot; 198</td>
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</tr>
<tr>
<td>2710191110</td>
<td>Medium distillates:</td>
<td></td>
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<tr>
<td>2710191120</td>
<td>for specific processing procedures</td>
<td>- &quot; &quot; 182</td>
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<td>2710191190</td>
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<td></td>
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<tr>
<td>2710191510</td>
<td>for chemical transformations in processes, not specified in subcategory 27101911</td>
<td>- &quot; &quot; 182</td>
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<tr>
<td>2710191520</td>
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<td>2710191590</td>
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<td>2710192100</td>
<td>Kerosene:</td>
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<tr>
<td>2710192100</td>
<td>jet propulsion fuel</td>
<td>- &quot; &quot; 19</td>
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<tr>
<td>2710192500</td>
<td>other kerosene</td>
<td>- &quot; &quot; 182</td>
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<tr>
<td>2710192900</td>
<td>Other medium distillates</td>
<td>- &quot; &quot; 182</td>
<td></td>
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<tr>
<td>2710193101</td>
<td>Heavy distillates (gas oils)</td>
<td>- &quot; &quot; 98</td>
<td></td>
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<tr>
<td>2710193110</td>
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<td>2710201700</td>
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<tr>
<td>2710201900</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>27101962</td>
<td>Domestic heating fuel only</td>
<td>- &quot; &quot; 98</td>
<td></td>
</tr>
<tr>
<td>27101964</td>
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<td></td>
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<td>27101968</td>
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<td>27102031</td>
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<tr>
<td>27102039</td>
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<td></td>
</tr>
<tr>
<td>2710195100</td>
<td>Liquid fuel (residual oil) for specific processing procedures</td>
<td>- &quot; &quot; 98</td>
<td></td>
</tr>
</tbody>
</table>
### SECTION VI.

<table>
<thead>
<tr>
<th>Commodity (products) code according to UCCFEA</th>
<th>Commodity (products) description according to UCCFEA</th>
<th>Tax rate in fixed amount per unit of sold commodity (products) (specific)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2710195500</td>
<td>Liquid fuel (residual oil) for chemical transformations in processes, other than specified in commodity subcategory 2710195100</td>
<td>- “ - 98</td>
</tr>
<tr>
<td>2711121100 2711121900 2711129100 2711129300 2711129400 2711129700 2711131000 2711133000 2711139100 2711139700 2711140000 2711190000</td>
<td>Liquefied gas (propane or propane butane) and other gases</td>
<td>- “ - 44</td>
</tr>
<tr>
<td>2707109000</td>
<td>Raw coal-based benzene</td>
<td>- “ - 250</td>
</tr>
<tr>
<td>2905110000</td>
<td>Technical methanol (methyl alcohol)</td>
<td>- “ - 400</td>
</tr>
<tr>
<td>3826001000 3826009000</td>
<td>Biodiesel and its mixtures (whether or not containing less than 70% wt of oil or oil products derived from bituminous materials) based on monoalkyl ethers of fatty acids</td>
<td>- “ - 98</td>
</tr>
</tbody>
</table>

215.3.5. passenger cars and other motor vehicles principally designed for carriage of people (except for motor vehicles specified in commodity heading according to UCCFEA 8702), including station wagons and racing cars:

<table>
<thead>
<tr>
<th>Commodity (products) code according to UCCFEA</th>
<th>Commodity (products) description according to UCCFEA</th>
<th>Tax rate in fixed amount per unit of sold commodity (products) (specific)</th>
</tr>
</thead>
<tbody>
<tr>
<td>8703</td>
<td>Passenger cars and other motor vehicles principally designed for carriage of people (except for motor vehicles of commodity heading 8702), including station wagons and racing cars:</td>
<td></td>
</tr>
<tr>
<td>870310</td>
<td>- special snow vehicles; special vehicles for carriage of sportsmen to golf links and similar vehicles:</td>
<td></td>
</tr>
<tr>
<td>8703101100</td>
<td>- — special snow vehicles, with internal combustion engine with compression ignition (diesel or semidiesel) or internal combustion engine with spark ignition</td>
<td>0.65 EUR per 1 cc of engine displacement</td>
</tr>
<tr>
<td>Code</td>
<td>Description</td>
<td>Amount</td>
</tr>
<tr>
<td>--------------</td>
<td>-----------------------------------------------------------------------------</td>
<td>---------------------------------------------</td>
</tr>
<tr>
<td>8703101800</td>
<td>- — other</td>
<td>0.65 EUR per 1 cc of engine displacement</td>
</tr>
<tr>
<td></td>
<td>- other vehicles with internal combustion engine with spark ignition and crank mechanism:</td>
<td></td>
</tr>
<tr>
<td>870321</td>
<td>- — with engine displacement not more than 1,000 cc:</td>
<td></td>
</tr>
<tr>
<td>8703211000</td>
<td>- — - new</td>
<td>0.1 EUR per 1 cc of engine displacement</td>
</tr>
<tr>
<td>87032190</td>
<td>- — - used:</td>
<td></td>
</tr>
<tr>
<td>8703219010</td>
<td>- — - — not more than five years</td>
<td>1.09 EUR per 1 cc of engine displacement</td>
</tr>
<tr>
<td>8703219030</td>
<td>- — - — more than five years</td>
<td>1.36 EUR per 1 cc of engine displacement</td>
</tr>
<tr>
<td>870322</td>
<td>- — with engine displacement of more than 1,000 cc, but not more than 1,500 cc:</td>
<td></td>
</tr>
<tr>
<td>8703221000</td>
<td>- — - new</td>
<td>0.06 EUR per 1 cc of engine displacement</td>
</tr>
<tr>
<td>87032290</td>
<td>- — - used:</td>
<td></td>
</tr>
<tr>
<td>8703229010</td>
<td>- — - — not more than five years</td>
<td>1.36 EUR per 1 cc of engine displacement</td>
</tr>
<tr>
<td>8703229030</td>
<td>- — - — more than five years</td>
<td>1.63 EUR per 1 cc of engine displacement</td>
</tr>
<tr>
<td>870323</td>
<td>- — with engine displacement of more than 1,500 cc, but not more than 3,000 cc:</td>
<td></td>
</tr>
<tr>
<td></td>
<td>- — - new</td>
<td></td>
</tr>
<tr>
<td>87032311</td>
<td>- — - — motor vehicles equipped for temporary accommodation of people:</td>
<td></td>
</tr>
<tr>
<td>8703231110</td>
<td>- — - — — with engine displacement of more than 1,500 cc, but not more than 2,200 cc</td>
<td>0.32 EUR per 1 cc of engine displacement</td>
</tr>
<tr>
<td>8703231130</td>
<td>- — - — — — with engine displacement of more than 2,200 cc, but not more than 3,000 cc</td>
<td>1.3 EUR per 1 cc of engine displacement</td>
</tr>
<tr>
<td>87032319</td>
<td>- — - — other:</td>
<td></td>
</tr>
<tr>
<td>8703231910</td>
<td>- — - — — — with engine displacement of more than 1,500 cc, but not more than 2,200 cc</td>
<td>0.26 EUR per 1 cc of engine displacement</td>
</tr>
<tr>
<td>8703231930</td>
<td>- — - — — — with engine displacement of more than 2,200 cc, but not more than 3,000 cc</td>
<td>0.26 EUR per 1 cc of engine displacement</td>
</tr>
<tr>
<td>Code</td>
<td>Description</td>
<td>Tariff Rate</td>
</tr>
<tr>
<td>---------</td>
<td>-----------------------------------------------------------------------------</td>
<td>----------------------------------</td>
</tr>
<tr>
<td>87032390</td>
<td>- - - used:</td>
<td></td>
</tr>
<tr>
<td></td>
<td>- - - - with engine displacement of more than 1,500 cc, but not more than 2,200 cc:</td>
<td></td>
</tr>
<tr>
<td>8703239011</td>
<td>- - - - not more than five years</td>
<td>1.63 EUR per 1 cc of engine displacement</td>
</tr>
<tr>
<td>8703239013</td>
<td>- - - - more than five years</td>
<td>2.18 EUR per 1 cc of engine displacement</td>
</tr>
<tr>
<td></td>
<td>- - - - with engine displacement of more than 2,200 cc, but not more than 3,000 cc:</td>
<td></td>
</tr>
<tr>
<td>8703239031</td>
<td>- - - - not more than five years</td>
<td>2.18 EUR per 1 cc of engine displacement</td>
</tr>
<tr>
<td>8703239033</td>
<td>- - - - more than five years</td>
<td>3.27 EUR per 1 cc of engine displacement</td>
</tr>
<tr>
<td>870324</td>
<td>- - with engine displacement of more than 3,000 cc:</td>
<td></td>
</tr>
<tr>
<td>8703241000</td>
<td>- - - new</td>
<td>2.18 EUR per 1 cc of engine displacement</td>
</tr>
<tr>
<td>87032490</td>
<td>- - - used:</td>
<td></td>
</tr>
<tr>
<td>8703249010</td>
<td>- - - - not more than five years</td>
<td>3.27 EUR per 1 cc of engine displacement</td>
</tr>
<tr>
<td>8703249030</td>
<td>- - - - more than five years</td>
<td>3.81 EUR per 1 cc of engine displacement</td>
</tr>
<tr>
<td></td>
<td>- other vehicles with internal combustion engine with compression ignition (diesel or semi-diesel):</td>
<td></td>
</tr>
<tr>
<td>870331</td>
<td>- - with engine displacement of not more than 1,500 cc:</td>
<td></td>
</tr>
<tr>
<td>8703311000</td>
<td>- - - new</td>
<td>0.1 EUR per 1 cc of engine displacement</td>
</tr>
<tr>
<td>87033190</td>
<td>- - - used:</td>
<td></td>
</tr>
<tr>
<td>8703319010</td>
<td>- - - - not more than five years</td>
<td>1.36 EUR per 1 cc of engine displacement</td>
</tr>
<tr>
<td>8703319030</td>
<td>- - - - more than five years</td>
<td>1.63 EUR per 1 cc of engine displacement</td>
</tr>
<tr>
<td>870332</td>
<td>- - with engine displacement of more than 1,500 cc, but not more than 2,500 cc:</td>
<td></td>
</tr>
<tr>
<td></td>
<td>- - - new:</td>
<td></td>
</tr>
<tr>
<td>8703321100</td>
<td>- - - - motor vehicles equipped for temporary accommodation of people</td>
<td>0.32 EUR per 1 cc of engine displacement</td>
</tr>
</tbody>
</table>
### Excise Tax

<table>
<thead>
<tr>
<th>Commodity code</th>
<th>Description</th>
<th>Tax rate</th>
<th>Details</th>
</tr>
</thead>
<tbody>
<tr>
<td>8703 32 19 00</td>
<td>- — — — other</td>
<td>0.32 EUR per 1 cc of engine displacement</td>
<td></td>
</tr>
<tr>
<td>8703 32 90</td>
<td>- — — used:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>8703 32 90 10</td>
<td>- — — — not more than five years</td>
<td>1.91 EUR per 1 cc of engine displacement</td>
<td></td>
</tr>
<tr>
<td>8703 32 90 30</td>
<td>- — — — more than five years</td>
<td>2.18 EUR per 1 cc of engine displacement</td>
<td></td>
</tr>
<tr>
<td>8703 33</td>
<td>— — with engine displacement of more than 2,500 cc:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>8703 33 11 00</td>
<td>— — — — motor vehicles equipped for temporary accommodation of people</td>
<td>2.18 EUR per 1 cc of engine displacement</td>
<td></td>
</tr>
<tr>
<td>8703 33 19 00</td>
<td>— — — — other</td>
<td>1.09 EUR per 1 cc of engine displacement</td>
<td></td>
</tr>
<tr>
<td>8703 33 90</td>
<td>— — — used:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>8703 33 90 10</td>
<td>— — — — not more than five years</td>
<td>2.72 EUR per 1 cc of engine displacement</td>
<td></td>
</tr>
<tr>
<td>8703 33 90 30</td>
<td>— — — — more than five years</td>
<td>3.54 EUR per 1 cc of engine displacement</td>
<td></td>
</tr>
<tr>
<td>8703 39 00</td>
<td>— — other:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>8703 39 01 00</td>
<td>— — vehicles equipped with electric motors</td>
<td>109 EUR per 1 unit</td>
<td></td>
</tr>
<tr>
<td>8703 39 09 00</td>
<td>— — — other</td>
<td>109 EUR per 1 unit</td>
<td></td>
</tr>
</tbody>
</table>

215.3.6. car bodies specified in the commodity heading according to UCCFEA 8703:

<table>
<thead>
<tr>
<th>Commodity code</th>
<th>Description</th>
<th>Tax rate</th>
<th>Details</th>
</tr>
</thead>
<tbody>
<tr>
<td>8707</td>
<td>Car bodies (including cabs) for motor vehicles of commodity headings 8701–8705:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>8707 10</td>
<td>— car bodies for motor vehicles of commodity heading 8703:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>8707 10 10</td>
<td>— — — for industrial assembly:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>8707 10 10 10</td>
<td>— — — — equipped</td>
<td>218 EUR per 1 unit</td>
<td></td>
</tr>
<tr>
<td>8707 10 10 20</td>
<td>— — — — not equipped</td>
<td>218 EUR per 1 unit</td>
<td></td>
</tr>
<tr>
<td>8707 10 90</td>
<td>— — — other:</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
### SECTION VI.

<table>
<thead>
<tr>
<th>Commodity (products) code according to UCCFEA</th>
<th>Commodity (products) description according to UCCFEA</th>
<th>Tax rate in fixed amount per unit of commodity (products) sold (specific)</th>
</tr>
</thead>
<tbody>
<tr>
<td>8707 10 90 10</td>
<td>- — - used for five years or less</td>
<td>872 EUR per 1 unit</td>
</tr>
<tr>
<td>8707 10 90 20</td>
<td>- — - used for more than five years</td>
<td>872 EUR per 1 unit</td>
</tr>
<tr>
<td>8707 10 90 90</td>
<td>- — - other</td>
<td>872 EUR per 1 unit</td>
</tr>
</tbody>
</table>

215.3.7. motorcycles (including mopeds) and bicycles with auxiliary engine, with or without sidecars:

<table>
<thead>
<tr>
<th>Commodity (products) code according to UCCFEA</th>
<th>Commodity (products) description according to UCCFEA</th>
<th>Tax rate in fixed amount per unit of commodity (products) sold (specific)</th>
</tr>
</thead>
<tbody>
<tr>
<td>8711 10 00 00</td>
<td>Motorcycles (including motor-bikes) and automotive pedal cycles with crank mechanism and engine displacement not more than 50 cc</td>
<td>0.06 euros per 1 cc of engine displacement</td>
</tr>
<tr>
<td>8711 20</td>
<td>Motorcycles (including mopeds) and automotive pedal cycles with crank mechanism and engine displacement over 50 cc but below 250 cc</td>
<td>0.06 euros per 1 cc of engine displacement</td>
</tr>
<tr>
<td>8711 30</td>
<td>Motorcycles (including mopeds) and pedal cycles with pony motor, with or without a side-car; automotive, with crank mechanism and engine displacement over 250 cc but below 500 cc</td>
<td>0.06 euros per 1 cc of engine displacement</td>
</tr>
<tr>
<td>8711 40 00 00</td>
<td>Motorcycles (including mopeds) and pedal cycles with a pony motor, with or without a side-car, with a conventional engine, with a crank mechanism and engine displacement over 500 cc, but below 800 cc</td>
<td>0.44 euros per 1 cc of engine displacement</td>
</tr>
<tr>
<td>8711 50 00 00</td>
<td>Motorcycles (including mopeds) and pedal cycles with a pony motor, with or without a side-car, with a conventional engine, with a crank mechanism and engine displacement over 800 cc</td>
<td>0.44 euros per 1 cc of engine displacement</td>
</tr>
<tr>
<td>8711 90 00 00</td>
<td>Motorcycles (including mopeds) and pedal cycles with a pony motor, with or without a side-car, other than those with a conventional engine with a crank mechanism; side-cars</td>
<td>22 euros per 1 unit</td>
</tr>
</tbody>
</table>
215.3.8. trailers and semi-trailers for temporary accommodation in campgrounds, trailer-type houses:

<table>
<thead>
<tr>
<th>Commodity (products) code according to UCCFEA</th>
<th>Commodity (products) description according to UCCFEA</th>
<th>Tax rate in fixed amount per unit of sold commodity (products) (specific)</th>
</tr>
</thead>
<tbody>
<tr>
<td>8716 10 99 00</td>
<td>trailers and semi-trailers for temporary accommodation in campgrounds, trailer-type houses with a weight of more than 3,500 kg., except for the folding ones</td>
<td>109 EUR per 1 unit</td>
</tr>
</tbody>
</table>

(Changes relating to the increase in rates of the excise duty for ethyl alcohol and other alcohol distillates, alcoholic beverages, come into effect as of 01.09.2014).

**Article 215**. Tax rates on securities alienation and derivative transactions

215.1. The tax is levied at the rate of:

215.1.1. 0 percent of amount of transaction on the sale of securities on the stock exchange, according to which the exchange price is calculated, in accordance with the requirements established by the State Commission for Securities and Stock Market, by agreement with the central executive authority responsible for implementation of national financial policy;

215.1.2. 0 percent of amount of derivative transaction on the stock exchange;

215.1.3. 0.1 percent of amount of transaction on the listed security sale outside the stock exchange;

215.1.4. 1.5 percent of amount of transaction on the unlisted security sale outside the stock exchange;

215.1.5. 5 personal exemptions of citizens for any derivative (contract) concluded outside the stock exchange.

**Article 216. Tax point**

216.1. Tax point as to excise goods (products) manufactured on the customs territory of Ukraine, is the date of their sale by the person manufacturing them, regardless of the goals and directions of further use of such goods (products), except as provided in Articles 225 and 229 of the present Code.

216.2. Tax point as to spoiled, destroyed, lost excise goods (products) is the date of drawing up the relevant act. In this clause, the goods (products) are deemed to be lost, if a taxpayer cannot determine their place.

216.3. Tax liability for the lost excise goods (products) does not arise if:
a) a taxpayer documented these losses and provided regulatory authorities with all necessary evidence confirming that the relevant excise goods (products) were lost due to an accident, fire, flood or other force-majeure circumstances and their use on the customs territory of Ukraine is impossible;

b) excise goods (products) were lost due to evaporation in the process of manufacturing, handling, processing, storage or transportation of such goods (products) or for any other reason related to the natural sequence. This requirement applies in the event of loss of excise goods (products) within the loss norms approved according to the procedure specified by the Cabinet of Ministers of Ukraine.

216.4. In case of import of excise goods (products) to the customs territory of Ukraine, tax point is the date of filing customs declaration with the regulatory authority for customs clearance or the date of charge of such tax liability by the regulatory authority in cases established by legislation.

216.5. When transferring excise goods (products) manufactured from supplied raw materials, tax point is the date of their shipment by the manufacturer to the customer or to the other person on his behalf.

216.6. When using excise goods (products) for own production needs, tax point is the date of their transfer for such use, except for use for manufacturing of excise goods (products).

216.7. Tax point as to transactions specified in sub-clause 213.1.7 of clause 213.1 of Article 213 of the present Code is the date of receiving income in accordance with clause 219.2 of Article 219 of the present Code from transactions on sale, exchange or other methods of securities and derivatives alienation.

216.8. excluded;

Article 217. Tax calculation procedure as to the goods manufactured on the customs territory of Ukraine

217.1. The amount of tax on excise goods (products) manufactured on the customs territory of Ukraine to be paid shall be determined by the taxpayer independently based on the taxable items, tax base and tax rates in effect on tax point.

217.2. Amounts of tax on excise goods (products) manufactured from supplied raw materials shall be determined by the manufacturer (processor) based on the taxable items, tax base and tax rates in effect on the date of shipment of the finished products to their customer or to the other person on his behalf.

217.3. The tax on goods (products) with the tax rates established in foreign currency shall be paid in the national currency and calculated at the officer exchange rate of UAH to foreign currency established by the National Bank of Ukraine, which is effective on the first day of the quarter in which the sale of goods (products) is carried out and remains unchanged during the quarter.
217.4. Payment of amounts of tax by mutual offsets, counter obligations, bills and in other forms that do not involve payment of amounts of such tax in specie is prohibited.

217.5. In case of full or partial return of goods (products), manufactured (produced) on the customs territory of Ukraine by the buyer to the seller, for elimination of defects of the goods (products) or their destruction (processing) due to impossibility to eliminate defects, the selling taxpayer adjusts excise tax liabilities in accounting period in which such return occurred.

The amount of adjustment shall be calculated by the taxpayer using maximum retail prices, excise tax rates, taking into account the minimum excise tax liability, in effect on tax point as to such goods (products).

The amount of adjustment shall be specified in excise tax declaration for the accounting period in which such return occurred.

In case of further sale of these goods (products), excise tax liabilities shall be calculated according to the general procedure.

**Article 218. Tax calculation procedure as to the goods imported to the customs territory of Ukraine**

218.1. Amounts of tax on goods (products) that are imported to the customs territory of Ukraine, to be paid, shall be defined by taxpayers based on the taxable items, tax base and tax rate.

218.2. Tax on excise goods (products) imported into the customs territory of Ukraine shall be calculated in the national currency at the official currency rate determined according to Article 391 of this Code.

218.3. In case of loss of goods which are under customs supervision in customs treatments, which granted an exemption or conditional exemption from taxation, improper use of these goods, or in case of failure to carry out measures to terminate such customs treatments within the deadlines established by the Customs Code of Ukraine, amounts of tax to be paid shall be determined based on the taxable items, tax base and tax rates in effect on the day of filing customs declaration, when placing under the appropriate customs treatment. In this case the person responsible for compliance with the customs treatment shall be obliged to pay such amount and interest fine which are charged in accordance with Article 129 of the present Code, calculated from the date of tax exemption or conditional tax exemption.

218.4. In case of full or partial return of excise goods (products) imported to the customs territory of Ukraine by the importer to the seller in connection with their unsuitability for sale on the customs territory of Ukraine, the importing taxpayer shall adjust excise tax liabilities in the accounting period, in which return of unused or damaged stamps occurred, or regulatory authority which issued the stamps was provided with appropriate documents proving the loss of stamps.
The amount of adjustment shall be calculated by the taxpayer applying maximum retail prices, excise tax rates, taking into account minimum excise tax liability in effect on tax point as to such goods (products).

The amount of adjustment shall be specified in excise tax declaration for the relevant accounting period. In this case the amount of excise tax at the request of the importer can be returned to his current account in bank or credited against further purchase of consignments of excise stamps.

**Article 219. Peculiarities of calculation of tax on securities alienation and derivative transactions**

219.1. Calculation of tax amounts shall be carried out by multiplying the tax rate on the tax base pursuant to clause 214.8 of Article 214 of the present Code.

219.2. Tax amounts shall be transferred to the budget by the tax agent within 10 calendar days following the last day of the relevant deadline specified by the present Code for filing tax declaration for the accounting period equal to the quarter.

Tax agent for exchange and off-exchange transactions, as defined in sub-clause 213.1.7 of clause 213.7 of Article 213 of the present Code, is the relevant securities dealer (the licensee), including the Bank, which carries out such transactions under the contract, and shall calculate, withhold and pay the excise tax to the budget on behalf of and for the account of the person, from income paid to such a person, shall keep tax records, file tax accounts with regulatory authorities and be responsible for violation of the rules according to the procedure specified by the present Code.

During transactions on placement, redemption, repurchase, re-sale of securities of open-type collective investment schemes, tax agent is the issuer.

219.3. The tax shall be paid to the budget by each party to derivative (contract) prior or on the date of execution of the contract.

219.4. The basic tax period for drawing up and filing reporting as to this tax is the calendar quarter. Accounts shall be filed according to the rules set forth in Article 46 of the present Code.

219.5. Each party to derivative (contract) shall pay tax at the rate specified in sub-clause 215.1.5 of clause 215.1 of Article 215 of the present Code.

**Article 220. Peculiarities of tax calculation according to ad valorem rates**

220.1. Setting the maximum retail prices for excise goods (products) shall be carried out by the manufacturer or importer of the goods (products) by declaring such prices.

220.2. Declaration of the maximum retail prices for excise goods (products) (hereinafter referred to as the declaration), set by the manufacturer or importer of the goods (products),
shall be filed correspondingly to the central executive authority responsible for the formation and implementation of national tax and customs policy, in the form, specified by the central executive authority responsible for the formation and implementation of national tax and customs policy.

220.3. The declaration shall contain the information about the maximum retail prices for excise goods (products), manufactured in Ukraine, set by the manufacturer or importer, or for all excise goods (products) imported into Ukraine and the date on which maximum retail prices are set.

220.4. Declaration shall be filed by the manufacturer or importer of excise goods (products) with the central executive authority responsible for the formation and implementation of national tax and customs policy, not later than five calendar days prior to the date of setting maximum retail prices.

220.5. Declaration shall not be accepted if:

filed later than five calendar days prior to the date of setting maximum retail prices;

its form is inconsistent with that specified by the central executive authority responsible for the formation and implementation of national tax and customs policy.

220.6. Declaration shall be filed in two copies by the authorised person of the manufacturer or importer of excise goods (products), one of which shall be returned on the date of its filing to the manufacturer or importer with indication of the date of acceptance and registration number of the accepted declaration and certification with the seal of the central executive authority responsible for the formation and implementation of national tax and customs policy.

220.7. Maximum retail prices for goods (products) listed in declaration, set by the manufacturer or importer, shall be set from the first day of the month following the month in which the declaration was filed with the central executive authority responsible for the formation and implementation of national tax and customs policy, and shall be effective till changed according to the procedure specified by the present Code.

220.8. If it is necessary to change any information contained in the declaration of maximum retail prices for excise goods (products), filed by their manufacturer or importer with the central executive authority responsible for the formation and implementation of national tax and customs policy, the manufacturer or importer must file a new declaration with such authorities.

220.9. Change of any information contained in the declaration of maximum retail prices for excise goods (products), filed by the manufacturer or importer with the central executive authority responsible for the formation and implementation of national tax and customs policy may be made not more than once a month.

220.10. Business entity engaged in retail trade in excise goods (except for retail trade in tobacco products), for which ad valorem tax rates are set, must have copies of valid declarations...
certified by the manufacturer or importer, filed by the manufacturer or importer with the central executive authority responsible for the formation and implementation of national tax and customs policy, in a prominent place in such goods sales areas.

220.11. Maximum retails prices for excise goods (products), set by the manufacturer or importer, must appear on the customer packaging of such goods together with the date of their manufacture.

Article 221. Peculiarities of tobacco products tax calculation

221.1. Tobacco products tax calculation shall be carried out simultaneously at ad valorem and specific rates.

221.2. In determining tax liability for the cigarettes of the same appellation, excise tax amount, calculated simultaneously at ad valorem and specific excise tax rates, shall not be less than the established minimum excise tax liability.

221.3. If there are products of the same appellation in tobacco products sales areas, packs, boxes and gift boxes of which contain different maximum retail prices, sale of such tobacco products shall be carried out at prices, not higher than those appearing on the respective packs, boxes and gift boxes.

221.4. Control of compliance of requirements for the maximum retail prices for tobacco products, established by the manufacturers or importers of such products, by business entities engaged in retail trade in tobacco products, shall be carried out by regulatory bodies.

Article 222. Tax payment period and procedure

222.1. Period for payment of tax on excise goods manufactured on the customs territory of Ukraine

222.1.1. Amounts of tax are transferred to the budget by the manufacturers of excise goods (products) within 10 calendar days following the last day of the relevant deadline for filing tax declaration for the tax period of one month established by the present Code.

222.1.2. Amounts of tax on alcoholic beverages, for manufacturing of which undenatured ethyl alcohol is used, shall be paid when acquiring excise stamps.

Manufacturers of tobacco products transfer amounts of tax to the budget when acquiring excise stamps for the amount calculated taking into account the minimum excise tax liability for tobacco products and tax rates in effect in accordance with the provisions of the present Code, with additional payment (if applicable) on the day of filing tax declaration.

222.1.3. Enterprises manufacturing grape wines with addition of alcohol and strong wines, vermouth and other fermented drinks with addition of alcohol, mixtures of fermented beverages with addition of alcohol, mixtures of fermented beverages with non-alcoholic beverages with addition of alcohol, shall pay the tax when acquiring excise stamps for the amount cal-
culated based on the rates of tax on finished products manufactured from wine materials or must, in manufacturing of which ethyl alcohol is used.

222.1.4. Owner of the finished products manufactured from supplied raw materials, shall pay the tax to the manufacturer (processor) not later than on the date of shipment of finished products to such owner or to other person on his behalf.

222.1.5. The condition for shipment by the manufacturer of finished products manufactured from raw materials to his customer or to the other person on his behalf is a documentary confirmation of banking institution of transfer of the appropriate amount of tax to the current account of the manufacturer.

222.2. Payment of tax in case of import of excise goods to the customs territory of Ukraine

222.2.1. Tax on excise goods (products) imported to the customs territory of Ukraine shall be paid by taxpayers prior or on the day of filing customs declaration.

222.2.2. In case of import of labelled excise goods to the customs territory of Ukraine, the tax shall be paid when acquiring excise stamps with additional payment (if applicable) on the day of filing customs declaration.

222.2.3. excluded;

**Article 223. Drawing up and filing excise tax declaration**

223.1. Basic tax period for the payment of tax is equal to calendar month.

223.2. Payer of tax on excise goods (products) manufactured on the customs territory of Ukraine, and importer of alcoholic beverages and tobacco products shall file excise tax declaration according to the form approved pursuant to the procedure established by Article 46 of the present Code, to regulatory body at the place of his registration prior or on 20th day of the next period.

**Article 224. Control of tax payment**

224.1. Control of correctness of calculation and timely payment of tax on excise goods (products) manufactured on the territory of Ukraine to the budget shall be carried out by regulatory authorities.

224.2. Control of correctness of calculation, complete and timely payment to the budget of excise tax on goods (products) that are imported to the customs territory of Ukraine, during the customs clearance, shall be carried out by regulatory authorities.

**Article 225. Peculiarities of alcoholic beverages taxation**

225.1. Business entity shall be obliged to pay the tax or to file the tax bill which is an enforcement of obligation of such taxpayer, with the regulatory authority at its location, within 90 calendar
days, beginning from the date of issue of tax bill, to pay the amount of tax calculated at the tax rates for these products, before receipt of undenatured ethyl alcohol intended for processing for alcoholic beverages (except for wine materials and vermouth) from excise warehouse.

225.2. When receiving undenatured ethyl alcohol, the enterprise-bill drawer with participation of a representative of regulatory authority shall draw up the act about the actually received amount of alcohol and excise tax calculation based on the actually received amount of alcohol at the excise warehouse. This act is an adjustment of already paid amount of tax or provided tax bill with indication of the final amount of tax to be paid.

225.3. The adjusted amount of tax in tax bill shall be paid partly in the case of acquisition of excise stamps in the period of validity of such bill.

225.4. Tax bill shall be deemed to be paid by the bill drawer in case of payment of amount of tax in full and within the period specified in the tax bill.

225.5. The amount of tax for payment of bill shall be determined based on the actually received amount of alcohol (according to the act), and rates of tax on finished products, and shall be reduced by the amount of tax calculated based on the actually lost amount of ethyl alcohol during transportation and storage, in the process of manufacturing of finished products within duly approved norms, and actually returned products with irreparable defects. Calculation of the reduced amount of tax shall be carried out according to the procedure established by the Cabinet of Ministers of Ukraine.

225.6. In case of export of excise goods (products) outside the customs territory of Ukraine, the amount of tax to pay the tax bill shall be determined taking into account the volume of products shipped for export in accordance with duly executed customs declaration.

225.7. If the tax bill specified in this Article is not paid within the established period, the bill holder shall protest such bill for non-payment under legislation and shall address the bank that carried out surety for this bill, with the protested bill, within one working day from the date of protest. The bank-guarantor shall be obliged to transfer the amount specified in the bill to the bill holder not later than within one transaction day following the date when the bill holder addressed it with the protested bill. Partial payment of the tax bill after its expiry is prohibited.

225.8. If the tax bill due is not paid, the next bill cannot be issued by such an entity.

225.9. Wine materials being sold by secondary winemaking enterprises that use these wine materials for manufacturing of finished products are exempt from taxation. In other cases, sale of wine materials is taxed at the rates of tax on wine products set in sub-clause 215.3.1 of clause 215.3 of Article 215 of the present Code.

Article 226. Manufacture, storage, sale of excise stamps and marking alcoholic beverages and tobacco products

226.1. In case of production on the customs territory of Ukraine of alcoholic beverages and tobacco products or import of such goods to the customs territory of Ukraine, taxpayers are
required to provide their marking with standard stamps in such a manner, that the excise stamp might tear at the time of corkage (opening) of the goods.

226.2. The availability of a standard excise stamp on a bottle (packing) of alcoholic beverage and a pack (packing) of tobacco product according to the established procedure is one of conditions for import to the customs territory of Ukraine and sale of such products to consumers, as well as confirmation of payment of tax and legally imported goods.

226.3. Manufacture, storage, sale of excise stamps and marking alcoholic beverages and tobacco products shall be carried out in accordance with regulations approved by the Cabinet of Ministers of Ukraine.

226.4. Design and colour of excise stamps for alcoholic beverages and tobacco products manufactured in Ukraine differ from stamps for alcoholic beverages and tobacco products imported to the customs territory of Ukraine.

226.5. Alcoholic beverages and tobacco products shall be marked with excise stamps, samples of which are approved by the Cabinet of Ministers of Ukraine.

226.6. Marking is required for all alcoholic beverages containing ethyl alcohol of more than 8.5 percent volume units. Marking of alcoholic beverages manufactured in Ukraine, containing ethyl alcohol from 1.2 to 8.5 percent of volume units shall not be carried out.

226.7. Each excise stamp for alcoholic beverages must have a separate number and remark about the amount of paid excise tax per unit of marked products, month and year of stamp issue.

226.8. Each excise stamp for alcoholic beverages must have a separate number and remark about the quarter and year of stamp issue.

Manufacturers and importers of tobacco products keep records and report on the use of excise stamps according to the types of stamps (IT – “imported tobacco”, DT — “domestic tobacco”) in quantitative terms.

226.9. The following products are deemed not to be marked:

alcoholic beverages and tobacco products with counterfeit excise stamps;

alcoholic beverages and tobacco products marked with deviation from the requirements of the regulations approved by the Cabinet of Ministers of Ukraine, according to which the manufacture, storage, sale of excise stamps and marking of alcoholic beverages and tobacco products is carried out, and/or with stamps which were not provided directly to manufacturer or importer of the specified products;

alcoholic beverages with excise stamps, which specify the amount of excise tax paid per unit of marked products, do not correspond to the amount determined taking into account excise tax rates, effective as of the date of bottling of products, strength of products and capacity of container.
226.10. The following products shall not be marked:

alcoholic beverages and tobacco products, supplied for sale to duty-free shops directly by domestic manufacturers of such products under direct contracts concluded between domestic manufacturers of alcoholic beverages and tobacco products and the owners of duty-free shops. In this case transportation of alcoholic beverages and tobacco products, sent by manufacturers to duty-free shops, shall be carried out under customs supervision with application of measures to guarantee delivery;

alcoholic beverages and tobacco products imported into Ukraine and placed under the customs treatment at a duty-free shop;

reference (control) or test samples of tobacco products that are not intended for retail sale and are imported to the customs territory of Ukraine by certified state testing laboratories and/or business entities that are licensed to produce the relevant products, to conduct researches or tests (calibration of laboratory equipment, conducting tastings, study of physical-chemical parameters, design).

226.11. Import to the customs territory of Ukraine, storage, transportation, acceptance on commission for the purpose of sale and sale on the customs territory of Ukraine of alcoholic beverages and tobacco products not marked according to the established procedure are prohibited.

226.12. Sale of excise stamps to domestic manufacturers of alcoholic beverages and tobacco products is carried out based on:

certificates of payment of the amount of tax calculated at the rates for finished products (for alcoholic beverages, for manufacturing of which undenatured ethyl alcohol is used);

quote of the amount of excise stamps (hereinafter referred to as the quote);

report on the use of stamps acquired in the previous month according the form approved by the central executive authority responsible for the formation and implementation of national tax and customs policy, in two copies, one of which is retained by the seller of stamps, and the other one (with remark of seller) — by the manufacturer;

payment document for transfer of payment for stamps with remark of bank of the date of execution of payment order.

Forms of certificates and quote shall be approved by the central executive authority responsible for the formation and implementation of national tax and customs policy.

226.13. The amount of excise stamps, which can be received by the manufacturers of alcoholic beverages, for manufacturing of which undenatured ethyl alcohol is used, shall be determined according to the amount of tax paid. Manufacturers of tobacco products and alcoholic beverages, for manufacturing of which undenatured ethyl al-
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Alcohol is used, determine the need for excise stamps taking into account monthly sales volume.

226.14. To receive excise stamps the importer must submit quote to the seller of such stamps in three copies according to the form established by the seller of stamps, payment documents confirming payment to the appropriate budget. One copy of the quote shall be retained by the seller of excise stamps, the second one, with remark of seller about payment of tax, shall be returned to the importer for transfer to the regulatory authority, the third one, with remark of the seller of stamps, shall be retained by the buyer (importer).

The regulatory authority may not demand from importers additional documents for issue of excise stamps, if they are not provided in this Article.

226.15. Sale (transfer) of purchased excise stamps by the buyer to the other parties is prohibited, except as provided in clause 227.4 of Article 227 of the present Code.

226.16. Excise stamps, not used for marking due to their damage, shall be accepted from buyers of stamps for recycling with reimbursement of actually paid amounts of tax in accordance with the Regulations on the manufacturing, storage, sale of excise stamps, marking of alcoholic beverages and tobacco products. Payment for stamps cannot be returned.

Article 227. Import to the customs territory of Ukraine of foreign alcoholic beverages and tobacco products

227.1. Business entities — natural persons and legal entities that have entered into the contract (agreement) with foreign manufactures for the supply to Ukraine of alcoholic beverages and tobacco products shall be entitled to import to the customs territory of Ukraine foreign alcoholic beverages and tobacco products if:

a) their import to the customs territory of Ukraine is carried out solely through checkpoints on the State Border determined by the Cabinet of Ministers of Ukraine, which are specified by buyers (importers) of stamps in quote;

b) marking of alcoholic beverages and tobacco products shall be carried out according to the established procedure with standard excise stamps;

c) alcoholic beverages in road and rail tankers, as well as in the tanks, cisterns and other containers with capacity of more than 5 litres are imported to Ukraine with the purpose of sale or exchange on the customs territory of Ukraine and shall not be marked. In such a case, the tax shall be paid before or during customs clearance. Control of its payment shall be carried out by regulatory authorities;

d) buyer (importer) of stamps provided the regulatory authority with the customs declaration and a copy of the declaration on the maximum retail prices (for tobacco) as well as a copy of quote with remark of the seller of excise stamps about payment of amounts of tax to the appropriate budget in full.
227.2. In the case of import of stamps by the buyer (importer) to the territory of Ukraine under the contract (agreement) for supply of alcoholic beverages and tobacco products in several consignments, the central executive authority responsible for the formation and implementation of national tax and customs policy shall make a remark in such a contract (agreement) about the number of excise stamps issued, indicating the date of their issue.

227.3. Period for receipt of excise stamps for each contract shall be determined by buyers (importer) of stamps by agreement with the seller of stamps according to the volume of imported goods, but shall not exceed five working days from the date of submission of documents for receipt of excise stamps referred to in clause 226.14 of Article 226 of the present Code.

227.4. Purchased excise stamps shall be transferred by buyers (importers) of stamps to foreign manufacturers for marking of imported alcoholic beverages and tobacco products during their manufacturing.

227.5. Transit carriage of alcoholic beverages and tobacco products through the customs territory of Ukraine shall be carried out in compliance with the requirements specified in clause 219.1 of Article 219 of the present Code.

227.6. In case of violation of order of marking of imported alcoholic beverages and tobacco products and/or partial payment of tax, customs clearance of goods and their import to the customs territory of Ukraine shall be prohibited.

**Article 228. Control of receipt of tax on alcoholic beverages and tobacco products**

228.1. Control of payment of tax on alcoholic beverages and tobacco products on the customs territory of Ukraine shall be carried out by regulatory authorities.

228.2. Control of availability of excise stamps on bottles (packing) of alcoholic beverages and on packs (packing) of tobacco products during transportation, storage and distribution, as well as import of such goods to the customs territory of Ukraine shall be carried out by the relevant regulatory authorities.

228.3. In case of detection of import to the customs territory of Ukraine, storage, transportation and sale on the customs territory of Ukraine of alcoholic beverages and tobacco products without the standard excise stamps, regulatory authorities referred to in clause 228.2 of the present Article shall recall such goods from free circulation and submit relevant materials to the court for ruling on their recall for state revenue (seizure).

228.4. Execution of the court’s decision on recall for state revenue (seizure) of alcoholic beverages and tobacco products shall be carried out in accordance with the law.

228.5. Excise goods recalled (seized) for state revenue (except for ethyl alcohol, alcoholic beverages and tobacco products) in case of their sale according to the procedure established by legislation shall be taxed by excise tax and other taxes in accordance with the laws of Ukraine.
228.6. Ethyl alcohol and alcoholic beverages recalled (seized) for state revenue are subject to destruction or industrial processing in accordance with the procedure established by the Cabinet of Ministers of Ukraine.

228.7. Tobacco products recalled (seized) for state revenue are subject to destruction in accordance with the procedure established by the Cabinet of Ministers of Ukraine.

228.8. In case of detection of shortage of excise stamps (in connection with their theft, destruction, marking of alcoholic beverages and tobacco products intended for export sales, etc.), manufacturers of such products shall bear full financial responsibility in the amount of estimated tax liability that must be paid to the budget in case of sale of excise goods, for marking of which excise stamps were bought. The specified amounts are charged in the form established by the central executive authority responsible for the formation and implementation of national tax and customs policy.

228.9. Responsibility for failure to comply with the order of marking, sale of alcoholic beverages and tobacco products, non-payment or late payment of tax, shall be borne by manufacturers (customers), importers, sellers of such goods and their officers in accordance with the law.

Article 229. Peculiarities of taxation of some excise goods based on the direction of their use

229.1. Peculiarities taxation of ethyl alcohol

229.1.1. The tax is levied at the rate of 0 UAH per 1 litre of 100 percent alcohol:

a) ethyl alcohol, which is used by primary and mixed wine-making enterprises, for manufacturing of wine, fruit-berry, other wine materials as well as must and vermouth;

b) ethyl alcohol, which is used for manufacturing of medicines (including blood components and products made from them), except for medicines in the form of balms and elixirs;

c) denatured ethyl alcohol (technical alcohol), which is sold by business entities for its use as a raw material for manufacturing of chemicals, which do not contain more than 0.1 percent of residual ethanol;

d) bioethanol used by enterprises for manufacturing of mixed motor petrol containing ethanol, ethyl-tert-butyl ether (ETBE), other additives based on bioethanol;

e) bioethanol which is used for manufacturing of biofuel.

229.1.2. Before receiving undenatured ethyl alcohol, denatured ethyl alcohol (technical alcohol), bioethanol used for manufacturing of separate types of products and for which by sub-clause 229.1.1. of this Article the tax rate of 0 UAH per 1 litre of 100 percent alcohol is set, the tax anticipation bill is issued for the amount of tax charged for the amount of alcohol received based on the rate specified in clause 215.3 of Article 215 of the present Code.
229.1.3. The period for which the tax anticipation bill is issued by enterprises-manufacturers for manufacturing of certain products may not exceed 90 calendar days, and by primary wine-making enterprises, manufacturers of vermouth and manufacturers of medicines — 180 calendar days.

229.1.4. Issue of tax anticipation bills shall be carried out before receipt of ethyl alcohol from excise warehouse.

229.1.5. Tax anticipation bill may be issued by:

a) primary wine-making enterprise, which is manufacturer of grape, fruit-berry, other wine materials as well as must and vermouth;

b) manufacturer of medicines;

c) manufactures of chemicals;

d) oil refineries (or other business entities), using bioethanol for manufacturing of mixed motor petrol containing bioethanol, ethyl-tert-butyl ether (ETBE) and other additives based on bioethanol;

e) manufacturers of biofuel.

229.1.6. Obligations to pay tax anticipation bill may not be transferred to other persons, regardless of their relationship with the bill drawer.

229.1.7. Interests or other types of payment provided by the legislation for other types of bills shall not be charged for use of tax anticipation bill.

229.1.8. Tax anticipation bill shall be deemed to be paid in case of documentary evidence of fact of intended use of ethyl alcohol for manufacturing of products specified in sub-clause 229.1.1 of the present Article.

229.1.9. If tax anticipation bill specified in the present Article is not paid within the established period, the bill holder shall protest such tax anticipation bill for non-payment under legislation and shall address the bank which avalized this tax anticipation bill, with the protested tax anticipation bill, within one working day from the date of protest. Avalizing bank shall be obliged to transfer the amount specified in tax anticipation bill to the bill holder not later than within one transaction day following the date when the bill holder addressed it with the protested tax anticipation bill.

229.1.10. Procedure for issue, circulation and payment of tax anticipation bills issued before receipt from excise warehouse of ethyl alcohol, which is used by business entities for manufacturing of certain products shall be established by the Cabinet of Ministers of Ukraine.

229.1.11. Lists of manufacturers of bioethanol and denatured ethyl alcohol (technical alcohol) for needs of enterprises manufacturing chemicals shall be approved by the Cabinet of Ministers of Ukraine.
229.1.12. Shipment of denatured ethyl alcohol (technical alcohol) for the needs of enterprises manufacturing chemicals shall be carried out within the quotas set by the Cabinet of Ministers of Ukraine.

229.1.13. Shipment of ethyl alcohol for manufacturing of medicines shall be carried out within the quotas set by the Cabinet of Ministers of Ukraine. The list of medicines for manufacturing of which ethyl alcohol is used shall be approved by the Cabinet of Ministers of Ukraine.

229.1.14. Enterprises which use alcohol at a zero rate establish Taxation Offices, the procedure of operation of which shall be determined by the central executive authority responsible for the formation and implementation of national tax and customs policy.

229.1.15. The following is prohibited during manufacturing of bioethanol at distilling plants:

a) manufacturing and storage of ethyl alcohol at enterprises manufacturing bioethanol;

b) storage of bioethanol at manufacturer’s warehouses without denaturing it with gasoline (1–10 percent);

c) storage of ethyl alcohol at manufacturer’s warehouses.

229.1.16. Avalized bill (bank receipt) will not be issued for enterprises that are both manufacturers of bioethanol and biofuels based on it.

229.1.17. In case of misuse by business entities of ethyl alcohol and bioethanol received as raw material for manufacturing of products referred to in clause 229.1.1 of the present Article, such entities shall be charged a penalty in the amount, which is calculated based on the volume of inappropriately used ethyl alcohol and bioethanol and excise tax rate specified in clause 215.3 of Article 215 of the present Code, multiplied by 1.5.

229.2. Peculiarities of taxation of petroleum products manufactured in Ukraine that are used as a raw material for petrochemical industry.

229.2.1. Light distillates (code 2710 11 11 00 in accordance with UCCFEA) and heavy distillates (code 2710 19 31 30 to UCCFEA) may be sold as a raw material for manufacturing of ethylene at a zero rate of excise tax.

229.2.2. When using these petroleum products as a raw material for manufacturing of ethylene at a zero rate of excise tax, the regulatory authorities shall exercise control of their intended use.

229.2.3. Before receiving light distillates (code 2710 11 11 00 in accordance with UCCFEA), and heavy distillates (code 2710 19 31 30 in accordance with UCCFEA), which are used by business entities as a raw material for manufacturing of ethylene, manufacturers shall issue a tax anticipation bill for the amount of excise tax charged for the volume of petroleum products received based on the rate which is determined as the difference between excise tax rate provided by clause 215.3 of Article 215 of this section, and the rate of 0 EUR per 1000 kg.
229.2.4. Tax anticipation bill may only be issued by business entity manufacturing ethylene.

229.2.5. The period for which the tax anticipation bill is issued may not exceed 90 calendar days.

229.2.6. Obligations to pay tax anticipation bill may not be transferred to other persons, regardless of their relationship with the bill drawer.

229.2.7. Interests or other types of payment provided by the legislation for other types of bills shall not be charged for use of tax anticipation bill.

229.2.8. The bill holder is the regulatory authority at the place of registration of the bill drawer.

229.2.9. Enterprises which use light and heavy distillates as a raw material in manufacturing of ethylene establish Taxation Offices. At the Taxation Office the representatives of the regulatory authority at its location exercise permanent direct control of the intended use of petroleum products as a raw material for manufacturing of ethylene.

229.2.10. Tax anticipation bill shall be deemed to be paid in case of documentary evidence of fact of intended use of light and heavy distillates only as a raw material in manufacturing of ethylene.

229.2.11. For payment of tax anticipation bill the bill holder must be provided with the certificate of the bill drawer of intended use of light and heavy distillates as a raw material in manufacturing of ethylene, agreed by the representative of Taxation Office, established at the enterprise.

229.2.12. If tax anticipation bill specified in the present Article is not paid within the established period, the bill holder shall protest such tax anticipation bill for non-payment under legislation and shall address the bank which avalized this tax anticipation bill, with the protested tax anticipation bill, within one working day from the date of protest. Avalizing bank shall be obliged to transfer the amount specified in tax anticipation bill to the bill holder not later than within one transaction day following the date when the bill holder addressed it with the protested tax anticipation bill.

229.2.13. Procedure for issue, circulation and payment of tax anticipation bills, issued before receipt of light and heavy distillates for use as a raw material for manufacturing of ethylene, shall be approved by the Cabinet of Ministers of Ukraine.

229.2.14. The list of enterprises receiving light and heavy distillates for use as a raw material for manufacturing of ethylene shall be approved by the Cabinet of Ministers of Ukraine.

229.2.15. Shipment of light and heavy distillates, used as a raw material for manufacturing of ethylene, shall be carried out within the quotas set by the Cabinet of Ministers of Ukraine.

229.2.16. In case of misuse by business entities of light and heavy distillates received as a raw material for manufacturing of ethylene, such entities shall be charged a penalty in the amount,
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which is calculated based on the volume of inappropriately used light and heavy distillates and excise tax rate under clause 215.3 of Article 215 of the present Code, multiplied by 1.5

229.3. Peculiarities of taxation of petroleum products imported to Ukraine that are used as a raw material for petrochemical industry

229.3.1. Light distillates (code 2710 11 11 00 in accordance with UCCFEA) and heavy distillates (Code 2710 19 31 30 in accordance with UCCFEA) may be imported to Ukraine as a raw material for manufacturing of ethylene without the payment of excise tax.

229.3.2. When using these petroleum products as a raw material for manufacturing of ethylene without payment of excise tax, the regulatory authorities shall exercise control of their intended use.

229.3.3. For import to the customs territory of Ukraine of light distillates (code 2710 11 11 00 in accordance with UCCFEA), and heavy distillates (code 2710 19 31 30 in accordance with UCCFEA) for the purpose of their use as a raw material in manufacturing of ethylene, manufacturer of ethylene shall execute a tax anticipation bill in three copies. One copy shall be submitted to the regulatory authority at location of the manufacturer, the second one — to the regulatory authority in the place of customs clearance of the specified goods, the third one shall be retained by the taxpayer.

229.3.4. Tax anticipation bill shall be issued for the amount of excise tax levied on goods imported in accordance with the law.

229.3.5. Tax anticipation bill may only be issued by business entity manufacturing ethylene.

229.3.6. The period for which the avalized tax anticipation bill is issued may not exceed 90 calendar days from the date of execution of customs declaration.

229.3.7. The basis for customs clearance of light distillates (code 2710 11 11 00 in accordance with UCCFEA), and heavy distillates (code 2710 19 31 30 in accordance with UCCFEA) imported to the customs territory of Ukraine for use in manufacturing of ethylene is submission by manufacturer of ethylene to the regulatory authority which carries out customs clearance of the second copy of tax anticipation bill, avalized by the bank and registered with the regulatory body at location of the manufacturer.

229.3.8. Obligations to pay tax anticipation bill may not be transferred to other persons, regardless of their relationship with the bill drawer.

229.3.9. Interests or other types of payment provided by the legislation for other types of bills shall not be charged for use of tax anticipation bill.

229.3.10. The bill holder is the regulatory authority at the place of registration of the bill drawer.

229.3.11. Enterprises which use light and heavy distillates as a raw material for manufacturing of ethylene shall establish Taxation Offices. At the Taxation Office the representatives of
the regulatory authority at its location exercise permanent direct control of the intended use of petroleum products as a raw material for manufacturing of ethylene.

229.3.12. Tax anticipation bill shall be deemed to be paid in case of documentary evidence of fact of intended use of light and heavy distillates only as a raw material in manufacturing of ethylene.

229.3.13. For payment of tax anticipation bill the bill holder must be provided with the certificate of the bill drawer of intended use of light and heavy distillates as a raw material in manufacturing of ethylene, agreed by the representative of Taxation Office, established at the enterprise.

229.3.14. If tax anticipation bill specified in the present Article is not paid within the established period, the bill holder shall protest such tax anticipation bill for non-payment under legislation and shall address the bank which avalized this tax anticipation bill, with the protested tax anticipation bill, within one working day from the date of protest. Avalizing bank shall be obliged to transfer the amount specified in tax anticipation bill to the bill holder not later than within one transaction day following the date when the bill holder addressed it with the protested tax anticipation bill.

229.3.15. Procedure for issue, circulation and payment of tax anticipation bills issued before import of light and heavy distillates for use as a raw material for manufacturing of ethylene shall be set by the Cabinet of Ministers of Ukraine.

229.3.16. Lists of enterprises carrying out import of light and heavy distillates for use as a raw material for manufacturing of ethylene shall be approved by the Cabinet of Ministers of Ukraine.

229.3.17. Import of light and heavy distillates used as a raw material for manufacturing of ethylene shall be carried out within the quotas established by the Cabinet of Ministers of Ukraine.

229.3.18. In case of misuse by business entities of light and heavy distillates imported as a raw material for manufacturing of ethylene, such entities shall be charged a penalty in the amount, which is calculated based on the volume of inappropriately used light and heavy distillates and excise tax rate specified in clause 215.3 of Article 215 of the present Code, multiplied by 1.5.

229.4. Peculiarities of taxation of petroleum products manufactured in Ukraine, used as a raw material for chemical industry

229.4.1. Petroleum products (codes 2710 11 11 00, 2710 11 15 00, 2710 11 21 00, 2710 19 11 00, 2710 19 15 00, 2710 19 25 00, 2710 19 29 00 in accordance with UCCFEA) can be sold as a raw material for manufacturing in chemical industry at a zero rate of excise tax.

229.4.2. When using these petroleum products as a raw material for manufacturing in chemical industry at a zero rate of excise tax, regulatory authorities shall exercise control of their intended use.
229.4.3. Before receiving petroleum products, which are used by business entities as a raw material for manufacturing in chemical industry, manufacturers shall issue a tax anticipation bill for the amount of excise tax charged for the volume of petroleum products received based on the rate which is determined as the difference between excise tax rate specified in clause 215.3 of Article 215 of this section, and the rate of 0 EUR per 1000 kg.

229.4.4. Tax anticipation bill may only be issued by manufacturing business entity, using these petroleum products as a raw material in chemical industry.

229.4.5. The period for which the tax anticipation bill is issued may not exceed 90 calendar days.

229.4.6. Obligations to pay tax anticipation bill may not be transferred to other persons, regardless of their relationship with the bill drawer.

229.4.7. Interests or other types of payment provided by the legislation for other types of bills shall not be charged for use of tax anticipation bill.

229.4.8. The bill holder is the regulatory authority at the place of registration of the bill drawer.

229.4.9. Enterprises which use petroleum products as a raw material for manufacturing in chemical industry shall establish Taxation Offices. At the Taxation Office the representatives of the regulatory authority at its location exercise permanent direct control of the intended use of petroleum products as a raw material for chemical industry.

229.4.10. Tax anticipation bill shall be deemed to be paid in case of documentary evidence of fact of intended use of petroleum products only as a raw material for manufacturing in chemical industry.

229.4.11. For payment of tax anticipation bill the bill holder must be provided with the certificate of the bill drawer of intended use of petroleum products as a raw material for manufacturing in chemical industry, agreed by the representative of Taxation Office, established at the enterprise.

229.4.12. If tax anticipation bill specified in the present Article is not paid within the established period, the bill holder shall protest such tax anticipation bill for non-payment under legislation and shall address the bank which avalized this tax anticipation bill, with the protested tax anticipation bill, within one working day from the date of protest. Avalizing bank shall be obliged to transfer the amount specified in tax anticipation bill to the bill holder not later than within one transaction day following the date when the bill holder addressed it with the protested tax anticipation bill.

229.4.13. Procedure for issue, circulation and payment of tax anticipation bills issued before receipt of petroleum products for use as a raw material for manufacturing in chemical industry shall be established by the Cabinet of Ministers of Ukraine.

229.4.14. The list of enterprises receiving petroleum products for use as a raw material for manufacturing in chemical industry shall be approved by the Cabinet of Ministers of Ukraine.
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229.4.15. Shipment of petroleum products used as a raw material for manufacturing in chemical industry shall be carried out within the quotas set by the Cabinet of Ministers of Ukraine.

229.4.16. In case of misuse by business entities of petroleum products received as a raw material for manufacturing in chemical industry, such entities shall be charged a penalty in the amount, which is calculated based on the volume of inappropriately used petroleum products and excise tax rate specified in clause 215.3 of Article 215 of the present Code, multiplied by 1.5.

229.5. Peculiarities of taxation of petroleum products imported to Ukraine, used as a raw material for chemical industry

229.5.1. Petroleum products (codes 2710 11 11 00, 2710 11 15 00, 2710 11 21 00, 2710 19 11 00, 2710 19 15 00, 2710 19 25 00, 2710 19 29 00 in accordance with UCCFEA) may be imported to Ukraine as a raw material for manufacturing in chemical industry without payment of excise tax.

229.5.2. When using these petroleum products as a raw material for manufacturing in chemical industry without payment of excise tax, regulatory authorities shall exercise control of their intended use.

229.5.3. For import to the customs territory of Ukraine of petroleum products (codes 2710 11 11 00, 2710 11 15 00, 2710 11 21 00, 2710 19 11 00, 2710 19 15 00, 2710 19 25 00, 2710 19 29 00 in accordance with UCCFEA) for their use as a raw material in chemical industry, the manufacturer shall execute a tax anticipation bill in three copies. One copy shall be submitted to the regulatory authority at the location of the manufacturer, the second one — to the regulatory authority in the place of customs clearance of goods, the third one shall be retained by the taxpayer.

229.5.4. Tax anticipation bill shall be issued for the amount of excise tax levied during import of the goods in accordance with the law.

229.5.5. Tax anticipation bill may only be issued by manufacturing business entity, using these petroleum products as a raw material in chemical industry.

229.5.6. The period for which the tax anticipation bill is issued may not exceed 90 calendar days.

229.5.7. The ground for customs clearance of petrol products (codes 2710 11 11 00, 2710 11 15 00, 2710 11 21 00, 2710 19 11 00, 2710 19 15 00, 2710 19 25 00, 2710 19 29 00 in accordance with UCCFEA), imported to the customs territory of Ukraine for use in chemical industry, is submission by the manufacturer to the regulatory authority which carries out customs clearance of the second copy of tax anticipation bill, avalized by the bank and registered with the regulatory body at location of the manufacturer.

229.5.8. Obligations to pay tax anticipation bill may not be transferred to other persons, regardless of their relationship with the bill drawer.
229.5.9. Interests or other types of payment provided by the legislation for other types of bills shall not be charged for use of tax anticipation bill.

229.5.10. The bill holder is the regulatory authority at the place of registration of the bill drawer.

229.5.11. Enterprises which use petroleum products as a raw material for manufacturing in chemical industry shall establish Taxation Offices. At the Taxation Office the representatives of the regulatory authority at its location shall exercise permanent direct control of the intended use of petroleum products as a raw material for chemical industry.

229.5.12. Tax anticipation bill without payment of amount of excise tax in specie shall be deemed to be paid in the case of documentary evidence of fact of intended use of petroleum products only as a raw material for manufacturing in chemical industry.

229.5.13. For payment of tax anticipation bill the bill holder must be provided with the certificate of the bill drawer of intended use of petroleum products as a raw material for manufacturing in chemical industry, agreed by the representative of Taxation Office, established at the enterprise. A copy of certificate of intended use shall be submitted to the regulatory authority.

229.5.14. If tax anticipation bill specified in the present Article is not paid within the established period, the bill holder shall protest such tax anticipation bill for non-payment under legislation and shall address the bank which avalized this tax anticipation bill, with the protested tax anticipation bill, within one working day from the date of protest. Avalizing bank shall be obliged to transfer the amount specified in tax anticipation bill to the bill holder not later than within one transaction day following the date when the bill holder addressed it with the protested tax anticipation bill.

229.5.15. Procedure for issue, circulation and payment of tax anticipation bills issued before import of petroleum products for use as a raw material for manufacturing in chemical industry shall be approved by the Cabinet of Ministers of Ukraine.

229.5.16. The list of enterprises which import petroleum products as a raw material for manufacturing in chemical industry be approved by the Cabinet of Ministers of Ukraine.

229.5.17. Shipment of petroleum products used as a raw material for manufacturing in chemical industry shall be carried out within the quotas set by the Cabinet of Ministers of Ukraine.

229.5.18. In case of misuse by business entities of petroleum products imported as a raw material for manufacturing in chemical industry, such entities shall be charged a penalty in the amount, which is calculated based on the volume of inappropriately used petroleum products and excise tax rate specified in clause 215.3 of Article 215 of the present Code, multiplied by 1.5

229.6. Peculiarities of taxation of substances used as components of motor fuels manufactured in Ukraine, used as a raw material for chemical industry
SECTION VI.

229.6.1. Substances used as components of motor fuels (codes 2707 10 90 00, 2905 11 00 00 in accordance with UCCFEA) may be sold as a raw material for manufacturing in chemical industry at a zero rate of excise tax.

In such a case regulatory authorities shall exercise control of their intended use.

229.6.2. Before receiving substances used as components of motor fuels used by business entities as a raw material for manufacturing in chemical industry, manufacturer shall issue a tax anticipation bill for the amount of excise tax charged for the volume of such substances based on the rate determined as the difference between excise tax rate provided by clause 215.3 of Article 215 of the present Code and the rate of 0 EUR per 1000 kg.

229.6.3. Tax anticipation bill may only be issued by manufacturing business entity, using substances used as components of motor fuels as a raw material in chemical industry.

229.6.4. The period for which the tax anticipation bill is issued may not exceed 90 calendar days.

229.6.5. Obligations to pay tax anticipation bill may not be transferred to other persons.

229.6.6. Interests or other types of payment provided by the legislation for other types of bills shall not be charged for use of tax anticipation bill.

229.6.7. The bill holder is the regulatory authority at the place of registration of the bill drawer.

229.6.8. Enterprises which use substances used as components of motor fuels as a raw material for manufacturing in chemical industry shall establish Taxation Offices. The representatives of the regulatory authority at location of Taxation Office shall exercise permanent direct control of the intended use of such substances.

229.6.9. Tax anticipation bill shall be deemed to be paid in case of documentary evidence of fact of intended use of substances used as components of motor fuels only as a raw material for manufacturing in chemical industry.

229.6.10. For payment of tax anticipation bill the bill holder must be provided with the certificate of the bill drawer of intended use of substances used as components of motor fuels as a raw material for manufacturing in chemical industry, agreed by the representative of Taxation Office, established at the enterprise.

229.6.11. If tax anticipation bill specified in the present Article is not paid within the established period, the bill holder shall protest such tax anticipation bill for non-payment under legislation and shall address the bank which avalized this tax anticipation bill, with the protested tax anticipation bill, within one working day from the date of protest. Avalizing bank shall be obliged to transfer the amount specified in tax anticipation bill to the bill holder not later than within one transaction day following the date when the bill holder addressed it with the protested tax anticipation bill.
229.6.12. Procedure for issue, circulation and payment of tax anticipation bills issued before receipt of substances used as components of motor fuels for use as a raw material for manufacturing in chemical industry, as well as list of enterprises which receive such substances shall be approved by the Cabinet of Ministers of Ukraine.

229.1.13. Shipment of substances used as components of motor fuels received as a raw material for manufacturing in chemical industry shall be carried out within the quotas set by the Cabinet of Ministers of Ukraine.

229.6.14. In case of misuse by business entities of substances used as components of motor fuels received as a raw material for manufacturing in chemical industry, such entities shall be charged a penalty in the amount, which is calculated based on the volume of inappropriately used specified substances and excise tax rate specified in clause 215.3 of Article 215 of the present Code, multiplied by 1.5

229.7. Peculiarities of taxation of substances used as components of motor fuels imported to Ukraine used as a raw material for chemical industry

229.7.1. Substances used as components of motor fuels (codes 2710 10 90 00, 2905 11 00 00 in accordance with UCCFEA) may be imported to Ukraine as a raw material for manufacturing in chemical industry without payment of excise tax.

In such a case regulatory authorities shall exercise control of their intended use.

229.7.2. For import to the customs territory of Ukraine of substances used as components of motor fuels for their use as a raw material in chemical industry, the manufacturer shall execute a tax anticipation bill in three copies. One copy shall be submitted to the regulatory authority at location of the manufacturer, the second one — to the regulatory authority in the place of customs clearance of goods, the third one shall be retained by the taxpayer.

229.7.3. Tax anticipation bill shall be issued for the amount of excise tax levied during import of goods in accordance with the law.

229.7.4. Tax anticipation bill may only be issued by manufacturing business entity, using substances used as components of motor fuels as a raw material in chemical industry.

229.7.5. The period for which avalized tax anticipation bill is issued may not exceed 90 calendar days from the date of execution of customs declaration.

229.7.6. The ground for customs clearance of substances used as components of motor fuels imported to the customs territory of Ukraine for use in chemical industry, is submission by the manufacturer to the regulatory authority which carries out customs clearance of the second copy of tax anticipation bill, avalized by the bank and registered with the regulatory authority at location of the manufacturer.

229.7.7. Obligations to pay tax anticipation bill may not be transferred to other persons.
SECTION VI.

229.7.8. Interests or other types of payment provided by the legislation for other types of bills shall not be charged for use of tax anticipation bill.

229.7.9. The bill holder is the regulatory authority at the place of registration of the bill drawer.

229.7.10. Enterprises which use substances used as components of motor fuels as a raw material for manufacturing in chemical industry shall establish Taxation Offices. The representatives of the regulatory authority at location of Taxation Office shall exercise permanent direct control of the intended use of such substances.

229.7.11. Tax anticipation bill shall be deemed to be paid without payment of amount of excise tax in specie in case of documentary evidence of fact of intended use of substances used as components of motor fuels only as a raw material for manufacturing in chemical industry.

229.7.12. For payment of tax anticipation bill the bill holder must be provided with the certificate of the bill drawer of intended use of substances used as components of motor fuels as a raw material for manufacturing in chemical industry, agreed by the representative of Taxation Office, established at the enterprise. A copy of the certificate shall be submitted to the regulatory authority.

229.7.13. If tax anticipation bill specified in the present clause is not paid within the established period, the bill holder shall protest such tax anticipation bill for non-payment under legislation and shall address the bank which avalized this tax anticipation bill, with the protested tax anticipation bill, within one working day from the date of protest. Avalizing bank shall be obliged to transfer the amount specified in tax anticipation bill to the bill holder not later than within one transaction day following the date when the bill holder addressed it with the protested tax anticipation bill.

229.7.14. Procedure for issue, circulation and payment of tax anticipation bills issued for import to the customs territory of Ukraine of substances used as components of motor fuels for use as a raw material for manufacturing in chemical industry as well as the list of enterprises which import such substances shall be approved by the Cabinet of Ministers of Ukraine.

229.7.15. Import of substances used as components of motor fuels received as a raw material for manufacturing in chemical industry shall be carried out within the quotas set by the Cabinet of Ministers of Ukraine.

229.7.16. In case of misuse by business entities of substances used as components of motor fuels imported as a raw material for manufacturing in chemical industry, such entities shall be charged a penalty in the amount, which is calculated based on the volume of inappropriately used specified substances and excise tax rate under clause 215.3 of Article 215 of the present Code, multiplied by 1.5.

Article 230. Excise warehouses

230.1. Excise warehouses are created in order to increase the efficiency of work on prevention and combating the illicit manufacture and circulation of ethyl alcohol, vodka and liqueurs and spirits, enforcing control of full and timely receipt of excise tax by the budget.
Excise warehouses must be equipped with flow meters of the volume of manufactured ethyl alcohol (hereinafter referred to as the flow meter) registered with the Unified State Register of Flow Meters of Volume of Manufactured Ethyl Alcohol.

Supply of ethyl alcohol without the available flow meter is prohibited.

The procedure for maintenance of the Unified State Register of Flow Meters of Volume of Manufactured Ethyl Alcohol shall be established by the Cabinet of Ministers of Ukraine.

230.2. Representatives of the regulatory body at location of excise warehouse work permanently at excise warehouses.

230.3. Regulatory authority at location of excise warehouse shall appoint its permanent representative (representatives) at such warehouse.

230.4. A copy of order on appointment of representative (s) of the regulatory authority shall be sent on the day of making such decision to administrator of excise warehouse.

230.5. Representative (s) of the regulatory authority shall carry out permanent direct control of compliance with the established procedure for supply of ethyl alcohol subject to availability of flow meter and payment of tax on it.

230.6. Work schedule of representatives of the regulatory authority shall correspond to the work schedule of excise warehouse established by its administrator.

230.7. Officers appointed by the representatives of regulatory authority at the excise warehouse must be specially trained or instructed in specific control of manufacture and circulation of ethyl alcohol, vodka and liqueurs and spirits, and methods of use of measuring equipment.

230.8. Procedure for special training or instruction shall be approved by the central executive authority responsible for the formation and implementation of national tax and customs policy.

230.9. The head of the regulatory authority shall determine the work schedule of the representative of the regulatory authority in appointment orders, taking into account the work schedule of excise warehouse, procedure for control of work of representative of the regulatory authority, develop logistics and maintenance support of representative of the regulatory authority, transport service, other conditions, which are necessary for ensuring efficiency of control.

230.10. A copy of order shall be sent to administrator of excise warehouse who is obliged to issue a relevant order in three days term, providing for creation of relevant conditions for efficient work of representative of the regulatory authority.

230.11. The main task of representative of the regulatory authority at excise warehouses is exercising permanent direct control of maintenance of the established procedure for manu-
facture, storage, supply of ethyl alcohol, vodka and liqueurs and spirits and payment of tax, taking measures for prevention of breach of the legislation of Ukraine.

230.12. Representative of the regulatory authority at the excise warehouse according to the assigned tasks shall:

a) exercise control of manufacture, storage, supply, subject to availability of flow meter and records of ethyl alcohol, vodka and liqueurs and spirits according to the accounting data of excise warehouse;

b) exercise control of recording, storage and use of excise stamps and marking of products;

c) exercise control of recording of receipt, expenditure of raw material, which is used for manufacturing of ethyl alcohol, vodka and liqueurs and spirits and volume of manufactured products;

d) exercise control of compliance with the established tax calculation and payment procedure;

e) participate in inventorying of raw material, ethyl alcohol, vodka and liqueurs and spirits and excise stamps;

f) in case of detection of breaches of procedure for recording, storage and supply of ethyl alcohol, vodka and liqueurs and spirits, excise stamps, raw material, established by the legislation, submit proposals to administrator of excise warehouse regarding elimination of the detected breaches and control their performance.

g) submit proposals to improve control system of recording, maintenance, supply and transportation of vodka and liqueurs and spirits;

h) be present in case of sealing of places of possible access to alcohol (including alcohol meters), alcohol cellar, bottling shop and finished products warehouse after the end of the working day.

230.13. When importing alcohol the representative of the regulatory authority at the excise warehouse of the enterprise which manufactures vodka and liqueurs and spirits shall:

a) make a remark on consignment note, registered with the Unified Register of Consignment Notes for Transportation of Ethyl Alcohol and Alcoholic Beverages, about agreement of its import by affixing the stamp “Entry permitted” and personal signature, as well as entry in the registration log book of receipt of ethyl alcohol;

b) send certificate of receipt of ethyl alcohol to the representative of the regulatory authority at the excise warehouse of the enterprise which sold alcohol, within three days, which shall be recorded in the above-mentioned registration log book.

230.14. In case of detection of facts of failure to capitalize or incomplete capitalization of ethyl alcohol, regulatory authorities shall take appropriate measures in accordance with the law.
230.15. During shipment of vodka and liqueurs and spirits, a consignment note, registered with the Unified Register of Consignment Notes for Transportation of Ethyl Alcohol and Alcoholic Beverages, where representative of the regulatory body at the excise warehouse makes a remark about agreement of supply by affixing the stamp “Exit permitted” and personal signature, as well as entry in registration log book of shipment of vodka and liqueurs and spirits.

230.16. All documents that are the basis for supply of vodka and liqueurs and spirits shall be necessarily checked by the representative of the regulatory authority at the excise warehouse.

230.17. When importing vodka and liqueurs and spirits to the excise warehouse, the representative of the regulatory authority makes a remark on consignment note registered with the Unified Register of Consignment Notes for Transportation of Ethyl Alcohol and Alcoholic Beverages about agreement of their import by affixing stamp “Entry permitted” and personal signature, as well as entry in registration log book of receipt of vodka and liqueurs and spirits.

230.18. Transportation of vodka and liqueurs and spirits, shipped from excise warehouse of the enterprise, where vodka and liqueurs and spirits are manufactured, without consignment notes registered with the Unified Register of Consignment Notes for Transportation of Ethyl Alcohol and Alcoholic Beverages, with remark of representative of the regulatory authority at the excise warehouse is prohibited.

The procedure for maintenance of the Unified Register of Consignment Notes for Transportation of Ethyl Alcohol and Alcoholic Beverages shall be established by the Cabinet of Ministers of Ukraine.

230.19. Administrator of excise warehouse shall be obliged:

a) to provide permanent representative of the regulatory authority with a separate room which complies with sanitary-hygienic standards, equipped with a telephone, and to take measures to prevent unauthorised interference with work of representative of the regulatory authority and use of official and other information stored by the representative of the regulatory authority at the excise warehouse;

b) to establish and maintain in good condition the necessary locks, seals, meters or other similar devices that can be required by the permanent representative of the regulatory authority at the excise warehouse in order to ensure completeness of payment of due amount of tax on alcohol, vodka and liqueurs and spirits manufactured at the excise warehouse;

c) to ensure recording of availability and circulation of raw materials, ethyl alcohol and water-alcohol solutions in unfinished manufacture of vodka and liqueurs and spirits and finished products placed at the excise warehouse;

d) to submit to the permanent representative of the regulatory authority reliable information on this issue, as well as relevant documents of primary accounting, accounting and reporting for review.
SECTION VII.
FIRST VEHICLE REGISTRATION FEE

Article 231. Duty payers
231.1. Duty payers are legal entities and natural persons carrying out first registration of vehicles in Ukraine, which in accordance with Article 232 of the present Code are taxable items.

Article 232. Taxable items
232.1. Vehicles which are taxable items:

232.1.1. wheeled vehicles, except for:

a) vehicles and other self-propelled vehicles and mechanisms assigned under the right of operating management to military units, military educational institutions, establishments and organisations of the Armed Forces of Ukraine, which are completely maintained using budget funds, other than those assigned to transport group according to the procedure established by the main body in the system of central executive authorities responsible for ensuring implementation of state policy on national security issues in the military, defence and military construction spheres;

b) vehicles and other self-propelled machines and mechanisms assigned under the right of operating management to military formations of the main body in the system of central executive authorities in the sphere of protection of public order, ensuring public safety and traffic safety, which are completely maintained using budget funds, other than those assigned to transport group according to the procedure established by such main body;

c) vehicles and other self-propelled vehicles and mechanisms assigned under the right of operating management to civil protection service units, which are completely maintained using budget funds, other than those assigned to transport group according to the procedure established by the main body in the system of central executive authorities responsible for implementation of state policy in the sphere of civil protection of population;

d) cargo, self-propelled vehicles used at plants, warehouses, ports and airports for transportation of cargos for short distances — commodity heading 8709 in accordance with UCCFEA;

e) ambulance vehicles;

f) machinery and mechanisms for agricultural works — commodity heading 8432 and 8433 according to the UCCFEA;

g) trailers (semitrailers);

h) mopeds;

i) bicycles;
232.1.2. vessels registered with the Shipping Register of Ukraine or Ship Register Book of Ukraine;

232.1.3. planes and helicopters registered with the State Register of Civil Aircraft of Ukraine or in the Register of State Aircraft of Ukraine, except for:

a) planes and helicopters of the Armed Forces of Ukraine;

b) planes and helicopters of the main body in the system of central executive authorities responsible for ensuring implementation of state policy in the sphere of civil protection of population, as well as governing bodies and civil defence forces, performing tasks of civil protection.

Article 233. Tax base

233.1. The tax base shall be determined:

233.1.1. for wheeled vehicles:

a) for motorcycles, passenger cars (except for passenger cars equipped with electric motor), buses (including vans), tractors, cargo vehicles (including truck tractors, and other specialised and special cargo vehicles and other wheeled vehicles) — according to engine displacement in cubic centimetres;

b) for passenger cars equipped with electric motor — according to engine power of in kW;

233.1.2. for vessels:

a) for vessels equipped with engine — according to engine power in kW;

b) for vessels that are not equipped with engine — according to the length of hull in centimetres;

233.1.3. for planes, helicopters — according to the maximum take-off weight.

233.2. The tax base for vehicles specified in clause 233.1 of this Article shall be determined separately for each vehicle.

Article 234. Duty rates

234.1. Duty rates for wheeled vehicles:

234.1.1. for motorcycles:

<table>
<thead>
<tr>
<th>Group</th>
<th>Engine displacement, cubic centimetres</th>
<th>Duty rate, UAH per 100 cc of engine displacement</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>up to 500</td>
<td>3,82</td>
</tr>
<tr>
<td>2</td>
<td>501 to 800</td>
<td>6,37</td>
</tr>
<tr>
<td>3</td>
<td>over 800</td>
<td>12,73</td>
</tr>
</tbody>
</table>
234.1.2. for passenger cars (except for cars equipped with electric motor):

<table>
<thead>
<tr>
<th>Group</th>
<th>Engine displacement, cubic centimetres from to (including)</th>
<th>Duty rate, UAH per 100 cc of engine displacement</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>up to 1000</td>
<td>3,82</td>
</tr>
<tr>
<td>2</td>
<td>1001 1,500</td>
<td>6,37</td>
</tr>
<tr>
<td>3</td>
<td>1501 1,800</td>
<td>8,9</td>
</tr>
<tr>
<td>4</td>
<td>1801 2,500</td>
<td>12,73</td>
</tr>
<tr>
<td>5</td>
<td>2501 3,500</td>
<td>31,82</td>
</tr>
<tr>
<td>6</td>
<td>3501 4,500</td>
<td>50,9</td>
</tr>
<tr>
<td>7</td>
<td>4501 5,500</td>
<td>57,27</td>
</tr>
<tr>
<td>8</td>
<td>5501 6,500</td>
<td>69,99</td>
</tr>
<tr>
<td>9</td>
<td>over 6,500</td>
<td>76,35</td>
</tr>
</tbody>
</table>

234.1.3. for passenger cars equipped with electric motor — 0,63 UAH per 1 kW of engine power;

234.1.4. for buses, including vans — 6,37 UAH per 100 cc of engine displacement;

234.1.5. for tractors — 3,17 UAH per 100 cc of engine displacement;

234.1.6. for lorries and station wagons:

<table>
<thead>
<tr>
<th>Group</th>
<th>Engine displacement, cubic centimetres from to (including)</th>
<th>Duty rate, UAH per 100 cc of engine displacement</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>up to 8,200</td>
<td>19,09</td>
</tr>
<tr>
<td>2</td>
<td>8201 15,000</td>
<td>25,45</td>
</tr>
<tr>
<td>3</td>
<td>over 15,000</td>
<td>31,82</td>
</tr>
</tbody>
</table>

234.1.7. for truck tractors — 19,09 UAH per 100 cc of engine displacement;

234.1.8. for special purpose vehicles — 6,37 UAH per 100 cc of engine displacement.

234.1.9. for other wheeled vehicles, which are not specified in sub-clauses 234.1.1–234.1.8 of this clause — 5,85 UAH per 100 cc of engine displacement.

234.2. Tax rates for vessels:

234.2.1. for vessels equipped with fixed or outboard engine(s):

<table>
<thead>
<tr>
<th>Group</th>
<th>Engine displacement, kW from to (including)</th>
<th>Duty rate, UAH per 1 kW of engine displacement</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>up to 55 (including)</td>
<td>3,17</td>
</tr>
<tr>
<td>2</td>
<td>over 55</td>
<td>3,82</td>
</tr>
</tbody>
</table>
234.2.2. for vessels not equipped with engine:

<table>
<thead>
<tr>
<th>Group</th>
<th>Length of vessel hull, metres</th>
<th>Duty rate, UAH, per 100 centimetres of length of vessel hull</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>up to 7.5 (including)</td>
<td>8.90</td>
</tr>
<tr>
<td>2</td>
<td>Over 7.5</td>
<td>17.82</td>
</tr>
</tbody>
</table>

234.3. Duty rates for planes and helicopters:

234.3.1. for planes — 1.28 UAH per each kilogram of maximum take-off weight;

234.3.2. for helicopters — 1.28 UAH per kilogram of maximum take-off weight.

234.4. Duty rates established by clauses 234.1–234.3 of this Article shall apply:

234.4.1. to new vehicles — with the ratio of 1;

234.4.2. to vehicles (except for vehicles referred to in sub-clauses 234.1.3 and 234.1.5 of clause 234.1 of this Article), which were used up to 8 years — with the ratio of 2;

234.4.3. for vehicles specified in clauses 234.2 and 234.3 of this Article which were used for more than 8 years — with the ratio of 3;

234.4.4. for vehicles specified in clause 234.1 of this Article (except for vehicles referred to in sub-clauses 234.1.3 and 234.1.5 of clause 234.1 of this Article), which were used for more than 8 years — with the ratio of 40.

**Article 235. Duty concessions**

235.1. Passenger cars for persons with disabilities with engine displacement up to 1,500 cc, which were acquired using state or local budget funds and/or donated to persons with disabilities in accordance with the laws of Ukraine, vehicles of residential institutions for elderly persons and persons with disabilities, boarding houses for children, pensions for war and labour veterans, geriatric pensions and rehabilitation facilities for persons and children with disabilities, which are financed using state or local budgets funds, shall be exempt from taxation.

235.2. In case of alienation of vehicles referred to in clause 235.1 of this Article, persons which received the ownership of such vehicles must pay duty at the rates, according to the procedure and on terms specified in this section.

**Article 236. Tax period**

236.1. The base tax (accounting) period is equal to the calendar year.

**Article 237. Duty payment period**

237.1. Duty shall be paid by natural persons and legal entities before the first registration of vehicles in Ukraine.
SECTION VII.

Article 238. Duty calculation procedure

238.1. The amount of duty shall be calculated for each vehicle as a product of the relevant tax base, duty rate and the relevant ratio specified in clause 234.4 of Article 234 of the present Code.

Article 239. Duty payment procedure

239.1. Duty shall be paid at the place of registration of vehicles at the rates in effect on the date of payment.

239.2. Within ten days after the first registration of vehicles in Ukraine, legal entities shall submit to the relevant regulatory authority at their location and at the place of registration of vehicle, calculation of amount of duty for such vehicles according to the form established according to the procedure specified in Article 46 of the present Code. Copies of registration documents certified by the relevant authorised state body of Ukraine which carried out such registration shall be attached to calculation.

239.3. During the first registration in Ukraine duty payers shall be obliged to present receipts or payment orders about payment of duty with remark of bank about the date of execution of payment order, and payers who are exempt from payment of duty — relevant document granting the right to enjoy such concessions.

239.4. In case of the absence of documents about payment of duty or documents granting the right to enjoy concessions, first registration in Ukraine is not carried out.

239.5. Central executive authorities responsible for recording and registration of vehicles shall be obliged to inform the central executive authority responsible for the formation and implementation of national tax and customs policy about the registered vehicles, persons, for whom they are registered, as well as about deregistered vehicles. Form and procedure for submission of information shall be approved by the central executive authority responsible for the formation and implementation of national tax and customs policy.
SECTION VIII.
ENVIRONMENTAL TAX

Article 240. Taxpayers

240.1. Taxpayers are economic entities, legal entities, which do not carry out economic (entrepreneurial) activity, budgetary institutions, socially-owned and other companies, institutions and organizations, permanent establishments of non-residents, including those acting as agents (agencies) in respect of such non-residents or their founders, activity of which in the territory of Ukraine and within the boundaries of its continental shelf and exclusive economic zone includes the following:

240.1.1. pollutant emissions into the atmosphere from fixed pollution sources;

240.1.2. pollutants discharge directly into the water bodies;

240.1.3. waste disposal (except for disposal of certain waste as recoverable resources, located in internal territories (on-site facilities) of economic entities);

240.1.4. formation of radioactive waste (including accumulated);

240.1.5. temporary storage of radioactive waste by its producers beyond the time period established by special license provisions.

240.1.6. excluded;

240.2. Taxpayers are economic entities, legal entities, which do not carry out economic (entrepreneurial) activity, budgetary institutions, socially-owned and other companies, institutions and organizations, permanent establishments of non-residents, including those acting as agents (agencies) in respect of such non-residents or their founders, and citizens of Ukraine, foreigners and stateless citizens emitting pollutants into the atmosphere from mobile pollution sources when using fuel.

240.2¹. excluded;

240.3. The following economic entities involved in nuclear energy use do not constitute taxpayers for formation of radioactive waste (including accumulated):

240.3.1. which before the closing calendar date (inclusive) of accounting quarter, in which ionizing radiation source was purchased, concluded a contract on the return of exhausted sealed ionizing radiation source outside the Ukraine to the manufacturing enterprise of such source;

240.3.2. handling radioactive waste resulted from Chornobyl accident, as part of the activity associated with such waste.

240.4. state specialized enterprises handling radioactive waste, the core activity of which is storage, treatment and disposal of radioactive waste, owned by government, and clean-up of
radioactive areas are not taxpayers for formation of radioactive waste (including accumulated) and/or temporary storage of radioactive waste by its producers beyond the time period established by special license provisions.

240.5. economic entities, which dispose the waste at their own territories (facilities) solely as recoverable resources, are not taxpayers for waste disposal.

240.6. excluded;

**Article 241. Tax agents**

241.1. Tax for pollutant emissions into the atmosphere from mobile pollution sources when using fuel, is collected and paid to the budget by tax agents.

241.2. Tax agents include economic entities, which:

241.2.1. implement own-produced fuel sale in the customs territory of Ukraine and/or transfer to the customer or on his behalf to another person a fuel made of supplied raw materials;

241.2.2. implement fuel import into the customs territory of Ukraine.

**Article 242. Taxable item and tax base**

242.1. Taxable item and tax base are:

242.1.1. the volume and type of pollutants, emitted into the atmosphere from fixed sources;

242.1.2. the volume and type of pollutants, discharged directly into the water bodies;

242.1.3. the volume and type (classes) of disposed waste, except for volume and type (classes) of waste as recoverable resources, located in internal territories (on-site facilities) of economic entities;

242.1.4. the volume and type of fuel, including made of customer-supplied raw materials, sold or imported into the customs territory of Ukraine by tax agents, except for:

the volume of fuel exported from the customs territory of Ukraine in export or re-export customs regime and/or processing in the customs territory of Ukraine, certified by duly executed customs declaration;

black oil and stove fuel, used during the heat and electric power production;

242.1.5. the volume and category of radioactive waste, resulted from the activity of economic entities, and/or temporarily stored by its producers beyond the time period established by special license provisions;

242.1.6. the volume of electric power, produced by operating entities of nuclear facilities (nuclear power plant).
242.2. excluded;

242.3. excluded;

**Article 243. Tax rates for pollutant emissions into the atmosphere from fixed pollution sources**

243.1. Tax rates for pollutant emissions into the atmosphere from fixed pollution sources are determined as follows:

<table>
<thead>
<tr>
<th>Pollutant description</th>
<th>Tax rate, UAH per 1 ton</th>
</tr>
</thead>
<tbody>
<tr>
<td>Nitrogen oxides</td>
<td>1553,79</td>
</tr>
<tr>
<td>Ammonia</td>
<td>291,41</td>
</tr>
<tr>
<td>Sulphurous anhydride</td>
<td>1553,79</td>
</tr>
<tr>
<td>Acetone</td>
<td>582,83</td>
</tr>
<tr>
<td>Benzopyrene</td>
<td>1977992,51</td>
</tr>
<tr>
<td>Butylacetate</td>
<td>349,96</td>
</tr>
<tr>
<td>Vanadic pentoxide</td>
<td>5828,32</td>
</tr>
<tr>
<td>Hydrogen chloride</td>
<td>58,54</td>
</tr>
<tr>
<td>Carbon monoxide</td>
<td>58,54</td>
</tr>
<tr>
<td>Hydrocarbons</td>
<td>87,81</td>
</tr>
<tr>
<td>Gaseous fluoride compounds</td>
<td>3846,95</td>
</tr>
<tr>
<td>Solids</td>
<td>58,54</td>
</tr>
<tr>
<td>Cadmium compounds</td>
<td>12298,01</td>
</tr>
<tr>
<td>Manganese and its compounds</td>
<td>12298,01</td>
</tr>
<tr>
<td>Nickel and its compounds</td>
<td>62658,23</td>
</tr>
<tr>
<td>Ozone</td>
<td>1553,79</td>
</tr>
<tr>
<td>Mercury and its compounds</td>
<td>65863,81</td>
</tr>
<tr>
<td>Lead and its compounds</td>
<td>65863,81</td>
</tr>
<tr>
<td>Hydrogen sulphide</td>
<td>4993,53</td>
</tr>
<tr>
<td>Carbon sulphide</td>
<td>3245,03</td>
</tr>
<tr>
<td>n-butyl alcohol</td>
<td>1553,79</td>
</tr>
<tr>
<td>Styrole</td>
<td>11346,13</td>
</tr>
<tr>
<td>Phenols</td>
<td>7052,52</td>
</tr>
<tr>
<td>Formaldehyde</td>
<td>3846,95</td>
</tr>
<tr>
<td>Chrome and its compounds</td>
<td>41713,2</td>
</tr>
</tbody>
</table>

243.2. The rates of tax for emissions into air by stationary sources of pollution of polluting substances (compounds) not covered by the Clause 243.1 of the Article and set the hazard class of:
SECTION VIII.

<table>
<thead>
<tr>
<th>Class of hazard</th>
<th>Tax rate, UAH per 1 ton</th>
</tr>
</thead>
<tbody>
<tr>
<td>I</td>
<td>11113,26</td>
</tr>
<tr>
<td>II</td>
<td>2545,11</td>
</tr>
<tr>
<td>III</td>
<td>379,22</td>
</tr>
<tr>
<td>IV</td>
<td>87,81</td>
</tr>
</tbody>
</table>

243.3. For pollutants (compounds), not included into the clause 243.1 of this Article and for which a class of hazard was not assigned (except for carbon dioxide), tax rates are applied based on established approximate level of exposure of such matters (compounds) in the air of inhabited areas as follows:

<table>
<thead>
<tr>
<th>Approximate level of exposure of matters (compounds), mg per 1 cub.m</th>
<th>Tax rate, UAH per 1 ton</th>
</tr>
</thead>
<tbody>
<tr>
<td>Under 0.0001</td>
<td>467807,81</td>
</tr>
<tr>
<td>0.0001–0.001 (inclusive)</td>
<td>40081,78</td>
</tr>
<tr>
<td>Over 0.001–0.01 (inclusive)</td>
<td>5536,9</td>
</tr>
<tr>
<td>Over 0.01–0.1 (inclusive)</td>
<td>1553,79</td>
</tr>
<tr>
<td>Over 0.1</td>
<td>58,54</td>
</tr>
</tbody>
</table>

243.4. Tax rate for carbon dioxide emissions is 0,26 UAH per 1 ton.

243.5. For pollutants (compounds), for which a class of hazard was not assigned and approximate level of exposure (except for carbon dioxide) was not defined, tax rates are determined as for emission of pollutants of Class I of hazard according to clause 243.2 of this Article.

Article 244. Tax rates for pollutants emission into the atmosphere from mobile pollution sources

244.1. Tax rates for pollutants emission into the atmosphere from mobile pollution sources during own-produced fuel sale in the customs territory of Ukraine are determined as follows:

<table>
<thead>
<tr>
<th>Fuel type</th>
<th>Tax rate, UAH per 1 ton</th>
</tr>
</thead>
<tbody>
<tr>
<td>Lead-free gasoline</td>
<td>86,53</td>
</tr>
<tr>
<td>Mixed gasoline</td>
<td>71,26</td>
</tr>
<tr>
<td>Liquefied petroleum gas</td>
<td>117,07</td>
</tr>
<tr>
<td>Diesel biofuel</td>
<td>73,81</td>
</tr>
<tr>
<td>Diesel fuel with sulphur content:</td>
<td></td>
</tr>
<tr>
<td>min 0.2 wt%</td>
<td>86,53</td>
</tr>
<tr>
<td>min 0.035 wt%, max 0.2 wt%</td>
<td>66,17</td>
</tr>
<tr>
<td>min 0.005 wt%, max 0.035 wt%</td>
<td>59,8</td>
</tr>
<tr>
<td>max 0.005 wt%</td>
<td>38,18</td>
</tr>
<tr>
<td>Black oil</td>
<td>86,53</td>
</tr>
<tr>
<td>Compressed natural gas</td>
<td>58,54</td>
</tr>
<tr>
<td>Aviation gasoline</td>
<td>59,8</td>
</tr>
<tr>
<td>Kerosene</td>
<td>73,81</td>
</tr>
</tbody>
</table>
244.2. Tax rates for pollutants emissions into the atmosphere from mobile pollution sources in case of fuel import into the customs territory of Ukraine:

<table>
<thead>
<tr>
<th>Fuel type</th>
<th>Commodity heading code (UCCFEA)</th>
<th>Product description (UCCFEA)</th>
<th>Tax rate UAH per ton</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Lead-free gasoline</strong></td>
<td>2710 11 41 19 2710 11 41 39 2710 11 41 99 2710 11 45 99 2710 11 49 99</td>
<td>motor gasolines with lead content max 0.013 grams per liter</td>
<td>86,53</td>
</tr>
<tr>
<td><strong>Mixed gasoline</strong></td>
<td>2710 11 41 11 2710 11 41 31 2710 11 41 91 2710 11 45 11 2710 11 49 11</td>
<td>motor gasolines with lead content max 0.013 grams per liter, with bioethanol or ethyl tert-butyl ether or their mixture content min 5 wt%</td>
<td>71,26</td>
</tr>
<tr>
<td><strong>Liquefied petroleum gas</strong></td>
<td>2711 11 00 00 2711 12 11 00 2711 14 00 00 2711 19 00 00</td>
<td>liquefied natural gas, liquefied propane gas, for use as fuel, liquefied ethylene, propylene, butylene and butadiene, other liquefied petroleum gases</td>
<td>117,07</td>
</tr>
<tr>
<td><strong>Diesel biofuel</strong></td>
<td>3824 90 98 00</td>
<td>biodiesel</td>
<td>73,81</td>
</tr>
<tr>
<td><strong>Diesel fuel with sulphur content</strong></td>
<td>2710 19 49 00 2710 19 41 30 2710 19 45 00 2710 19 41 20 2710 19 41 10</td>
<td>heavy distillates (gas oils) with sulphur content: min 0.2 wt%, min 0.035 wt%, max 0.035 wt%, max 0.005 wt%, max 0.005 wt%</td>
<td>86,53 66,17 59,8 38,18</td>
</tr>
<tr>
<td><strong>Aviation gasoline</strong></td>
<td>2710 11 31 00</td>
<td>aviation gasoline</td>
<td>59,8</td>
</tr>
<tr>
<td><strong>Gas</strong></td>
<td>2710 19 21 00 2710 19 25 00</td>
<td>Gas used as jet engine fuel, Gas used as fuel for other types of engines, except for jet engines</td>
<td>73,81</td>
</tr>
</tbody>
</table>
Article 245. Tax rates for pollutants discharge into the water bodies

245.1. Tax rates for certain pollutants discharge into the water bodies:

<table>
<thead>
<tr>
<th>Name of polluting substance</th>
<th>Tax rate, UAH per ton</th>
</tr>
</thead>
<tbody>
<tr>
<td>Ammonium nitrogen</td>
<td>1020,6</td>
</tr>
<tr>
<td>Organic substances (with regard to indicators of biochemical oxygen demand (BOD 5)</td>
<td>408,5</td>
</tr>
<tr>
<td>Suspended substances</td>
<td>29,27</td>
</tr>
<tr>
<td>Oil products</td>
<td>6003,94</td>
</tr>
<tr>
<td>Nitrates</td>
<td>87,81</td>
</tr>
<tr>
<td>Nitrites</td>
<td>5012,61</td>
</tr>
<tr>
<td>Sulphates</td>
<td>29,27</td>
</tr>
<tr>
<td>Phosphates</td>
<td>815,72</td>
</tr>
<tr>
<td>Chlorides</td>
<td>29,27</td>
</tr>
</tbody>
</table>

245.2. Tax rates for pollutants discharge into the water bodies, not included in clause 245.1 of this Article and for which the maximum permissible concentration or approximate level of exposure was established, are determined as follows:

<table>
<thead>
<tr>
<th>maximum permissible concentration of pollutants or approximate level of exposure, mg per 1 litre</th>
<th>Tax rate, UAH per 1 ton</th>
</tr>
</thead>
<tbody>
<tr>
<td>Under 0.001 (inclusive)</td>
<td>106936,91</td>
</tr>
<tr>
<td>Over 0.001–0.1 (inclusive)</td>
<td>77534,45</td>
</tr>
<tr>
<td>Over 0.1–1 (inclusive)</td>
<td>13366,96</td>
</tr>
<tr>
<td>Over 1–10 (inclusive)</td>
<td>1360,37</td>
</tr>
<tr>
<td>Over 10</td>
<td>272,33</td>
</tr>
</tbody>
</table>

245.3. For pollutants discharge, for which the maximum permissible concentration or approximate level of exposure was not established, tax rates are applied based on the least value of the maximum permissible concentration, specified in clause 245.2 of this Article.

245.4. For pollutants discharge to ponds and lakes, tax rates specified in clauses 245.1 and 245.2 of this Article, are to be increased 1.5 times.

Article 246. Tax rates for waste disposal in specially allotted places or facilities

246.1. Tax rates for disposal of the following extremely hazardous waste are determined as follows:

246.1.1. equipment and instruments, containing mercury, elements with ionising radiation,— 548,47 UAH per item;

246.1.2. luminescent lamps — 9,54 UAH per item.
246.2. Tax rates for disposal of waste established subject to a hazard class and hazard level of waste:

<table>
<thead>
<tr>
<th>Class of hazard of waste</th>
<th>Waste danger level</th>
<th>Tax rates, UAH per 1 ton</th>
</tr>
</thead>
<tbody>
<tr>
<td>I</td>
<td>extremely hazardous</td>
<td>890,79</td>
</tr>
<tr>
<td>II</td>
<td>highly hazardous</td>
<td>32,45</td>
</tr>
<tr>
<td>III</td>
<td>moderately hazardous</td>
<td>8,14</td>
</tr>
<tr>
<td>IV</td>
<td>low-hazard</td>
<td>3,17</td>
</tr>
<tr>
<td></td>
<td>low-hazard non-toxic waste of mining industry</td>
<td>0,31</td>
</tr>
</tbody>
</table>

246.3. For waste disposal, for which a class of hazard was not established, the tax rate for waste disposal of I class of hazard is applied.

246.4. For waste disposal in disposal dumps, which do not ensure for complete elimination of atmospheric air pollution or water bodies, tax rates specified in clauses 246.1–246.3 of this Article, are increased 3-fold.

246.5. Multiplier for the tax rate established based on a place (area) of waste disposal in natural environment is determined as follows:

<table>
<thead>
<tr>
<th>Place (area) of waste disposal</th>
<th>Multiplier</th>
</tr>
</thead>
<tbody>
<tr>
<td>Within the boundaries of inhabited areas or at distance under 3 km from such boundaries</td>
<td>3</td>
</tr>
<tr>
<td>At distance from 3 km and beyond from the boundaries of inhabited areas</td>
<td>1</td>
</tr>
</tbody>
</table>

Article 246\(^1\) excluded;

Article 247. Tax rates for formation of radioactive waste (including accumulated)

247.1. Tax rate for formation of radioactive waste by electric power producers — operating entities of nuclear facilities (nuclear power plants), including accumulated, is 0.008 UAH calculated based on 1 kW-year of produced electric power.

247.2. Adjusting multiplier, established for operating entities of nuclear facilities (nuclear power plants) based on activity of radioactive waste, is determined as follows:

<table>
<thead>
<tr>
<th>Category of waste</th>
<th>Multiplier</th>
</tr>
</thead>
<tbody>
<tr>
<td>highly radioactive</td>
<td>50</td>
</tr>
<tr>
<td>medium and low radioactive</td>
<td>2</td>
</tr>
</tbody>
</table>

Article 248. Tax rates for temporary storage of radioactive waste by its producers beyond the time period established by special license provisions

248.1. Tax rates for temporary storage of radioactive waste by its producers beyond the time period established by special license provisions, are determined as follows:
### Category of waste

<table>
<thead>
<tr>
<th>Category of waste</th>
<th>Tax rate for temporary storage of radioactive waste (except for waste, represented as ionizing radiation sources), UAH per 1 cub.m</th>
<th>Tax rate for temporary storage of radioactive waste, represented as ionizing radiation sources, UAH per 1 cc</th>
</tr>
</thead>
<tbody>
<tr>
<td>Highly radioactive</td>
<td>381767,57</td>
<td>12725,59</td>
</tr>
<tr>
<td>Medium and low radioactive</td>
<td>7126,32</td>
<td>2545,11</td>
</tr>
</tbody>
</table>

#### Article 249. Tax calculation procedure

249.1. Tax amounts are calculated for the tax (accounting) quarter by taxpayers (except for those specified in clause 240.2 and sub-clauses 240.2.1 and 240.2.3 of the clause 240.2 of Article 240 hereof), by tax agents (specified in sub-clause 241.2.1 of the clause 241.2 of Article 241 hereof). Tax agents, specified in sub-clause 241.2.2 of the clause 241.2 of Article 241 hereof, calculate tax amounts as of the date of the customs declaration filed for customs clearance.

249.2. In case if various types of pollution of natural environment and/or pollution by various types of pollutants occurs during economic activity carried out by a taxpayer, such taxpayer is obliged to determine tax amount separately for each particular type of pollution and/or for each type of pollutant.

249.3. Tax amounts charged for emissions into the atmosphere from fixed pollution sources (Пвс) are calculated independently by taxpayers quarterly based on actual volume of emissions, tax rates according to the following formula:

\[ \text{Pi} = \sum_{i=1}^{\Pi} M_i \times H_{ni} \]

where \( M_i \) is actual volume of emission of i type pollutant in tons (t);

\( H_{ni} \) — tax rates in current year per ton of i type pollutant in UAH and kopecks.

249.4. Tax amounts charged for emissions into the atmosphere from mobile pollution sources (Пвп), are calculated independently by tax agents, specified in sub-clause 241.2.1 of the clause 241.2 of Article 241 hereof, quarterly based on the amount actually sold, and for tax agents, specified in sub-clause 241.2.2 of the clause 241.2 of Article 241 hereof, — based on fuel amount actually imported into the customs territory of Ukraine and tax rates according to the following formula:

\[ \Pi_{пвп} = \sum_{i=1}^{\Pi} M_i \times H_{ni} \]

where \( M_i \) is the amount of i type fuel actually sold (actually imported into the customs territory of Ukraine) of i type, in tons (t);

\( H_{ni} \) — tax rates in current year per ton of i type fuel, in UAH and kopecks.
249.5. Tax amounts, charged for pollutants discharge into the water bodies (Пі), are calculated independently by taxpayers quarterly, based on actual volumes of emission, tax rates and adjusting multipliers according to the following formula:

where $M_{li}$ is volume of i type pollutant emission in tons (t);

$H_{ni}$ — tax rates in current year per ton of i type pollutant in UAH and kopecks;

$K_{oc}$ — multipliers which makes 1.5 and which is applied in case of pollutants discharge to ponds and lakes (otherwise the multiplier makes 1).

249.6. Tax amounts charged for waste disposal (Прв) are calculated independently by taxpayers quarterly based on actual volume of waste disposal, tax rates and adjusting multipliers according to the following formula:

where $H_{ni}$ — tax rates in current year per ton of i type waste in UAH and kopecks;

$M_{li}$ — volume of i type waste in tons (t);

$K_{t}$ — adjusting multiplier, which takes into account location of waste disposal and which is specified in the clause 246.5 of Article 246 hereof;

$K_{o}$ — adjusting multiplier which makes 3 and which is applied in case of waste disposal in disposal dumps, which do not ensure complete elimination of atmospheric air pollution or water bodies.

249.7. Tax amounts charged for formation of radioactive waste (including accumulated), are calculated independently by taxpayers — operating entities of nuclear power plants, including operating entities of research reactors, quarterly on the basis of performance of electric power production, tax rate, and proportionally to volume and activity of radioactive waste based on actual volume of radioactive waste, produced during basic tax (accounting) period, and actual volume of radioactive waste, accumulated by April 1, 2009, and adjusting multiplier according to the following formula:

\[
AEC = O_n \times H + (P_{nc} \times C_{1nc} \times V_{1nc} + P_{vb} \times C_{1vb} \times V_{1vb}) + 1/32 (P_{nc} \times C_{2nc} \times V_{2nc} + P_{vb} \times C_{2vb} \times V_{2vb}),
\]

where $AEC$ is a tax amount, charged for formation of radioactive waste (including accumulated) by operating entities of nuclear facilities, calculated for basic tax (accounting) period, in UAH and kopecks;

$O_n$ — actual electric power capacity, produced during basic tax (accounting) period by operating entities of nuclear power plants, kW-year (for research reactors makes 0);

$H$ — tax rate, charged for electric power produced by operating entities of nuclear power plants, reviewed if necessary once a year, specified in clause 247.1 of Article 247 hereof, in UAH per 1 kW-year;
SECTION VIII.

1/32 — tax restructuring multiplier for radioactive waste accumulated by April 1, 2009 (the multiplier is applied from April 1, 2011 till April 1, 2019, during another period it is equal to 0);

рв — adjusting multiplier for radioactive waste, specified in clause 247.2 Article 247 hereof;

рнс — adjusting multiplier for medium and low radioactive waste, specified in clause 247.2 Article 247 hereof;

C1нс — initial cost for storage of 1 cubic metre (1 cubic centimetre of radioactive waste, represented as ionizing radiation sources) low and medium radioactive waste, formed by its producer during the basic tax (accounting) period, in UAH and kopecks;

C1в — initial cost for storage of 1 cubic metre (1 cubic centimetre radioactive waste, represented as ionizing radiation sources) highly radioactive waste, by its producers during basic tax (accounting) period, in UAH and kopecks;

C2нс — initial cost for storage of 1 cubic metre (1 cubic centimetre of radioactive waste, represented as ionizing radiation sources) low and medium radioactive waste, accumulated by its producers by April 1, 2009, in UAH and kopecks;

C2в — initial cost for storage of 1 cubic metre (1 cubic centimetre of radioactive waste, represented as ionizing radiation sources) of highly radioactive waste, accumulated by its producers by April 1, 2009, in UAH and kopecks;

V1нс — actual volume of low and medium radioactive waste, accepted to the waste dump of operating entities of nuclear power plants during basic tax (accounting) period, cubic metres (cubic centimetres — for radioactive waste, represented as ionizing radiation sources);

V1в — actual volume of highly radioactive waste, accepted to the waste dump operating entities of nuclear power plants for basic tax (accounting) period, cubic metres (cubic centimetres — for radioactive waste, represented as ionizing radiation sources);

V2нс — actual volume of low and medium radioactive waste, accumulated in waste dumps of operating entities of nuclear power plants by April 1, 2009, cubic metres (cubic centimetres — for radioactive waste, represented as ionizing radiation sources);

V2в — actual volume of highly radioactive waste, accumulated in waste dumps of operating entities of nuclear power plants by April 1, 2009, cubic metres (cubic centimetres — for radioactive waste, represented as ionizing radiation sources).

Other taxpayers — nuclear energy utilization entities calculate amounts of tax, charged for the formation of radioactive waste by its producers, proportionally to the volume and activity of radioactive matters quarterly, paid at total rate of 10 percent of cost (without value added tax) of each ionizing radiation source, which is determined from the purchase date (purchase and sale) of this source. The cost of handover of radioactive waste accumulated by April 1, 2009 for such entities is determined under the contracts between the producers of radioactive waste and special enterprises for handling of radioactive waste.
249.8. Tax amounts charged for temporary storage of radioactive waste by its producers beyond the time period established by special license provisions, calculated independently by taxpayers – producers radioactive waste quarterly based on tax rates, specified in the clause 248.1 of Article 248 hereof, and proportionally to storage period of such waste beyond the established time period, according to the following formula:

\[ S_{\text{storage}} = N \times V \times T_{\text{storage}}, \]

where \( S_{\text{storage}} \) is tax amount, charged for temporary storage of radioactive waste by its producers beyond the time period established by special license provisions, calculated for basic tax (accounting) period, calendar quarter, in UAH and kopecks;

\( N \) — tax rate, charged for temporary storage of radioactive waste by its producers beyond the time period established by special license provisions, specified in clause 248.1 Article 248 hereof;

\( V \) — actual volume of radioactive waste, stored by a producer of such waste beyond the time period established by special license provisions, cubic metres (cubic centimetres — for radioactive waste, represented in the form of ionizing radiation sources);

\( T_{\text{storage}} \) — number of full calendar quarters, during which radioactive waste is stored beyond the time period established by special license provisions.

249.9. excluded;

249.10. excluded;

249.11. excluded;

**Article 250. Procedure for filing of tax accounts and tax payment**

250.1. Base tax (accounting) period is equal to a calendar quarter.

250.2. Taxpayers, except as specified in clause 240.2 and sub-clauses 240.2.1 and 240.2.3 of the clause 240.2 of Article 240 hereof, and tax agents drawing up tax statement according to the established form, as provided by Article 46 hereof, shall submit statements within 40 calendar days, following the last calendar day of tax (accounting) quarter, to regulatory authorities and pay tax within 10 calendar days, following the last day of deadline established for submission of tax statements, except for the tax agents, specified in sub-clause 241.2.2 of the clause 241.2 of Article 241 hereof, which pay the tax before or on day of submission of the customs declaration:

250.2.1. for pollutants emissions into the atmosphere from fixed pollution sources, discharge into the water bodies, waste disposal during accounting quarter in specially allotted places or facilities — at the location of fixed sources, specially allotted places or facilities;

250.2.2. for fuel sold by tax agents, — at the tax registration location of such tax agent in the regulatory authorities;
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250.2.3. for formation and temporary storage of radioactive waste beyond the time period established by special license provisions — at the taxpayer’s tax registration location in the regulatory authorities;

250.2.4. excluded;

250.3. Central executive authority responsible for the implementation of national environment protection policy, executive authority of Autonomous Republic of Crimea for environment protection, regional, Kyiv and Sevastopol municipal state administrations not later than on December 1 of the year, preceding the accounting year, submit to the regulatory authorities lists of enterprises, institutions, organizations, natural persons — entrepreneurs, which in the prescribed manner obtained a permit for emissions, special water use and waste disposal, and transfer information on revision of list not later than the 30th day of the month following the quarter, during which such revision was implemented.

250.4. State Radiation and Nuclear Safety Authority not later than on December 1 of the year, preceding the accounting year, submits to regulatory authorities lists of enterprises, institutions, organizations, natural persons — nuclear energy utilization entities, as a result of which activity radioactive waste produced, being produced or can be produced, and which temporarily store such waste beyond the time period established by special license provisions, and transfers information on revision of list not later than the 30th day of the month, following the quarter, during which such revision was implemented.

250.5. Taxpayers, other than those specified in the Clause 240.2 of Article 240.2 of this Code, and tax agents deliver the amount of tax levied on emissions, discharges of polluting substances and disposal of waste by a single money transfer to accounts opened with authorities responsible for the treasury servicing of budgetary funds and allocation of these funds in the ratio provided for by the law.

Paragraph Two excluded.

Paragraph Three excluded.

250.6. Payers of tax charged for formation of radioactive waste (including accumulated) and/or temporary storage of radioactive waste by its producers beyond the time period established by special license provisions, transfer to state budget tax amounts, used according to the Law of Ukraine “On Radioactive Waste Management” and Law of Ukraine “On State Budget of Ukraine” for relevant year. At taxpayer’s discretion, tax amount can be paid monthly in the amount of one third of planned value for the quarter with clearing according to the results of basic tax (accounting) period.

250.7. Reporting on actual volume of radioactive waste, produced for the basic tax (accounting) period, calendar quarter (including accumulated by April 1, 2009), and actual volume of radioactive waste, stored by the producer of such waste beyond the time period established by special license provisions, is agreed with State sanitary and epidemiological service and State Radiation and Nuclear Safety Authority. Requirements for the time limits of submission and the contents of the specified reporting are determined by special license provisions. The copies of reports are to be submitted by taxpayers along with the tax statement.
250.8. If the location of submission of tax statements is other than tax registration location of the enterprise, institution, organization, — natural person — economic entity, which obtained a permit for emissions of pollutants into the atmosphere from fixed sources, special water use and waste disposal in the prescribed manner, to regulatory authority, where such enterprise, institution, organization or natural person — economic entity is registered, the copies of relevant tax statements should be submitted within 40 calendar days, following the last calendar day of tax (accounting) period.

250.9. If the taxpayer at the beginning of accounting year does not schedule emissions, discharge of pollutants, waste disposal, formation of radioactive waste during the accounting year, then such taxpayer must notify thereof the appropriate regulatory authority at the location of pollution sources and draw up a statement about the absence of taxable item for environmental tax in the accounting year. Otherwise, a taxpayer is obliged to submit tax statements according to this Article of this Code.

250.10. In case if:

250.10.1. a taxpayer has several fixed pollution sources or specially allotted places or facilities for waste disposal within several residential areas (villages, townships or towns) or outside their territories (codes according to Classifier of objects administrative and territorial system of Ukraine (KOATUU) are different), such taxpayer is obliged to file a separate tax statement for each fixed pollution source or specially allotted places or facilities for waste disposal to the competent regulatory authority at the location of fixed pollution source or specially allotted places or facilities for waste disposal;

250.10.2. a taxpayer has several fixed pollution sources or specially allotted places or sites for waste disposal within one residential area (villages, townships or towns) or outside their territories (code according to Classifier of objects of administrative and territorial system of Ukraine (KOATUU) is the same), such taxpayer can file to the competent regulatory authority one tax statement for such pollution sources;

250.10.3. a taxpayer is registered for tax purposes in the town with district division, such taxpayer can submit one tax statement for emissions discharged from all its pollution sources and/or waste disposal, if these sources and/or specially allotted places for waste disposal are located in the territory of such town (the code according to Classifier of objects administrative and territorial system of Ukraine (KOATUU) is specified at taxpayer’s tax registration location (municipal council).

250.11. Control of temporary storage of radioactive waste by its producers beyond the time period established by special license provisions is carried out by State Radiation and Nuclear Safety Authority and State Sanitary and Epidemiological Service.

250.12. Regulatory authorities engage, as shall be agreed in advance, the officials of executive authority of the Autonomous Republic of Crimea for environment protection and Central executive authority responsible for implementation of government supervision and national environment protection policy for verification of accuracy of determination by taxpayers of actual emission volumes from fixed pollution sources, discharge and waste disposal.
Regulatory authorities engage, as shall be agreed in advance, the officials of the State Sanitary and Epidemiological Service and the State Radiation and Nuclear Safety Authority for verification of accuracy of determination by taxpayers of actual radioactive waste.

250.13. excluded.

250.14. excluded.

250.15. excluded.

250.16. excluded.

250.17. excluded.

250.18. excluded.

250.19. excluded.
SECTION IX.
RENTAL PAYMENT FOR TRANSPORTATION OF OIL AND OIL PRODUCTS THROUGH MAIN OIL AND OIL PRODUCT PIPELINES;
THE TRANSIT TRANSPORTATION OF NATURAL GAS THROUGH NATURAL GAS AND AMMONIA PIPELINES ON THE TERRITORY OF UKRAINE

Article 251. Rent Payers

251.1. Rent Payers are economic entities, which operate main pipeline facilities and provide (arrange) freight transportation (handling) services through the pipelines of Ukraine.

251.2. Payer of rent for natural gas transit transportation through the territory of Ukraine is a economic entity authorized by the Cabinet of Ministers of Ukraine, which provides (arranges) transit services through the territory of Ukraine.

Article 252. Taxable item

252.1. For oil and oil products, the taxable item shall be actual volumes thereof, transported through the territory of Ukraine during tax (accounting) period.

252.2. For natural gas and ammonia, the taxable item shall be the sum of products of their relevant transportation (handling) routes distances, agreed between the rent payer and the customer for the relevant tax (accounting) period, by volumes of natural gas and ammonia, transported (handled) by each transport route.

Article 253. Tax rates

253.1. Tax rates:

253.1.1. 1.67 UAH for transit transportation of 1000 cubic metres of natural gas per every 100 kilometres of the relevant transportation routes;

253.1.2. 4.5 UAH for transportation of one ton of oil through main oil pipelines;

253.1.3. 4.5 UAH for transportation of one ton of oil products through main oil pipelines;

253.1.4. 5.1 UAH for transit transportation of one ton of ammonia per every 100 kilometres of relevant transportation routes.

253.2. In case of a change of rent tariff, adjusting multiplier is applied to the rate of rental payment, calculated as provided by the Cabinet of Ministers of Ukraine, except for the rent tariff established for transit transportation of natural gas.
Article 254. The procedure of calculation of tax liabilities and payment period

254.1. Basic tax (accounting) period for rental payment is equal to calendar month.

254.2. Rent payers independently calculate the amount of tax liabilities on the rental payment.

254.3. Amount of tax liabilities on the rental payment is calculated as a product of relevant taxable item, specified in Article 252 hereof, times applicable tax rate specified in Article 253 hereof, taking into account adjusting multiplier, in accordance with the prescribed procedure.

254.4. Tax calculation on the rental payment for the tax (accounting) period, which is equal to a calendar month, according the form, established as provided by Article 46 hereof, is submitted by a rent payer to the regulatory authority at his tax registration location within 20 calendar days, following the last calendar day of the tax (accounting) period.

254.5. The amount of tax liabilities on the rental payment for the tax (accounting) period, which is equal to a calendar month, is paid by a rent payer at his tax registration location in advance every ten-day period (on the 15th, 25th day of current month, and the 5th day of the next month) based on:

254.5.1. the actual volumes of natural gas and ammonia and distance of relevant transportation routes through the territory of Ukraine in appropriate ten-day periods of a month;

254.5.2. the actual volumes of oil and oil products, transported through the territory of Ukraine in appropriate ten-day periods of a month.

254.6. Amount of tax liabilities on the rental payment, determined in tax calculation for the relevant tax (accounting) period considering actually made advance payments, is paid by rent payers to state budget during 10 calendar days, following the last calendar day of a deadline of submission of such calculation.

254.7. The amount of tax liabilities on the rental payment, charged by a rent payer for tax (accounting) period, but not paid within 10 calendar days, following the last calendar day a deadline of submission of tax calculation, is penalized as prescribed by section II hereof.

Article 255. Supervision and responsibility of the payers

255.1. The payer is responsible for accuracy of calculation of rental payments, completeness and timeliness of payment thereof to the budget, and for the timeliness of submission to the regulatory authorities of appropriate calculations according to the provisions of this Code and other laws of Ukraine.

255.2. Control over the accuracy of calculation, timeliness and completeness of the rental payment to the budget is carried out by the regulatory authorities.

{Section X “Rental payment for oil, natural gas and gas condensate, produced in Ukraine” is void under the Law No. 4834-VI as of May 24, 2012}
SECTION XI.
FEE FOR USE OF MINERAL RESOURCES

Article 262. Fee for the use of mineral resources

Fee for the use of mineral resources — state payment, charged in the form of:

fee for the use of mineral resources for mineral production;

fee for the use of mineral resources for purposes, not associated with mineral production.

Article 263. Fee for the use of mineral resources for mineral production

263.1. Payers of the fee for the use mineral resources for mineral production (hereinafter referred to as the “payers”)

263.1.1. Payers of fee for the use of mineral resources for mineral production are economic entities, including Ukrainian citizens, foreigners and stateless persons, legally registered as entrepreneurs, which obtained the right to use the mineral resources facility (site) based on a special permit obtained for the use of mineral resources (hereinafter referred to as “special permit”) within the particular subsoil area for carrying out of business activity on mineral production, including geological survey (or geological survey with subsequent pilot commercial development) within mineral resources facilities (sites) specified in such special permit.

263.1.2. In case of conclusion of contracts for works (services), associated with the use of mineral resources, including without limiting supplied raw materials operations between holders of special permit for the use mineral resources and third parties, payers of fee for the use of mineral resources for mineral production are the holders of such special permit for the use mineral resources.

263.1.3. For tax purposes, payers of fee for the use of mineral resources for mineral production conduct separate (from other kinds of operating activity) bookkeeping and tax accounting of incomes and expenses for each mineral stock type, for each mineral resources facility, for which special permit was issued.

263.1.4. The payer of the fee for the use of mineral resources for mineral production, during implementation of joint venture agreements without establishing a legal entity, is an authorized person — one of the parties of such joint venture agreement without establishing a legal entity, on which, under the joint venture agreement without establishing a legal entity, an obligation to collect, deduct and pay taxes and fees to the budget from a single current account of the joint venture is imposed (hereinafter referred to as the “authorized person”), provided that one of the parties of joint venture agreement without establishing a legal entity has a relevant special permit.

263.1.5. Payers of the fee for subsoil use with the purpose of extraction of commercial minerals are landowners and land users, other than economic agents falling under the category of
SECTION XI.

farming enterprises according to the law, conducting their economic activities on the extraction of subsoil waters based on authorizations for special water use.

263.1.6. Payers of the fee for subsoil use with the purpose of extraction of commercial minerals are landowners and land users, other than economic agents falling under the category of farming enterprises according to the law, being citizens of Ukraine, foreign citizens and stateless individuals extracting subsoil fresh waters by means of electric devices in the volume exceeding 13 cubic meters per person per month (according to meter reading) within given land lots, the area of which exceeds the rates provided for by Article 121 of the Land Code of Ukraine.

263.2. Taxable item

263.2.1. Taxable item of the fee for subsoil use with the purpose of extraction of commercial minerals with regard to each provided for use subsoil area specified in a relevant special authorization, is a volume of marketable products of a mining enterprise, i.e. commercial minerals extracted (mineral raw materials) being the outcome of the economic activity on extraction of commercial minerals during a tax (accounting) period, brought in line with the standard, provided for by industrial legislation.

263.2.2. Objects of taxation include:

a) the volume of marketable products of a mining enterprise, i.e. commercial minerals extracted (mineral raw materials), being the outcome of the economic activity on extraction of commercial minerals out of subsoil in the territory of Ukraine, its continental shelf and exclusive (marine) economic zone, including the volume of raw materials produced as a result of a primary processing, performed by economic entities, other than the payer, under the conditions of economic service agreements for customer-owned raw materials;

b) the volume of marketable products of a mining enterprise, i.e. commercial minerals extracted (mineral raw materials), being the outcome of the economic activity on extraction of commercial minerals out of waste (losses, tailings, etc.) of a mining enterprise, including the volume of mineral raw materials resulting from the primary processing performed by economic entities, other than the payer, under the conditions of economic service agreements for customer-owned raw materials, should the extraction of the latter require obtaining of a special authorization according to the law.

263.2.3. Taxable item does not include:

a) local mineral resources and turfs, extracted by land owners and land users for own needs, not included to the State Register of Mineral Reserves, if the use thereof does not provide for receipt of economic profit, with or without transfer of ownership, with total mining depth of max two metres, and fresh subsurface water of max 20 metres;

b) extracted (gathered) mineralogical, paleontological and other geological collection specimens, if the use thereof does not provide for receipt of economic profit with or without transfer of ownership;
c) mineral products, extracted from deposits during creation, use, renovation of geological features of nature reserve fund, if the use of such mineral resources does not provide for receipt of economic profit with or without transfer of ownership;

d) drainage and produced waters, not included to the State Register of Mineral Reserves, extracted during mining development or construction and operation of subsurface facilities, and which use does not provide receipt of economic profit with or without transfer of ownership, as well as from use for own process needs, except for volumes, used for own process needs, associated with mineral production;

e) extracted mineral products, which without obtaining and/or reservation of ownership over such mineral resources by a payer according to mining engineering procedure approved by applicable legislation for mineral reserves of appropriate subsoil area, are directed for creation of man-made deposit mineral reserves;

f) the volume of natural gas, declared recycled according to the section I, which is determined by a payer according to meter readings, stated in the record book of extracted mineral resources in compliance with a flowsheet of extracted crude hydrocarbons on production sites and storage areas considering feed composition, particular production conditions, special aspects of production process approved by a payer independently according to the licence provisions;

g) the volume of mineral waters, extracted by state specialized health resort institutions for children, in terms of volumes, used for treatment within their territory;

h) volumes of mineral reserves, which according to engineering design (plans) approved by applicable legislation left in protective and barrier pillars (between mines) for tax (accounting) period, including in general mine pillars, to prevent surface caving, water breakthrough and maintenance of surface or subsurface facilities.

263.3. The payer determines the types of marketable products of a mining enterprise, i.e. commercial minerals extracted (mineral raw materials) in accordance with the lists of the types of commercial minerals approved by the law, as well as codifications of commodities and services with the consideration of schemes of the turnover of marketable products of a mining enterprise, i.e. commercial minerals extracted (mineral raw materials) at the manufacturing facilities and places of storage with the consideration of the composition of source raw materials, conditions of a specific production, peculiarities of a technological process and requirements to final products, approved by the payer.

263.4. excluded.

263.5. Tax base

263.5.1. Tax base is value of volumes extracted during tax (accounting) period mineral resources (mineral stock), calculated separately for each type of mineral product (mineral stock) for each subsoil area under basic delivery terms (finished products warehouse of mining enterprise).
263.5.2. The procedure of unit cost determination for particular mineral resources (mineral stock) extracted is established by the clause 263.6 of this Article.

263.5.3. excluded.

263.6. Determination of the cost of an item of marketable products of a mining enterprise, i.e. commercial minerals extracted (mineral raw materials)

263.6.1. The payer calculates the value of a relevant type of commercial minerals (mineral raw materials) extracted during a tax (accounting) period with regard to each subsoil area under the basic conditions of supply (finished products warehouse of a mining enterprise) with regard to the bigger of its following values:

With regard to the actual prices of sales of a relevant type of marketable products of a mining enterprise, i.e. commercial minerals (mineral raw materials) extracted;

With regard to the estimated value of a relevant type of marketable products of a mining enterprise, i.e. commercial minerals (mineral raw materials), other than hydrocarbon, extracted.

263.6.2. In the event of calculation of the value of marketable products of a mining enterprise, i.e. commercial minerals (mineral raw materials) extracted with regard to actual prices of sales the payer sets the value of the item of a relevant type of marketable products of a mining enterprise, i.e. commercial minerals (mineral raw materials) extracted based on the amount of revenues obtained (accrued) out of economic obligations relating with sales of a relevant volume (quantity) of such type of marketable products of a mining enterprise, i.e. commercial minerals (mineral raw materials) extracted, performed during a tax (accounting) period. The actual price of sales for oil, condensate is set by the central executive authority responsible for the implementation of the state policy of economic development, with regard to a tax (accounting) period as the average price per one barrel of oil “Urals”, converted into hryvnias per ton at the currency rate of the National Bank of Ukraine as of the first day of the month following a tax (accounting) period, formed as of the moment of completion of oil bidding at the Royal Exchange during such tax (accounting) period.

The actual price of sales for ferrous, non-ferrous and allying metal ores, uranium-bearing ores is set by the central executive authority responsible for the implementation of the state policy of economic development with regard to a tax (accounting) period as the average price per one ton of a relevant type of marketable products (iron-ore concentrate, ilmenite and rutile concentrates, uranium-bearing ores), converted into hryvnias at the currency rate of the National Bank of Ukraine as of the first day of the month following an accounting period, set based on prices published in a monthly world commercial information review during a current accounting (tax) period, following the method established by the Cabinet of Ministers of Ukraine.

Should the central executive authority responsible for the implementation of the state policy of economic development fail to set the actual price of sales for ferrous, non-ferrous and allying metal ores, uranium-bearing ores in a tax (accounting) period, the actual price shall be the price of sales of a relevant type of ore which cannot be below the price set by the central
executive authority responsible for the implementation of the state policy of economic development in the previous accounting (tax) period.

Actual selling price for natural gas is considered as follows:

for natural gas, which meets the requirements specified in sub-clause 263.11.5 of the clause 263.11 of this Article, — purchase price, determined by national commission responsible for the implementation of government power industry regulation, for each economic entity, which corresponds the criteria defined by the Article 10 of the Law of Ukraine “On Principles of Natural Gas Market Performance”;

for other natural gas, extracted by gas producers category other than provided by Article 10 of the Law of Ukraine “On Principles of Natural Gas Market Performance”, average customs value of imported natural gas, formed in the course of its customs clearance during import into the territory of Ukraine for the tax (accounting) period. Average customs value of imported natural gas, formed in the course of its customs clearance during import into the territory of Ukraine for the tax (accounting) period, is calculated by Central executive authority, responsible for the implementation of national financial policy, based on the data of Central executive authority, responsible for the implementation of national customs policy, and transferred thereby not later than the 5th day of the month following the tax (accounting) period to Central executive authority, responsible for the implementation of national development policy.

Central executive authority, responsible for the implementation of national development policy, not later than the 10th day of the month following the tax (accounting) period, publishes determined selling price of appropriate crude hydrocarbons in its official web-site in special section and provides a notice to Central executive authority, responsible for the formation and implementation of national tax and customs policy.

The amount of revenues obtained (accrued) from sales of a relevant type of marketable products of a mining enterprise, i.e. commercial minerals (mineral raw materials) extracted in a tax (accounting) period is decreased by the amount of a payer’s costs relating to the delivery (shipping, transportation) of the volume (quantity) of a relevant type of marketable products of a mining enterprise, i.e. commercial minerals (mineral raw materials) extracted, to a consumer in the amount specified in a purchase and sales agreement pursuant to the conditions of supply.

The amounts of advance payment of the value of the volume (quantity) of a relevant type of marketable products of a mining enterprise, i.e. commercial minerals (mineral raw materials) extracted, delivered prior to the moment of the actual performance of economic obligations (supply) under a relevant agreement, are included into the amount of revenues for calculation of value of the item of a relevant type of marketable products of a mining enterprise, i.e. commercial minerals (mineral raw materials) extracted in a tax (accounting) period, should such obligations (supply) have been performed or must have been performed under a relevant agreement.

The amount of revenues obtained from sales of the volume (quantity) of a relevant type of marketable products of a mining enterprise, i.e. commercial minerals (mineral raw materials) extracted, in foreign currency is to be calculated in the national currency at the official
currency rate of hryvnias to foreign currencies established by the National Bank of Ukraine
as of the date of sales of such commercial minerals.

263.6.3. A payer’s costs relating to the delivery (shipping, transportation) of marketable prod-
ucts of a mining enterprise, i.e. commercial minerals (mineral raw materials) extracted, to a
consumer include:

a) costs relating to the delivery (shipping, transportation) of marketable products of a mining en-
terprise, i.e. commercial minerals (mineral raw materials) extracted, from a payer’s finished pro-
ducts warehouse (metering unit, entrance to a gathering pipeline, point of shipment to a consumer
or for processing, boundaries of a network partition with a consumer) to a consumer, namely:

delivery (carriage, transportation) through main pipelines, by railway, water and other
transport;

discharge, filling, handling and transfer;

harbour services payment, including harbour fees;

transport and forwarding services payment;

b) expenses for compulsory freight insurance, calculated in accordance with applicable law;

c) customs duties and taxes in case of sale outside the customs territory of Ukraine.

263.6.4. The value of the item of each type of marketable products of a mining enterprise,
i.e. commercial minerals (mineral raw materials) extracted, is calculated as the ratio of the
amount of revenues obtained by a payer from sales of a relevant type of marketable products
of a mining enterprise, i.e. commercial minerals (mineral raw materials) extracted, deter-
mined in accordance with the Sub-clause 263.6.2 of the Clause 263.6 of this Article, to the
volume (quantity) of a relevant type of sold marketable products of a mining enterprise, i.e.
commercial minerals (mineral raw materials) extracted, determined based on the data of ac-
counting of the stock of a payer’s finished products.

263.6.5. In the event of calculation of the value of a relevant type of marketable products of a
mining enterprise, i.e. commercial minerals (mineral raw materials) extracted based on the
estimated value, a payer’s costs for a tax (accounting) period shall include:

a) tangible costs falling under the costs in accordance with the Section III of this Code, in-
cluding the costs relating to the performance of economic agreements for consumer-owned
raw materials, other than tangible costs relating to:

storing;

transportation;

packing;
by conducting another type of preparation (inclusive of pre-sale preparation), other than operations reckoned among operations of primary processing (enrichment) in the meaning specified in the Section I of this Code, for sales of a relevant type of marketable products of a mining enterprise, i.e. commercial minerals (mineral raw materials) extracted;

production and sale of other types of products, goods (works, services);

b) remuneration costs reckoned among the costs under the Section III of the Code, other than costs of remuneration of employees not engaged in the economic activity on extraction of a relevant type of marketable products of a mining enterprise, i.e. commercial minerals (mineral raw materials) extracted;

c) costs of repair of fixed assets reckoned among the composition of costs under the Section III of the Code, other than costs of repair of fixed assets not relating technically or technologically to the economic activity on extraction of a relevant type of marketable products of a mining enterprise, i.e. commercial minerals (mineral raw materials) extracted;

d) other costs reckoned among the composition of costs, including the costs allocated under the principles of a payer’s accounting policy, that one incurred in the periods when the economic activity on extraction of commercial minerals was not conducted due to seasonal conditions of performance of extraction works under the Section III of this Code, other than costs not relating to the economic activity on extraction of a relevant type of marketable products of a mining enterprise, i.e. commercial minerals (mineral raw materials) extracted, including:

resulting from financial reserves formation;

payment of interest of payer’s debt liabilities;

fee for the use of mineral resources for mineral production;

payment of penalty and/or forfeit or fines under the decision of contract parties or appropriate public authorities, court.

In calculation of the estimated value of a relevant type of marketable products of a mining enterprise, i.e. commercial minerals (mineral raw materials) one is also to consider the following:

a) the amount of accrued depreciation determined under the Section III of the Code, exclusive of the amount of depreciation accrued in respect of fixed assets and non-tangible assets being subject to depreciation, but not relating technically or technologically to the economic activity on extraction of a relevant type of marketable products of a mining enterprise, i.e. commercial minerals (mineral raw materials) extracted;

b) the amount of depreciation of costs relating to the economic activity on extraction of a relevant type of marketable products of a mining enterprise, i.e. commercial minerals (mineral raw materials) extracted under the Section III of this Code.
263.6.6. In case if governmental grants are present for mining enterprises, cost of mineral stock (mineral product) extracted is determined net of grants, which amount for each subsoil area is calculated on basis of cost accounting of mineral resources extracted based on accounting data for carrying out business activity within such subsoil area.

263.6.7. Amount of costs, incurred for carrying out of economic activity for mineral production, in respect of which process operations complex on mining was completed during tax (accounting) period, fully included in estimated cost of extracted mineral product for the appropriate tax (accounting) period.

In the event if upon the occurrence of tax obligations relating to the fee for subsoil use with the purpose of extraction of commercial minerals for the volume (quantity) of a relevant type of marketable products of a mining enterprise, i.e. commercial minerals (mineral raw materials) extracted, a payer adopts a decision on the application thereto (a relevant type of marketable products of a mining enterprise, i.e. commercial minerals (mineral raw materials) extracted) or any part thereof of any other operations of primary processing in any of the following tax (accounting) periods, resulting in the occurrence of a new type of marketable products of a mining enterprise other than products in which regard a payer recognized and fulfilled relevant obligations relating to the fee for the subsoil use with the purpose of extraction of commercial mineral, in such tax (accounting) period a payer is to determine the amount of tax obligations relating to the fee for a new type of marketable products of a mining enterprise, i.e. commercial minerals (mineral raw materials) extracted, that was used for the production of new marketable products of a mining enterprise exclusive of the amount of tax obligations that arose with regard to previous operations with this type of a commercial mineral.

263.6.8. The amount of costs incurred in the conduct of the economic activity on extraction of commercial minerals with regard to which the set of technological operations (procedures) on extraction was not completed in a tax (accounting) period, is to be included into the estimated value of a relevant type of marketable products of a mining enterprise, i.e. commercial minerals (mineral raw materials) extracted in a tax (accounting) period during which such set of technological operations (procedures) is completed.

263.6.9. The estimated value of the item of a relevant type of marketable products of a mining enterprise, i.e. commercial minerals (mineral raw materials) extracted (IIp) is calculated according to the following formula:

\[
II_p = \frac{\text{Вмп} \times K_{\text{мпре}}}{K_{\text{мп}}}
\]

where Вмп are the costs calculated under the sub-clauses 263.6.5–263.6.8 of this Clause (in hryvnias);

\(K_{\text{мп}}\) is a coefficient of the economic efficiency of a mining enterprise, calculated in materials of economic and geological evaluation of reserves of commercial minerals of a subsoil area approved by the central executive authority responsible for the implementation of the state policy in the field of geological investigation and rational use of subsoil (decimal fraction). Mining enterprises that violated the term of regular economic and geological re-evaluation
of reserves of commercial minerals of a subsoil area are to calculate tax obligations with the application of the coefficient of the economic efficiency equal to the triple amount of the accounting rate of the National Bank of Ukraine;

\[ \text{Fee For Use Of Mineral Resources} \]

\[ V_{\text{mn}} \] is the volume (quantity) of marketable products of a mining enterprise, i.e. commercial minerals (mineral raw materials) extracted in a tax (accounting) period.

263.6.10. Cost of uranium and gold ore, extracted from primary deposit, is calculated taking into account selling price for tax (accounting) period (in case of absence of sales during this period — for next preceding tax periods) of chemically pure metal, net of value added tax, reduced by amount of payer's expenses for refining (affinage) and delivery (carriage, transportation) to the consumer. Unit cost of mineral resources extracted is determined considering chemically pure metal content (in natural units) per unit of mineral resources extracted.

263.7. The calculation of tax obligations relating to the fee for subsoil use with regard to a relevant type of commercial minerals (mineral raw materials) extracted within a single subsoil area in a tax (accounting) period is calculated according to the following formula:

\[ \Pi_{\text{zn}} = V_{\phi} \times V_{\text{k}} \times C_{\text{zn}} \times K_{\pi}, \]

where \( V_{\phi} \) is the volume (amount) of appropriate mineral resources (mineral stock) extracted during tax (accounting) period (in mass unit or volume unit);

\( V_{\text{k}} \) — unit cost of appropriate mineral resources (mineral stock) extracted, calculated according to clause 263.6 of this Article;

\( C_{\text{zn}} \) — rate of fee for the use of mineral resources for mineral production (in percent), established in clause 263.9 of this Article;

\( K_{\pi} \) — adjusting multiplier, specified in clause 263.10 of this Article.

263.8. Procedure of determination of volume (amount) mineral resources (mineral stock) extracted and volume (amount) gotten mineral reserves

263.8.1. Volume (amount) of appropriate mineral resources (mineral stock) extracted is determined independently by a payer in record book of mineral resources, extracted in compliance with the requirements of a flowsheet of mineral resources (mineral stock) extracted on production sites and storage areas, approved by a payer, considering feed composition, particular production conditions, production process specifics and requirements to the final product and regulatory documents, which establish requirements to appropriate commercial products of mining enterprises concerning quality determination of raw materials and final product, determination of basic and associated mineral product content in laboratories, certified according to the rules of authorization and certification in the national service of legal metrology.

Depending on appropriate mineral product (mineral stock) extracted, its amount is determined in mass unit or volume unit.
263.9. Rates of fee for the use of mineral resources for mineral production

263.9.1. The rates of the fee for subsoil use with the purpose of extraction of commercial minerals are set in per cent out of the value of marketable products of a mining enterprise, i.e. commercial minerals (mineral raw materials) extracted, as follows:

<table>
<thead>
<tr>
<th>Name of groups of commercial minerals provided for subsoil use to a mining enterprise</th>
<th>Rate, per cent out of the value of marketable products of a mining enterprise</th>
</tr>
</thead>
<tbody>
<tr>
<td>Ore (metal-bearing (metallic), including ores) commercial minerals:</td>
<td></td>
</tr>
<tr>
<td>of ferrous, non-ferrous and alloying metals</td>
<td>5.00</td>
</tr>
<tr>
<td>Uranium-bearing (in processing medium)</td>
<td>5.00</td>
</tr>
<tr>
<td>Other than uranium bearing ores of ferrous, non-ferrous and alloying metals</td>
<td>5.00</td>
</tr>
<tr>
<td>Power generating commercial minerals:</td>
<td></td>
</tr>
<tr>
<td>coal:</td>
<td></td>
</tr>
<tr>
<td>Coking coal</td>
<td>1.50</td>
</tr>
<tr>
<td>Power generating coal</td>
<td>0.75</td>
</tr>
<tr>
<td>anthracite</td>
<td>1.00</td>
</tr>
<tr>
<td>Xyloid coal</td>
<td>1.00</td>
</tr>
<tr>
<td>turf</td>
<td>1.00</td>
</tr>
<tr>
<td>Carbohydrate coals (^1, 2):</td>
<td></td>
</tr>
<tr>
<td>oil:</td>
<td></td>
</tr>
<tr>
<td>From deposits fully buried at the depth up to 5,000 meters</td>
<td>39.00</td>
</tr>
<tr>
<td>From deposits buried, fully or partially, at the depth over 5,000 meters</td>
<td>18.00</td>
</tr>
<tr>
<td>Condensate</td>
<td></td>
</tr>
<tr>
<td>From deposits buried, fully or partially, at the depth up to 5,000 meters</td>
<td>42.00</td>
</tr>
<tr>
<td>From deposits fully buried at the depth over 5,000 meters</td>
<td>18.00</td>
</tr>
<tr>
<td>Natural gas (of any origin):</td>
<td></td>
</tr>
<tr>
<td>Natural gas corresponding to the requirement specified in the sub-clause 263.11.5, extracted from deposits up to 5,000 meters</td>
<td>20.00</td>
</tr>
<tr>
<td>Natural gas corresponding to the requirement specified in the sub-clause 263.11.5, extracted from deposits over 5,000 meters</td>
<td>14.00</td>
</tr>
<tr>
<td>From deposits in subsoil areas (fields) within the continental shelf and/or exclusive (marine) economic zone of Ukraine</td>
<td>11.00</td>
</tr>
<tr>
<td>From deposits buried, fully or partially, at the depth up to 5,000 meters</td>
<td>28.00</td>
</tr>
<tr>
<td>Description</td>
<td>Fee</td>
</tr>
<tr>
<td>-----------------------------------------------------------------------------</td>
<td>-------</td>
</tr>
<tr>
<td>From deposits fully buried at the depth over 5,000 meters</td>
<td>15.00</td>
</tr>
<tr>
<td>Non-power generating, non-ore (non-metal-bearing (non-metallic)) commercial minerals, subsoil waters(^3), surface waters, therapeutic muds (peloids)</td>
<td>5.00</td>
</tr>
</tbody>
</table>

\(^1\) Under the conditions of the effect of an agreement for the allocation of products for oil and condensate extracted within the territory of Ukraine, the continental shelf, the exclusive (marine) economic zone of Ukraine, the fee for subsoil use for extraction of commercial minerals is levied with the application of the rate in the amount of 2 per cent of the value of marketable products of a mining enterprise;

\(^2\) Under the conditions of the effect of an agreement for the allocation of products for natural gas, inclusive of gas liquefied in oil (oil (associated) gas, ethane, propane, butane, coalbed gas (methane), gas of schist strata, gas of central basin type, gas of dense rock collectors, extracted within the territory of Ukraine, the continental shelf, the exclusive (marine) economic zone of Ukraine, the fee for subsoil use with the purpose of extraction of commercial minerals is levied with the application of the rate in the amount of 1.25 per cent of the value of marketable products of a mining enterprise;

\(^3\) The fee for subsoil use with the purpose of extraction of subsoil fresh waters extracted by the payers specified in the sub-clause 263.1.6 of the Clause 263.1 of this Article, is applied at the rates specified in the Clause 325.2 of Article 325 of this Code.

263.9.2. Additional volumes of crude hydrocarbons, extracted as a result of current or new investment projects (programs, contracts) implementation, which provide crude hydrocarbons production gain, at subsoil areas (field, deposits), characterized by difficult mining and geological conditions (challenging fields) or exhaustibility in the course of development in the previous periods, in separate producing wells after workover, wells extracted from abandonment, new wells or type wells, located on such subsoil areas, are taxable at a rate of 2 percent of the cost of incremental ultimate recovery of appropriate crude hydrocarbons.

Procedure of selection and approval of new investment projects (programs, contracts), which provide production gain of crude hydrocarbons, determination procedure of additional volumes of crude hydrocarbons, and control procedure of such investment projects (programs) implementation, are determined by the Cabinet of Ministers of Ukraine upon submission to central executive authority, responsible for the formation and implementation of national development policy.

List of subsoil areas and/or facilities, where new investment projects (programs, contracts) are implemented, is determined by central executive authority, responsible for the formation and implementation of national policy in oil and gas complex.

The provisions of this sub-clause are applied to:

enterprises, where the state share makes 25 percent and more of the capital stock.
economic entities, which share of 25 percent and more is in capital stocks of other economic entities, where the majority interest is owned by a state;

subsidiary enterprises, agencies and affiliates of such enterprises and companies;

the parties of joint venture agreements, under which the value of a contribution of enterprises, in which capital stock the state share makes 25 percent and more, economic entity, which share of 25 percent and more is in capital stocks of other economic entities, where the majority interest is owned by state, as well as subsidiary enterprises, agencies and affiliates of such enterprises and companies makes 25 percent and more of total value of a contribution of the parties of joint venture agreements.

263.10. Adjusting multipliers

Adjusting multipliers, applied to rates of fee for the use of mineral resources for mineral production, determined based on the type of mineral product (mineral stock) and conditions of its extraction:

<table>
<thead>
<tr>
<th>Criteria of multiplier application</th>
<th>Multiplier value</th>
</tr>
</thead>
<tbody>
<tr>
<td>Extraction of off-balance mineral reserves, except for crude hydrocarbons *</td>
<td>0,50</td>
</tr>
<tr>
<td>Extraction of off-balance natural gas reserves, as provided by sub-clause 263.11.5*</td>
<td>0,79</td>
</tr>
<tr>
<td>Extraction of off-balance natural gas reserves, from deposits in subsoil areas within continental shelf and/or exclusive economic zone of Ukraine, as provided by sub-clause 263.11.5*</td>
<td>0,61</td>
</tr>
<tr>
<td>Extraction of off-balance natural gas reserves, that does not meet the provisions specified in sub-clause 263.11.5*</td>
<td>0,96</td>
</tr>
<tr>
<td>Extraction of off-balance oil and condensate reserves *</td>
<td>0,95</td>
</tr>
<tr>
<td>Extraction of mineral reserves from technogenic deposits</td>
<td>0,50</td>
</tr>
<tr>
<td>Extraction of sand-and gravel raw materials within the boundaries of marine environments, water storages, in rivers and their flood-plains (except for extraction, associated with schedule work on cleanup of water-ways)</td>
<td>2,0</td>
</tr>
<tr>
<td>Extraction of acidulous mineral subsurface waters (hydrocarbonate) from wells, which are not equipped with fixed gas separators</td>
<td>0,85</td>
</tr>
<tr>
<td>Extraction of mineral reserves, which were declared subsidized reserves, as provided by applicable law</td>
<td>0,01</td>
</tr>
<tr>
<td>Extraction of mineral reserves from subsoil areas by a payer, approved by state expertise based on geological survey reports, conducted by him at his own expense, except for crude hydrocarbons</td>
<td>0,70</td>
</tr>
<tr>
<td>Extraction of natural gas reserves by a payer, as provided by sub-clause 263.11.5, subsoil areas, approved by state expertise based on geological survey reports, conducted by him at his own expense</td>
<td>0,88</td>
</tr>
</tbody>
</table>
Fee For Use Of Mineral Resources

<table>
<thead>
<tr>
<th>Description</th>
<th>Rate</th>
</tr>
</thead>
<tbody>
<tr>
<td>Extraction of natural gas reserves by a payer, from deposits in subsoil areas within continental shelf and/or exclusive economic zone of Ukraine, as provided by sub-clause 263.11.5, subsoil areas, approved by state expertise based on geological survey reports, conducted by him at his own expense</td>
<td>0.77</td>
</tr>
<tr>
<td>Extraction of natural gas reserves by a payer, that does not meet the provisions specified in sub-clause 263.11.5, subsoil areas, approved by state expertise based on geological survey reports, conducted by him at his own expense</td>
<td>0.97</td>
</tr>
<tr>
<td>Extraction of oil and condensate reserves by a payer from subsoil areas, approved by state expertise based on geological survey reports, conducted by him at his own expense</td>
<td>0.96</td>
</tr>
</tbody>
</table>

* Provided that mineral reserves are referred to such category, based on the results of economic-geological evaluation, conducted no sooner than 10 years before creation of tax liabilities.

The rates of the fee for subsoil use for the ores of ferrous, non-ferrous and alloying metals, uranium-bearing metals defined in the Clause 263.9 of Article 263 of this Code in each tax (accounting) period, an adjustment coefficient shall apply, calculated by the central executive authority responsible for the implementation of the state economic policy, per each tax (accounting) period by means of division of an average price of one ton of a relevant type of marketable products (iron-ore concentrate, ilmenite and rutile concentrates, uranium-bearing ores), converted into hryvnias at the rate of the National Bank of Ukraine as of the 1st day of a month following an accounting period, set based on prices, published in a monthly global commercial information review during a current accounting (tax) period, with regard to a basic price of a relevant type of marketable products by using a method established by the Cabinet of Ministers of Ukraine. The basic price is understood as the average price calculated by the central executive authority responsible for the implementation of the state economic policy, set based on prices published in a monthly global commercial information review as of the April 01, 2014 and officially disclosed.

The value of the adjustment coefficient is calculated in the form of a decimal fraction accurate to fourth decimal point in accordance with the acts of legislation on the conduct of statistical survey of the fluctuations of prices (rates) of consumer goods (services) and the calculation of the index of consumer prices.

Should the value of the adjustment coefficient applied to the rates of ores of ferrous, non-ferrous and alloying metals, uranium-bearing ores constitute less than one, such adjustment coefficient is to be applied with the value of 1 (one).

The central executive authority responsible for the implementation of the state economic policy publishes the determined value of an adjustment coefficient in the special section of one’s official website prior to the 10th day of a following accounting (tax) period on a monthly basis, and furnishes relevant information to the Ministry of Finance of Ukraine and to the central authority of the state tax service.

263.11. The procedure for submission of tax calculations
263.11.1. The payer of fee for the use of mineral resources for mineral production and authorized person, specified in sub-clause 263.1.4 of the clause 263.1 of Article 263 hereof, before the termination of deadline of tax calculations submission, as determined by section II hereof, and according to the following formula, established according to Article 46 hereof, submit tax calculations on fee for the use of mineral resources for mineral production for tax (accounting) period, that makes calendar quarter, and in case of extraction of crude hydrocarbons — calendar month, to a regulatory authority:

at subsoil area location, from which mineral resources were extracted, in case of such subsoil area location within the territory of Ukraine;

at payer’s tax registration location in case of subsoil area location, from which mineral resources were extracted, within continental shelf and/or exclusive economic zone of Ukraine.

263.11.2. In case if tax registration of the payer of fee for the use of mineral resources for mineral production and authorized person, established according to sub-clause 263.1.4 of the clause 263.1 of Article 263 hereof, does not correspond to the subsoil area location, from which mineral resources were extracted within the territory of Ukraine, such payer and authorized person submit the copy of tax calculation to the regulatory authority at tax registration location of such payer and authorized person.

263.11.3. Tax calculations on fee for the use of mineral resources for mineral production are submitted by payer, starting from calendar quarter, and in case of extraction of crude hydrocarbons from calendar month, following the quarter /month, in which such payer obtained special permit.

263.11.4. Tax calculations on fee for the use of mineral resources for mineral production during implementation of joint venture agreements without establishing a legal entity are submitted by authorized person, as specified in sub-clause 263.1.4 clause 263.1 Article 263 hereof, starting from calendar quarter, and in case of extraction of crude hydrocarbons from calendar month, following the quarter /month, in which such joint venture agreement was registered in the regulatory authority.

263.11.5. The payer of fee for the use of mineral resources for mineral production or authorized person, specified in sub-clause 263.1.4 of the clause 263.1 of Article 263 hereof, which during the tax (accounting) period extracted natural gas (including associated petroleum gas) and sold it to the entity, authorized by the Cabinet of Ministers of Ukraine, for forming of natural gas resources (including associated petroleum gas), which were used for residents’ needs, in tax calculation specify tax liabilities considering the volumes determined in delivery and acceptance certificates, and volumes of engineering and manufacturing consumption of natural gas for technical operations on extraction and preparation for transportation. Delivery and acceptance certificates are executed according to standard contract, approved by Central executive authority, responsible for the formation and implementation of national policy in oil and gas complex, about sale of natural gas during tax (accounting) period, when such gas was extracted, and not later than the 8th day of the month, following the tax (accounting) period, signed by the payer or authorized person and authorized entity based on business contracts concluded by them.
Volumes of engineering and manufacturing consumption of natural gas for technical operations on extraction and preparation for transportation (including associated petroleum gas), specified in the first paragraph of this sub-clause, are determined proportionally to gravity of volume of such natural gas, sold to authorized entity, in total volume of natural gas (including associated petroleum gas), which is subject to tax, reduced by the amount of engineering and manufacturing consumption of such natural gas.

263.12. Tax liabilities payment procedure

263.12.1. The payer of fee for the use of mineral resources for mineral production and authorized person, determined according to sub-clause 263.1.4 of the clause 263.1 of Article 263 hereof, within ten calendar days after the termination of deadline of tax calculations submission for tax (accounting) period, shall pay tax liabilities in the amount, specified in payment calculation, submitted by them to regulatory authority:

at subsoil area location, from which mineral resources were extracted, in case of such subsoil area location within the territory of Ukraine;

at payer’s tax registration location in case of subsoil area location, from which mineral resources were extracted, within continental shelf and/or exclusive economic zone of Ukraine.

263.13. Supervision and responsibility of payers

263.13.1. The payer is responsible for accuracy of calculation of fee for the use of mineral resources for mineral production, completeness and timeliness of its payment to the budget, and for the timeliness of submission to the regulatory authorities of appropriate calculations according to the provisions of this Code and other laws of Ukraine.

Control of accuracy of calculation, timeliness and completeness of payment the fee for the use of mineral resources for mineral production to the budget, is carried out by the regulatory authorities.

Regulatory authorities for the purposes of observation of the payer’s calculations accuracy of the amount of fee for the use of mineral resources for mineral production in terms of determination of the volume (amount) of mineral resources extracted within subsoil area provided to him, as well as adjusting multipliers according to the clause 263.10 of this Article, can engage central executive authorities, responsible for the implementation of national mining supervision policy, geological survey and efficient use of mineral resources assets as provided by applicable law.

263.13.2. On the basis of facts, which take place during six months, concerning failure to pay, overdue payment by a payer of tax liabilities on fee for the use of mineral resources for mineral production or failure to pay by a payer of tax liabilities on this payment, central executive authority, responsible for the formation and implementation of national tax and customs policy, initiates question to the competent central executive authority on suspension of the special permit.

263.13.3. The incomes, obtained by a payer as a result of exercising by such payer of the right of subsoil area use during the period of failure to pay, overdue payment by a payer of
SECTION XI.

tax liabilities on fee for the use of mineral resources for mineral production (except for additional charge and penalties based on the results of inspections carried out by the regulatory authority) during six months, and for the period of special permit suspension, is penalized by administrative sanctions in the form of forfeiture of profit (income) from business activity on mineral production obtained (accrued) by a payer or competent regulatory authority.

263.13.4. National mining supervision authorities within a month after taking the appropriate decision, send to the regulatory authority at payer’s tax registration location, which will carry out the extraction of mineral products, as well as during geological survey, the notice of granting to such payer of permit for launching of mining operations or the consent for carrying out of pilot commercial development.

263.13.5. Within one month upon the adoption of a relevant decision, the central executive authority responsible for the implementation of the state policy in the field of geological investigation and ensuring the rational use of subsoil, files to the regulatory authority located at the place of tax registration of a payer which is to conduct the extraction of commercial minerals, including during geological investigation, the copy of schemes of the turnover of marketable products of a mining enterprise, i.e. commercial minerals (mineral raw materials) extracted in manufacturing sites and places of storage, approved by a payer, with the consideration of the composition of source raw materials, conditions of specific production, peculiarities of technological procedure and requirements to final products with the specification of the order of determination of the quality of raw materials and final products, determination of the contents of primary and accompanying commercial material within laboratories, certified in accordance with the regulations of authorization and certification established by the state metrological system.

Article 264. Fee for the use of mineral resources for purposes not associated with mineral production

264.1. Payers of fee for the use of mineral resources for purposes not associated with mineral production

264.1.1. Payers of fee for the use of mineral resources for purposes not associated with mineral production, are legal entities and natural persons — economic entities, which use subsoil areas within the territory of Ukraine for:

a) storage of natural gas, oil, light-end and other liquid oil products;

b) seasoning wine-making materials, production and storage of wine products;

c) cultivation of mushrooms, vegetables, flowers and other plants;

d) storage of food products, industrial and other goods, substances and materials;

e) carrying out of other types of business activity.

264.2. Taxable item
264.2.1. Taxable item of fee for the use of mineral resources for purposes not associated with mineral production, is volume of subsurface space of subsoil area:

a) for storage of natural gas and light-end products — effective gas storage capacity in fractured porous geological formations (reservoir beds);

b) for storage of oil and other liquid oil products — capacity of specially created and existing mine workings (abandoned and adjusted), and natural vacuities (caves);

c) for seasoning wine-making materials, production and storage of wine products, cultivation of mushrooms, vegetables, flowers and other plants, storage of food products, industrial and other goods, substances and materials, carrying out of other types of economic activity — the area of subsurface space, provided for use in specially created and existing mine workings (abandoned and adjusted), and natural vacuities (caves).

264.3. Fee for the use of mineral resources for purposes not associated with mineral production, is not charged:

264.3.1. from military units, institutions, establishments and organizations of Armed Forces of Ukraine and other military forces, funded from state budget, created in accordance with legislation of Ukraine;

264.3.2. for use of traffic tunnels and other underground facilities, collector and drainage systems and communal facilities;

264.3.3. for use of underground facilities at depth maximum 20 metres, built open-cut without backfilling or with further backfilling.

264.4. Rates of fee for the use of mineral resources for purposes not associated with mineral production

Rates of fee for the use of mineral resources for purposes not associated with mineral production, are established separately for each type of use of mineral resources, in UAH per unit of measurement depending on useful properties of mineral resources and degree of environmental safety during their use:

<table>
<thead>
<tr>
<th>Type of use of mineral resources</th>
<th>Application of mineral resources</th>
<th>Unit of measurement</th>
<th>Rate of fee for the use of mineral resources for purposes not associated with mineral production, per unit of capacity of use of mineral resources, UAH per year</th>
</tr>
</thead>
<tbody>
<tr>
<td>Use of a subsurface space of subsoil area — fractured porous geological formations (reservoir beds)</td>
<td>storage of natural gas and light-end products</td>
<td>cub. m of effective capacity</td>
<td>0,3</td>
</tr>
</tbody>
</table>
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Use of subsurface space of subsoil area — specially created and existing mine workings (abandoned and adjusted), and natural vacuities (caves)

<table>
<thead>
<tr>
<th>Use of space</th>
<th>Unit</th>
<th>Calculation</th>
</tr>
</thead>
<tbody>
<tr>
<td>Storage of oil and other liquid oil products</td>
<td>cub. m</td>
<td>0,3</td>
</tr>
<tr>
<td>Seasoning wine-making materials, production and storage of wine products</td>
<td>sq. m</td>
<td>0,85</td>
</tr>
<tr>
<td>Cultivation of mushrooms, vegetables, flowers and other plants</td>
<td>sq. m</td>
<td>0,49</td>
</tr>
<tr>
<td>Storage of food products, industrial and other goods, substances and materials</td>
<td>sq. m</td>
<td>0,36</td>
</tr>
<tr>
<td>Carrying out of other economic activity</td>
<td>sq. m</td>
<td>1,19</td>
</tr>
</tbody>
</table>

264.5. The procedure of tax liabilities calculation and payment term

264.5.1. The payer of fee for the use of mineral resources for purposes not associated with mineral production, not later than the deadline of tax calculations submission, specified in section II hereof for the tax (accounting) period, which makes a calendar quarter, shall submit tax calculations of fee for the use of mineral resources for purposes not associated with mineral production according to the form, as provided by Article 46 hereof, to the regulatory authority at the subsoil area location.

In case if the payer’s tax registration location does not correspond to the subsoil area location, the copy of tax calculation of fee for the use of mineral resources for purposes not associated with mineral production, is submitted to the regulatory authority at his tax registration location.

264.5.2. The payer, within ten calendar days after the termination of deadline of tax calculations submission for tax (accounting) period, shall pay tax liabilities of fee for the use of mineral resources for purposes not associated with mineral production, in the amount, specified in payment calculation, submitted by him to regulatory authority at the subsoil area location.

In case if the payer’s tax registration location does not correspond to the subsoil area location, the payer within ten calendar days after the termination of deadline of tax calculations submission for tax (accounting) period shall additionally submit (send) to a regulatory authority at his tax registration location the copy of payment document of tax liabilities on fee for the use of mineral resources for purposes not associated with mineral production, for tax (accounting) period.

264.6. Supervision and responsibility of payers

264.6.1. The payer is responsible for accuracy of calculation of fee for the use of mineral resources for purposes not associated with mineral production, completeness and timeliness of its payment to the budget, as well as for the timeliness of submission to the regulatory
authorities of appropriate calculations according to the provisions of this Code and other Laws of Ukraine.

Control over the accuracy of calculation, timeliness and completeness of fee payment for the use of mineral resources for purposes not associated with mineral production, to the budget, is carried out by the regulatory authorities.

Control over the accuracy of determination of mineral resources utilization capacity for purposes not associated with mineral production, is carried out by the central executive authority, responsible for the implementation of national mining supervision policy as appropriate.

The central executive authority, responsible for the implementation of national mining supervision policy within a month after the day of issue or forfeiture of mining allotment certificate, shall submit to the regulatory authorities at the subsoil area location, the information on revision of list of mineral resources assets users.
265.1. Taxpayers

265.1.1. Taxpayers are natural persons and legal entities, as well as non-residents, which own residential property.

265.1.2. Determination of taxpayers in case of shared or joint residential property ownership of several persons:

a) if the residential property is owned by several persons in shared or joint ownership, each of such persons is considered to be a taxpayer for the owned share;

b) if the residential property is owned by several persons in joint ownership, but not actually shared, the taxpayer shall be one of such owners, defined by their common agreement, unless otherwise provided by court;

c) if the residential property is owned by several persons in joint ownership and actually shared by them, each of such persons is considered to be a taxpayer for the owned share.

265.2. Taxable item

265.2.1. Taxable item is a residential property, as well as the share thereof.

265.2.2. The following does not constitute a taxable item:

a) residential property, owned by a state or territorial community (their joint ownership);

b) residential property, located in alienation zones and unconditional (compulsory) evacuation, as provided by law, as well as the share thereof;

c) family-type children’s home buildings;

d) garden cottage, but not more than one such object per a taxpayer;

e) residential property, as well as the share thereof, owned by natural persons, which have legal status of large, foster, or needy families, children guardians, tutors, but not more than one such object per a family, guardian, or a tutor;

f) hostels;

g) residential property, as well as the share thereof, owned by orphaned children, children deprived of parental care, and persons among them, declared as such by the applicable law,
disabled children, who were raised by single mothers (parents), but not more than one such object per a child.

265.3. Tax base

265.3.1. Taxation base is the total area of a residential property, including the parts thereof.

265.3.2. Tax base of residential property, as well as the share thereof, owned by natural persons, is calculated by regulatory authority based on the data of State immovable property rights register, free-issued by State registration of immovable property rights authorities.

265.3.3. Taxation base of residential properties, including the parts thereof, owned by legal entities, is calculated by such entities independently, based on the total area of each specific taxable property based on the documents confirming the right of ownership to such property.

265.3.4. Should an individual tax payer own more than one taxable property, including different types thereof (apartments, residential houses or apartments and residential houses), the taxation base is calculated based on the aggregate total area of such properties with the consideration of provisions of the sub-clause 265.4.1 of the Clause 265.4 of this Article.

265.4. Tax exemptions

265.4.1. Tax base of residential property, as well as the share thereof, owned by natural person — taxpayer, is reduced:

a) for apartment (s) regardless of their quantity — by 120 sq. metres;

b) for residential building (s) regardless of their quantity — by 250 sq. metres;

c) for different types of residential property, as well as the share thereof (in case of simultaneous ownership of apartment (s) and residential building (s), as well as the share thereof, by taxpayer), — by 370 sq. metres.

Such reduction is provided once per every basic tax (accounting) period (year).

Tax exemptions are not provided for taxable items, used by their owners for profit-making (leased, used in entrepreneurial activity).

265.4.2. City, settlement and village councils can establish additional privileges with regard to the tax levied upon a relevant territory in respect of residential properties owned by natural persons or religious organizations of Ukraine, the statutes (provisions) of which were duly registered as provided for by the law, and are used to ensure activities provided for by such statutes (provisions).

Local authorities not later than February 1 of the current year shall submit to the competent regulatory authority, at the location of residential property, the information on exemptions, provided by them according to the first paragraph of this sub-clause.
265.5. Tax rate

265.5.1. Tax rates are established by decision of village, township or municipal council in percent of minimum salary, established by law as of January 1 of tax (accounting) year, per 1 sq. metre of tax base.

265.5.2. Rates of tax for natural persons are established as follows:

a) not over 1 per cent — with regard to an apartment/apartments, the total area of which does not exceed 240 sq.m., or a residential house/houses, the total area of which does not exceed 500 sq.m.;

b) 2.7 per cent — with regard to an apartment/apartments, the total area of which exceeds 240 sq.m., or a residential house/houses, the total area of which exceeds 500 sq.m.;

c) 1 per cent — with regard to different types of residential property owned by a sole tax payer, the aggregate total area of which does not exceed 740 sq.m.;

d) 2.7 per cent — with regard to different types of residential property owned by a sole tax payer, the aggregate total area of which exceeds 740 sq.m.

265.5.3. Rates of tax for legal entities are established as follows:

a) 1 per cent — with regard to apartments, the total area of which does not exceed 240 sq.m., and residential houses, the total area of which does not exceed 500 sq.m.;

b) 2.7 per cent — with regard to apartments, the total area of which exceeds 240 sq.m., and residential houses, the total area of which exceeds 500 sq.m.;

265.6. Tax period

265.6.1. Basic tax (accounting) period makes a calendar year.

265.7. Tax calculation procedure

265.7.1. Tax calculation for taxable item (s), owned by natural persons, is carried out by the regulatory authority at tax registration location of residential property owner according to the following procedure:

a) upon availability at taxpayer’s ownership of one residential property, as well as its part, the tax is calculated based on tax base, reduced according to sub-clauses “а” or “б” sub-clause 265.4.1 of the clause 265.4 of this Article, and appropriate tax rate;

b) should a tax payer own more than residential property of one type, including the parts thereof, the tax is calculated based on the aggregate total area of such properties, decreased in accordance with the sub-clauses “а” or “б” of the sub-clause 265.4.1 of the Clause 265.4 of this Article, and a relevant tax rate;
Local Taxes And Rates

c) should a tax payer own residential property of different types, including the parts thereof, the tax is calculated based on the aggregate total area of such properties, decreased in accordance with the sub-clause “c” of the sub-clause 265.4.1 of the Clause 265.4 of this Article, and a relevant tax rate;

d) a regulatory authority distributes the amount of tax calculated with the consideration of the sub-clauses 2 and 3 of this sub-clause proportionately with the relative share of the total area of each of residential properties.

265.7.2. Tax decision notices of tax amount paid, calculated according to sub-clause 265.7.1 of the clause 265.7 of this Article, and the appropriate payment details, in particular, local authorities at the location of each residential property, are delivered to a taxpayer by regulatory authority, at his tax registration location, not later than on July 1 of the year, following the basic tax (accounting) period (year).

As for newly made (newly launched) residential property, the tax is paid by a natural person — payer starting from the month, in which the ownership of such object originated. Regulatory authority sends tax decision notice to a specified owner after receiving information on creation of ownership of such object.

Regulatory authorities, at residence place of taxpayers, within ten days, notify the appropriate regulatory authorities at the location of residential property, of tax decision notices of tax paid delivered to a taxpayer according to the procedure, established by the central executive authority, responsible for the formation and implementation of national tax and customs policy.

Tax accrual and tax decision notices of tax paid delivery to natural persons — non-residents is carried out by the regulatory authorities at the location of residential property, owned by such non-residents.

265.7.3. Taxpayers have a right to make a written application to the regulatory authority at residence place for data coordination concerning the following:

residential property, as well as the part thereof, owned by a taxpayer;

the volume of the total area of residential properties owned by a tax payer;

right for tax exemption;

tax rate amount;

tax amount charged.

In case when discrepancies between the data of the regulatory authorities and substantiated data, detected by a taxpayer on basis of appropriate documents, in particular ownership documents, the regulatory authority at residence place of taxpayer carries out recalculation of tax amount and sends a new tax decision notice to him.
SECTION XII.

265.7.4. State registration of immovable property rights authorities, and authorities, which carry out residence place registration of natural persons, are obliged to submit to the regulatory authorities the data required for tax calculation, not later than on April 15 of the year, in which this Article became effective, and in the following years quarterly, within 15 days after the termination of tax (accounting) quarter at the location of such residential property as of the first day of relevant quarter as provided by the Cabinet of Ministers of Ukraine.

265.7.5. Taxpayers — legal entities independently calculate tax amount as of January 1 of the accounting year, and not later than February 20 of this year, submit to the regulatory authority, at the location of a taxable item, the statement according to a form established as provided by Article 46 hereof, with breakdown of annual amount by equal parts quarterly.

As for newly made (newly launched) residential property, the statement is submitted within a month, after the day the ownership originates for such object.

{Sub-clause 265.7.6 of the Clause 265.7 of Article 265 became void under the Law No. 403-VII of July 4, 2013}

265.8. Tax calculation procedure in case of change of owner of taxable item

265.8.1. In case if the ownership of a taxable item transfers from one owner to another one during calendar year, the tax is calculated for the former owner for the period from January 1 of this year to the beginning of the month, in which he forfeited the ownership of specified taxable item, and for a new owner — starting from the month, in which the ownership originated.

265.8.2. Regulatory authority sends tax decision notice to a new owner after the receipt of information about transfer of ownership.

265.9. Tax payment procedure

265.9.1. The tax is paid at the location of taxable item and transferred to the relevant budget according to the provisions of Budget Code of Ukraine.

Natural persons can pay tax in rural area and via cash offices of village (township) councils under the receipt of taxes and fees assumption.

265.10. Terms of tax payment

265.10.1. Tax liabilities for tax accounting year are paid:

a) by natural persons — within 60 days after delivery of tax decision notice;

b) by legal entities — in advance payments quarterly not later the 30th day of the month, following accounting quarter, represented in annual tax statement.
Local Taxes And Rates

Article 266. Vehicles parking fee

266.1. Fee payers

266.1.1. Fee payers are legal entities, their affiliates (departments, establishments), natural persons — entrepreneurs, which under the decision of village, township or municipal council, arrange and carry out the activity for provision of vehicles parking on paid parking areas and specially allotted parking places.

266.1.2. List of special land plots, allotted for arrangement and carrying out of activity for provision of vehicles parking space, where their location, total area, technical arrangements, number of vehicle parking places are specified, is approved by decision of village, township or municipal council about fee establishment.

Such decision along with the list of persons authorized to arrange and carry out the activity for provision of vehicles parking space, is issued by the executive authority of village, township or municipal council to regulatory authority as provided by section I hereof.

266.2. Taxable item and tax base for fee

266.2.1. Taxable item is a land plot, which under the decision of village, township or municipal council specially allotted for provision of vehicles parking space on public highways, sidewalks or other places, and public garages, parking lots (buildings, facilities, their parts), built using local budget funds, except for land plot allotted for free vehicles parking, provided by Article 30 of the Law of Ukraine “On Basic Principles of Social Protection for Persons with Disabilities “.

266.2.2. Tax base is a land plot area, allotted for parking, and the area of public garages, parking lots (buildings, facilities, their parts), built using local budget funds.

266.3. Fee rates

266.3.1. Fee rates are established for each day of carrying out of activity for provision of vehicles parking space in UAH per 1 square metre of a land plot area, allotted for arrangement and carrying out of such activity, at a rate 0.03 to 0.15 percent of minimum salary, established by law as of January 1 of tax (accounting) year.

266.3.2. In determination of fee rate village, township and municipal councils consider location of specially allotted space for vehicles parking, area of specially allotted place, number of vehicle parking places, vehicles parking method, operating schedule and their occupancy.

266.4. Fee establishment specifics

266.4.1. Fee rate and payment procedure to the budget is established by competent village, township or municipal council.

266.5. Procedure of calculation and fee payment terms
266.5.1. Fee amount for vehicles parking space, calculated according to tax statement for accounting (tax) period, is paid quarterly, within the established term for quarter accounting (tax) period, at taxable item location.

266.5.2. Fee payer, which has a subdivision without establishing a legal entity, which carries out the activity for provision of vehicles parking space on a land plot other than residence place of such charge payer, is obliged to register such subdivision as a fee payer in the regulatory authorities at the land plot location.

266.5.3. Basic tax (accounting) period makes a calendar quarter.

**Article 267. Fee for carrying out of some types of entrepreneurial activity**

267.1. Fee payers

267.1.1. Fee payers are economic entities (legal entities and sole proprieties), their separate subdivisions, which acquire trade patents as provided by this Article and carry out such types of entrepreneurial activity:

a) commercial activity in sales points;

b) rendering of paid domestic services according to the list determined by the Cabinet of Ministers of Ukraine;

c) currency assets sale in foreign exchange offices;

d) entertainment activity (except for national money lottery conducting).

267.1.2. The following economic entities are not considered to be fee payers for carrying out of commercial activity and rendering of paid services:

a) pharmacies, owned by the state and community;

b) enterprises and consumer co-operation organizations and trade and production state enterprises of labour supply, located in villages, townships and cities of regional subordination;

c) sole proprietors, which carry out commercial activity within the markets of all forms of ownership;

d) sole proprietors, which sell plant and animal products, livestock and poultry (both on the claw, and raw and pre-processed butcher’s meat), honeycraft products, grown in private farm holding, on smallholding, country or garden plots;

e) sole proprietors, which pay state duty for notarial certification of contracts on property alienation, if the goods of each particular class are alienated not more frequently than once a calendar year;
f) economic entities, founded by non-governmental organizations of persons with disabilities, which have tax privilege under the law and carry on trade of solely domestic foodstuffs and products produced by enterprises “Ukrainian Association of the Blind”, “Ukrainian Association of the Deaf”, and by natural persons with disabilities, legally registered as entrepreneurs;

g) economic entities, which carry out the commercial activity using solely the following domestic goods: bread and breadstuffs; wheat and rye flour; salt, sugar, sunflower and corn oil; milk and milk products, except for condensed milk and cream with or without additives; baby food products; soft drinks; ice-cream; beef and pork; poultry; eggs; fish; berries and fruit; honey and other honeycraft products, honeycraft equipment and bee protection equipment; potatoes and fruit-and-vegetable products; compound feed for sale to public;

h) economic entities, which sell own-produced products to natural persons which are in labour relations with them, via sales points, integral with production or office premises, owned by such entity;

i) economic entities, which carry out products purchasing from public (procuring provisions), if further sale of such products is carried out with non-cash settlement (glass bottles, waste paper, hard paper and rags buy-back centres; procurement of agricultural products and processed goods);

j) enterprises, institutions, organizations, which carry out commercial and industrial activity (catering business), including educational institutions, for the sole service of employees of such enterprises, institutions and organizations, and pupils and students in educational institutions;

k) feldsher’s, feldsher-midwife stations, rural district hospitals, ambulance stations, general and family practice ambulance, located in rural area, if there are no pharmacies or pharmacy subdivisions in such rural area, retail sales of medical products is carried out by the employees of such stations, hospitals, ambulances, with medical education, and solely according to the list established by the central executive authority, responsible for the formation of national health care policy, and by virtue of contracts concluded with licence holder, licensed to conduct retail sales of medical products.

Economic entities, which produce computer and video games, are not considered to be fee payers for entertainment activity.

267.1.3. Special aspects of collection of the fee for economic entities, which apply simplified tax and accounting system, are provided by chapter 1 section XIV hereof.

267.2. Types of activity, carried out with acquisition of privileged trade patent

267.2.1. Commercial activity with acquisition of privileged trade patent is carried out using the following goods (regardless of the country of their origin) only:

a) everyday products, food products, medical products for private use, technical and other convalescent facilities via trade facilities, founded for this purpose by non-governmental organizations of persons with disabilities;
b) military emblems and everyday products for military servants within military installations and military training establishments;

c) vegetable, vine, forage, flower, feeding root crops and potato seeds and planting stock;

d) matches;

e) thermometers and personal diagnostic units.

267.2.2. Commercial activity with acquisition of privileged trade patent is carried out using the following domestic goods only:

a) uncancelled letter stamps, post cards, greeting cards and envelopes, boxes, cases, bags, and other packing, made of wood, paper and hard paper, used for mailing by enterprises, which belong to administration of central executive authority, responsible for the implementation of national policy in postage services, and furnishing for them;

b) folk craft products, except for antique and heritage, according to the list, approved by central executive authority, responsible for the formation of national culture policy;

c) finished medicinal products (medical product, pharmaceuticals, medical supplies, items of care, bandaging materials and other medical facilities), vitamins for public, sponges, other kinds of sanitary tissue products of cellulose or its substitutes, veterinary preparations, medical products for private use of persons with disabilities, technical and other convalescent facilities;

d) toothpaste and toothpowder, cleansing tissue, baby linen, toilet paper, household soap;

e) coal, coal briquettes, stove domestic fuel, lamp kerosene, sod fuel peat, peat briquettes and fuel wood for sale to public, liquefied cylinder gas, sold to public at residence place for use in living and/or non-living premises;

f) travel tickets;

g) exercise books.

267.2.3. Commercial activity with acquisition of privileged trade patent is carried out using only the following domestic periodicals of print media, which have registration certificates, issued as appropriate, and books, brochures, sketchbooks, printed music, booklets, broadsheets, map paper, published by legal entities — residents of Ukraine.

In the course of sale of products, specified in the first paragraph of this sub-clause, fee payers can at the same time sell associated products (regardless of country of their origin): pens, pencils, shape-drawing tools, paint brushes, palette-knives, drawing easels, paints, varnishes, paint thinners and mordants for drawing and painting, canvases, picture frames and stretchers for pictures, loose-leaf binders, other office stationery and office materials, except for those made of precious and semiprecious metals.
267.3. Fee rates

267.3.1. Fee rate for carrying out of commercial activity and rendering of paid services is established by village, township and municipal councils (further in this clause—local authorities) per calendar month in the amount of minimum salary established by law as of January 1 of the calendar year (hereinafter referred to as minimum salary), established by this clause, considering sales point location and product range, paid services office and nature of paid services.

267.3.2. Fee rate for carrying out of commercial activity (except for trade of oil products, liquefied pressure gas using fuel dispensing guns in fixed, compact and mobile fuel filling stations, fuelling points) and rendering of paid services is established within the following limits:

a) within the territory of Kyiv and regional centres — 0.08 to 0.4 of minimum salary;

b) within the territory of Sevastopol, cities of regional subordinance (except for regional centres) and district centres — 0.04 to 0.2 of minimum salary;

c) within the territory of other residential places — 0.02 to 0.1 of minimum salary.

267.3.3. In case if sales points (service offices) are located in places of public resort or in the territory, adjacent to customs border, other points of movement across the customs border, local authorities, to which budgets fee payment funds are transferred, can take a decision of fee rate increase, as specified in sub-clause 267.3.2 of this clause, but not more than 0.4 of minimum salary.

267.3.4. Fee rate for carrying out of trade of oil products, liquefied pressure gas in fixed, compact and mobile fuel filling stations, fuelling points is established within the limits of 0.08 to 0.4 of minimum salary depending on the location of such sales points.

267.3.5. Fee rate for currency assets sale for calendar month makes 1.2 of minimum salary.

267.3.6. Fee rate for carrying out of entertainment activity per a quarter makes:

for a game machine (drop-the-claw game, children’s game machine, other game machines, intended for conduct of paid entertainment) — minimum salary;

for bowling lanes, bowling-alleys, run with or without jetton, coin, — double minimum salary, per each bowling lane (alley);

for billiard tables, run with or without jetton, coin, except for billiard tables, used for amateur sports competition, — minimum salary per each billiard table;

for other paid entertainments — minimum salary per each game place.

267.3.7. Fee rate for carrying out of commercial activity with acquisition of privileged trade patent is established 0.05 of minimum salary annually.
267.3.8. Fee rate for carrying out of commercial activity with acquisition of short-term trade patent for one day makes 0.02 of minimum salary.

267.3.9. Fee rates, determined according to this Article, are rounded off (less than 50 kopecks rounded down, and 50 kopecks and more — rounded up to one hryvnia).

267.4. Procedure of acquisition of trade patent

267.4.1. For carrying out of some types of entrepreneurial activity provided by this Article, economic entity submits to the regulatory authority, at the location of fee payment, an application for acquisition of trade patent, which must contain the following data:

a) name of economic entity, USREOU code (for legal entity) and full name of economic entity, registration number of taxpayer’s record card (for natural person);

b) legal address (location) of economic entity, and if the patent is acquired for separate subdivision, — location of such separate subdivision according to the document, certifying the ownership (leasehold);

c) type of entrepreneurial activity, for which a trade patent is acquired;

d) type of trade patent;

e) name of the document for full or partial fee payment;

f) name and actual address (location) of sales point, paid services office, foreign exchange office, game place, “itinerant trade” label;

g) name, date, reference number of a document, certifying the ownership (leasehold);

h) period, for which trade patent is acquired.

The basis for acquisition of trade patent is application, executed according to this Article. Establishment of any additional conditions concerning acquisition of trade patent is not allowed.

267.4.2. The data provided in application filed by an economic entity is reviewed against the originals or notarized document copies, on which basis such application was filled out.

Data revision, given in application filed by economic entity, is performed at the moment of filing of such application. Originals or notarized document copies, presented by an economic entity for revision, do not remain in the regulatory authority.

In case of inconsistency of the data, provided in application filed by an economic entity, and the documents, on the basis of which such application was filled out, or failure to enter all required data in the application, the regulatory authority has a right to refuse to issue trade patent to an economic entity.
267.4.3. Trade patent is issued directly to a sole proprietor or a person, authorized by a legal entity, against receipt signature within three days after the date of application. The date of acquisition of trade patent is the date specified therein.

267.4.4. The form of trade patent is a strict accounting document.

In case of loss or damage of a trade patent, duplicate of a trade patent is issued to the fee payer as provided by this clause.

267.4.5. For carrying out of commercial activity, rendering of paid services and currency assets sale for each particular subdivision, which is not a profit tax payer, trade patents are acquired by economic entities at the registration place of such separate subdivision.

267.4.6. For carrying out of commercial activity, rendering of paid services and currency assets sale, trade patents are acquired for each particular sales point, paid services office, foreign exchange office.

267.4.7. For implementation of exposition, selling exhibitions and other short-term actions, associated with products demonstration and sale, economic entity acquires a short-term trade patent.

267.4.8. For entertainment activity, trade patent is acquired for each particular game place. If a particular game place has several independent game places, trade patent should be acquired separately per each of them.

267.4.9. The form of a trade patent and procedure of its filling out is established by the central executive authority, responsible for the formation and implementation of national tax and customs policy.

267.5. Procedure and fee payment terms

267.5.1. Fee payment procedure by fee payers, which:

a) carry out commercial activity or render paid services (except for travelling retail trade system) — fee is paid at the location of sales point or paid services office;

b) carry out currency assets sale — at the location of foreign exchange office;

c) carry out entertainment activity — at the location of entertainment services point;

d) carry out sales activity via travelling retail trade system — at the registration place of such payers;

e) carry out sales activity at expositions, selling exhibitions and other short-term actions, associated with short-term actions, — at the location of such activity.

267.5.2. Fee payment terms:
SECTION XII.

a) for carrying out of commercial activity with acquisition of short-term trade patent — not later than one calendar day before launching of such activity;

b) for carrying out of commercial activity (except for commercial activity with acquisition of short-term trade patent), rendering of paid services, currency assets sale — monthly, not later than the 15th day of the month, preceding the accounting month;

c) for carrying out of entertainment activity — quarterly not later than the 15th day of the month, preceding the accounting quarter.

267.5.3. During acquisition of a trade patent, an economic entity pays fee for one month (quarter). Fee amount payable in the last month (quarter) of its validity is reduced by the fee amount, paid during acquisition of a trade patent.

267.5.4. Fee payers can pay fee in advance payment by the end of a calendar year.

267.5.5. Fee amounts, not paid within the established terms, shall be deemed to be tax payable and collected to the budget according to the provisions hereof.

267.6. Procedure for the use of trade patent

267.6.1. The original of trade patent shall be placed:

- on the front shop window, and in the absence thereof — beside the cash register;
- on the front hardscape element show-case;
- on the plate in mobile shops, on delivery cars and other kinds of travelling retail trade system, and on concessions, counters and other kinds of sales points, opened in places allotted for commercial activity;
- in foreign exchange offices;
- in premises for rendering of paid services, and in premises, where entertainment games are arranged.

267.6.2. Trade patent shall be open and observable.

267.6.3. To prevent damage of trade patent (losing colour, spoiling as a result of rain-wash, damage by outside persons etc.) it is allowed to place notarized copies of trade patents in placed specified by this clause. Thus, the original of such patent shall be kept by a responsible person of economic entity or a responsible person of separate subdivision, which is obliged to present it for examination to legally authorized persons.

267.6.4. Trade patent is effective within the territory of the authority competence, which performed economic entity registration, or at the location of a separate subdivision.
267.6.5. Transfer of trade patent to another economic entity or another separate subdivision of such entity is not allowed.

267.6.6. Trade patent, issued for carrying out of commercial activity using travelling retail trade system (mobile shops, delivery cars etc.), is effective in the territory of Ukraine.

267.7. Validity term of a trade patent

267.7.1. Validity term of a trade and privileged patent, except for a short-term trade patent and a trade patent for carrying out of entertainment activity, makes 60 calendar months.

267.7.2. Validity term of a short-term trade patent makes from one to fifteen calendar days.

267.7.3. Validity term of trade patent for carrying out of entertainment activity makes eight calendar quarters.

267.7.4. Upon failure to pay fee by economic entity within the term established by this Article, such patent is cancelled from the first day of the month, following the month, when such violation happened.

267.7.5. Economic entity, which suspended the activity that is subject to patenting according to this Code, shall not later than the 15th day of the month, preceding the accounting, send a written notice to the competent regulatory authority. Thus, trade patent is subject to return to a regulatory authority, which issued it, and excessively paid fee is returned to a economic entity.

Article 268. Tourist tax

268.1. Tourist tax — is a local tax, the funds of which are transferred to local budget.

268.2. Tourist tax payers

268.2.1. Tourist tax payers refer to the citizens of Ukraine, foreigners, as well as stateless persons, which arrive in the territory of administrative territory, where the decision of village, township and municipal councils about introduction of tourist tax is effective, and receive services for temporary accommodation (overnight accommodation) with obligation to leave accommodation within the term specified.

268.2.2. The following persons cannot be considered as tourist tax payers:

a) persons permanently resident, including under the provisions of a lease agreement, in the village, township or town, by councils of which such tax was established;

b) persons arrived on a business trip;

c) persons with disabilities, disabled children and persons, accompanying persons with disabilities of group I or disabled children (not more than one companion);
SECTION XII.

d) war veterans;

e) participants of recovery operations after Chornobyl accident;

f) persons arrived under the booking documents for treatment, recovery and rehabilitation to healthcare, health and fitness and health resort institutions, licensed to carry out medical practice and accredited by the central executive authority responsible for the implementation of national policy in health care service;

g) children under the age of 18 years;

h) children's healthcare, health and fitness and health resort institutions.

268.3. Tourist tax rate

268.3.1. Tourist tax rate is established 0.5 to 1 percent to tax base, specified in clause 268.4 of this Article.

268.4. Tax base

268.4.1. Tax base is a cost of the entire accommodation period (overnight accommodation) in places specified in sub-clause 268.5.1 of this Article, after value added tax.

268.4.2. Accommodation costs do not include costs for meals or domestic services (laundry, cleaning, repair and ironing of clothes, footwear or linen), telephone bills, drawing-up of the external passport, travel permit (visa), compulsory insurance, expenses for interpretation and written translation, other documented expenses, associated with entry regulations.

268.5. Tax agents

268.5.1. According to the decision of village, township and municipal council tax charging can be performed by:

a) administrations of hotels, camping areas, motels, hostels for visitors and other hotel facilities, health resort institutions;

b) housing middleman organizations, which send unorganized persons for settlement to the houses (apartments), held by natural persons by ownership or by virtue of lease agreement;

c) legal entities or sole proprietors, authorized by village, township or municipal councils charge fee under the contract, concluded with relevant council.

268.6. Special aspects of the tax collection

268.6.1. Tax agents charge the tax while providing services, associated with a temporary accommodation (overnight accommodation), and specify the amount of the tax paid in a separate entry of accommodation bill.
268.7. Tax payment procedure

268.7.1. Tourist tax amount, calculated according to tax statement for tax (accounting) quarter, is paid quarterly, within the term established for accounting (tax) quarter, at the location of tax agents.

268.7.2. Tax agent, which has a subdivision without establishing a legal entity, rendering temporary accommodation (overnight accommodation) services at the location other than place of registration of such tax agent, is obliged to register such subdivision as a tourist tax agent with the regulatory authority at the location of such subdivision.

268.7.3. Basic tax (accounting) period makes a calendar quarter.
SECTION XIII.
LAND FEE

Article 269. Taxpayers

269.1. The taxpayers are:

269.1.1. owners of land plots, land shares;

269.1.2. land users.

269.2. Special aspects of tax collection by economic entities applying the simplified system of taxation, accounting and reporting shall be established in chapter 1 of section XIV of this Code.

Article 270. Taxable items

270.1. The taxable items are:

270.1.1. owned or used land plots;

270.1.2. owned land shares.

Article 271. Tax base

271.1. The tax base is:

271.1.1. standard valuation of land plots taking into account the indexation multipliers determined in accordance with the procedure established by the present section;

271.1.2. area of land plots, standard valuation of which was not carried out.

271.2. Decision of councils on standard valuation of land plots shall be officially promulgated by the relevant local self-government authority till July 15 of the year preceding the budget period in which the application of standard valuation of land plots or changes is to be carried out (the planned period). Otherwise the rules of the relevant decisions shall not apply before the beginning of the budget period following the planned period.

Article 272. The rates of tax on agricultural land plots (regardless of location)

272.1. Tax rates per one hectare of agricultural land shall be established as percentage of its standard valuation in the following amounts:

272.1.1. for arable land, hayfields and pastures — 0.1;

272.1.2. for perennial plantings — 0.03.
272.2. The tax on agricultural land, provided according to the established procedure and used according to its intended purpose, including by military agricultural enterprises, regardless of the category of land it refers to, shall be collected at the rates determined by the clause 272.1 of the present Article.

Article 273. Taxation of land plots provided on a forestry land (regardless of the location)

273.1. The tax on forest land shall be collected as a component of fee for the special use of forest resources established by the tax legislation.

273.2. The rates of tax on one hectare of non-forest land provided according to the established procedure and used for forestry purposes shall be established:

273.2.1. for agricultural land — in accordance with Article 272 of this Code;

273.2.2. for plots occupied by industrial, public amenities, residential buildings and household buildings and structures — in accordance with Articles 276 and 280 of this Code.

Article 274. Tax rate on land plots, standard valuation of which was carried out (regardless of location)

274.1. Tax rate on land plots, standard valuation of which was carried out, shall be established as 1 percent from their standard valuation, except for land plots referred to in Articles 272, 273, 276 of this Code.

Article 275. Tax rates on land plots located within localities, standard valuation of which was not carried out.

275.1. Rates of tax with regard to land plots, the normative monetary evaluation of which was not conducted:

<table>
<thead>
<tr>
<th>Groups of populated localities with the size of population, thousand persons</th>
<th>Rates of tax, UAH per 1 sq.m.</th>
<th>Coefficient applied in the cities of Kyiv, Simferopol, Sevastopol and cities of region subordinance</th>
</tr>
</thead>
<tbody>
<tr>
<td>Up to 3</td>
<td>0.3</td>
<td></td>
</tr>
<tr>
<td>3 to 10</td>
<td>0.61</td>
<td></td>
</tr>
<tr>
<td>10 to 20</td>
<td>0.97</td>
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<td>20 to 50</td>
<td>1.52</td>
<td>1.2</td>
</tr>
<tr>
<td>50 to 100</td>
<td>1.83</td>
<td>1.4</td>
</tr>
<tr>
<td>100 to 250</td>
<td>2.13</td>
<td>1.6</td>
</tr>
<tr>
<td>250 to 500</td>
<td>2.45</td>
<td>2</td>
</tr>
<tr>
<td>500 to 1,000</td>
<td>3.05</td>
<td>2.5</td>
</tr>
<tr>
<td>1,000 and over</td>
<td>4.28</td>
<td>3</td>
</tr>
</tbody>
</table>

275.2. In localities classified by the Cabinet of Ministers of Ukraine as the resorts, the following ratios shall apply to the tax rates specified in the clause 275.1 of this Article:
275.2.1. on the southern coast of the Autonomous Republic of Crimea — 3;
275.2.2. on the south-eastern coast of the Autonomous Republic of Crimea — 2.5;
275.2.3. on the western coast of the Autonomous Republic of Crimea — 2.2;
275.2.4. on the Black Sea coast of Mykolaiv, Odesa and Kherson regions — 2;
275.2.5. in mountainous and piedmont regions of Transcarpathia, Lviv, Ivano-Frankivsk and Chernivtsi regions — 2.3, except for localities classified as mountainous ones in accordance with the legislation;
275.2.6. on the Sea of Azov coast and in other resort areas — 1.5.

275.3. Tax rates on land plots (except for agricultural land and forestry land) shall be differentiated and approved by the relevant village, settlement and city councils based on the tax rates established in paragraph 275.1 of the present Article, functional use and location of a land plot, but shall not exceed more than three times the amount of tax rates, taking into account the ratios established in paragraph 275.2 of the present Article.

275.3.1. decisions of councils on approval of tax rates on land plots shall become effective within the deadlines specified in paragraph 271.2 of Article 271 of this Code.

Article 276. Peculiarities of establishing land tax rates

276.1. The tax on the land plots (within localities), occupied by residential buildings, parking spaces for storage of personal vehicles of citizens which are used without obtaining profit by garage construction, dacha construction and horticultural societies, individual garages, garden cottages and dachas of natural persons, as well as on the land plots provided for needs of farming industry, water industry and forestry, which are occupied by industrial, public amenities and other buildings and structures, shall be collected at the rate of 3 percent of the land tax amount calculated in accordance with Articles 274 and 275 of this Code.

276.2. The tax on the land plots (within localities) on environmental, health and recreational territories and facilities, use of which is not related to the functional purpose of these territories and facilities, shall be collected in the amount which exceeds five times the amount of tax calculated in accordance with Articles 274 and 275 of this Code.

276.3. The tax on the land plots (within localities) on historical and cultural territories and facilities, the use of which is not related to the functional purpose of these territories and facilities, shall be collected in the amount calculated in accordance with Articles 274 and 275 of this Code, using the following ratios:

276.3.1. international importance — 7.5;
276.3.2. national importance — 3.75;
276.3.3. local importance — 1.5.

This clause shall not apply to the land plots, where diplomatic missions are located, which in accordance with international treaties (agreements) that are binding as approved by the Verkhovna Rada of Ukraine, use premises and adjacent land plots on a paid basis.

276.4. The tax on the land plots (within localities) classified as the rail transport land (except for the land plots which contain separately located public amenities buildings and other structures and are taxed on common basis) provided to the mining enterprises for mining and development of mineral deposits, as well as on water bodies provided for manufacturing of fish products, and on the land plots where airdromes are located, shall be collected in the amount of 25 percent of the tax calculated in accordance with Articles 274 and 275 of this Code.

276.5. In case of leasing out of land plots (within localities), separate buildings (structures) or their parts by owners and land users, including those specified in clauses 276.1 and 276.4 of the present Article, to other entities, the tax on the leased out areas shall be calculated in accordance with Article 274 of this Code of standard valuation, taking into account application of the corresponding ratio of functional use of these areas, depending on the type of economic activity of the lessee, and Article 275 of this Code.

276.6. The tax on the land plots (within and outside localities) provided for placement of energy facilities, producing electric energy from renewable energy sources, shall be collected in the amount of 25 percent of the tax calculated in accordance with Articles 274, 275, 278, 279 and 280 of this Code.

Article 277. Tax rates on non-agricultural and gardeners’ partnerships land plots located outside the localities, standard valuation of which was not carried out

277.1. The tax rate on hectare of non-agricultural land occupied by household buildings (structures) shall be established in the amount of 5 percent of standard valuation of unit area of arable land in the Autonomous Republic of Crimea or the region.

277.2. The tax rate for the land plots provided by a horticultural society, including those engaged in garden and/or suburban cottages of natural persons shall be equal to 5 percent of the standard valuation of unit area of arable land in the Autonomous Republic of Crimea or the region.

Article 278. The tax rates on the land plots provided to industrial, transport, communication, energy and defence enterprises, located outside localities, standard valuation of which was not carried out

278.1. The tax rate on the land plots provided to industrial, transport enterprises (except for rail transport land which contain separately located public amenities buildings and other structures), communication, energy enterprises, as well as enterprises and organisations engaged in the operation of power lines (except for agricultural land and forestry land) shall be established in the amount of 5 percent of standard valuation of unit area of arable land in the Autonomous Republic of Crimea or the region.
278.2. The tax rate on the land plots pertaining to the rail transport land (except for the plots which contain separately located public amenities buildings and other structures and which are taxed on common basis) provided to military formations created in accordance with the laws of Ukraine, which are not maintained using state or local budget funds, units of the Armed Forces of Ukraine, which carry out business activity as well as on the land plots, where airfields are located, shall be established at 0.02 percent of standard valuation of a unit area of arable land in the Autonomous Republic of Crimea or the region.

278.3. The tax rate on the land plots provided to industrial enterprises occupied by temporary conservation land (degraded land) shall be established in the amount of 0.03 percent of standard valuation of unit area of arable land in the Autonomous Republic of Crimea or the region.

**Article 279. The tax rate on the land plots transferred into ownership or assigned for use on environmental, health, recreational and historical-cultural land located outside the localities, standard valuation of which was not carried out**

279.1. The tax rate on the land plots transferred into ownership or assigned for use on environmental, health, recreational and historical-cultural land (except for agricultural land and forest land) standard valuation of which was not carried out, shall be established in the amount of 5 percent of standard valuation of unit area of arable land in the Autonomous Republic of Crimea or the region.

**Article 280. The tax rates on the land plots on water fund land and forestry land, located outside localities, standard valuation of which was not carried out**

280.1. The tax rates on the land plots on water fund land shall be established in the amount of 0.3 percent of standard valuation of unit area of arable land in the Autonomous Republic of Crimea or the region.

280.2. The tax rate on the land plots on water fund land, as well as on the forestry land plots, occupied by industrial, public amenities, household and other buildings and structures, shall be established in the amount of 5 percent of standard valuation of unit area of arable land in the Autonomous Republic of Crimea or the region.

**Article 281. Tax concessions for natural persons**

281.1. The following persons shall be exempted from payment of the tax:

281.1.1. persons with disabilities of the first and the second groups;

281.1.2. natural persons who bring up three or more children under the age of 18 years;

281.1.3. pensioners (retirement pensioners);

281.1.4. war veterans and persons who are subject to the Law of Ukraine “On the Status of War Veterans and Guarantees of Their Social Protection”;
281.1.5. natural persons recognised by the law as persons affected by the Chornobyl disaster.

281.2. Exemption from the tax payment on the land plots, stipulated for the corresponding category of natural persons in the clause 281.1. of the present Article, shall apply to one land plot for each type of use within marginal rates:

281.2.1. for management of private agricultural household — in the amount not exceeding 2 hectares;

281.2.2. for construction and maintenance of residential building, household buildings and structures (small holding): in villages — not more than 0.25 hectares, in settlements — not more than 0.15 hectares, in cities — not more than 0.10 hectares;

281.2.3. for individual dacha construction — not more than 0.10 hectares;

281.2.4. for construction of private garages — not more than 0.01 hectares;

281.2.5. for gardening — not more than 0.12 hectares.

281.3. Owners of land plots, land shares and land users shall be exempted from payment of tax during the period when a flat agricultural tax is effective, subject to leasing out of land plots and land shares to a payer of flat agricultural tax.

Article 282. Tax concessions for legal entities

282.1. The following entities shall be exempted from the tax payment:

282.1.1. reserves, including historical-cultural, national parks, game reserves (except for the hunting ones), state and public parks, regional landscape parks, botanical gardens, dendrologic and zoological parks, natural monuments, natural reserves and parks-monuments of garden art;

282.1.2. experimental households of scientific and research institutions and agricultural educational institutions as well as vocational training colleges;

282.1.3. state agencies and local self-government authorities, prosecution authorities, institutions, agencies and organisations, specialised health resorts in Ukraine for rehabilitation, treatment and health care of patients, military formations, established in accordance with the laws of Ukraine, Armed Forces of Ukraine and the State Border Service of Ukraine, which are fully maintained using state or local budget funds;

282.1.4. health resorts and wellness establishments for children in Ukraine, regardless of their subordination, including health resorts and wellness establishments for children in Ukraine, which are on the balance sheet of enterprises, institutions and organisations;

282.1.5. religious organisations in Ukraine, statutes (regulations) of which are registered according to the procedure established by the law, on the land plots provided for construc-
tion and maintenance of places of worship and other buildings necessary to ensure their work, as well as charitable organisations established in accordance with the law, the activity of which does not assume the receipt of profit;

282.1.6. health resorts and wellness establishments of non-governmental organisations of persons with disabilities, rehabilitation institutions of non-governmental organisations of persons with disabilities;

282.1.7. non-governmental organisations of persons with disabilities of Ukraine, enterprises and organisations which are founded by non-governmental organisations of persons with disabilities and unions of non-governmental organisations of persons with disabilities and are fully owned by them, where during the previous calendar month the number of persons with disabilities with primary employment there, is at least 50 percent of the average number of full-time employees of the nominal roll, provided that the payroll for such persons with disabilities during the accounting period was not less than 25 percent of total costs for remuneration of labour.

The specified enterprises and organisations of non-governmental organisations of persons with disabilities shall be entitled to apply these concessions subject to availability of permission for the right to use such concession, which is granted by the authorised body in accordance with the Law of Ukraine “On Basic Principles of Social Protection for Persons with Disabilities”.

In case of violation of requirements of this standard the specified non-governmental organisations of persons with disabilities, their enterprises and organisations shall be obliged to pay the amount of tax for the relevant period, indexed taking into account inflation, as well as punitive penalties under legislation;

282.1.8. pre-school and general educational institutions, regardless of form of ownership and funding sources, cultural, scientific, educational, health protection, social security, physical education and sports institutions that are fully maintained using state or local budget funds;

282.1.9. enterprises, institutions, organisations, non-governmental organisations of physical education and sports orientation, including aviation and aviation-sports clubs of the Society to Promote the Defence of Ukraine, for the land plots where sports facilities are located, which are used for holding All-Ukrainian, international competitions and training process of national teams of Ukraine in sports and training of sports reserve, Olympic and Paralympic training base, the list of which shall be approved by the Cabinet of Ministers of Ukraine;

282.1.10. payer of a flat agricultural tax on the land plots used for conducting agricultural commodity production;

282.1.11. newly created farm enterprises during three years and in localities with labour shortages — during five years from the time of transfer of land plot into their ownership.
Article 283. Land plots exempt from taxation

283.1. No tax shall be paid for:

283.1.1. agricultural land of areas of radioactively contaminated territories, determined in accordance with the law as radioactively contaminated as a result of Chornobyl disaster (exclusion zones, areas of unconditional (obligatory) resettlement, guaranteed voluntary resettlement and enhanced radiological control) and chemically contaminated agricultural land where restrictions on management of agricultural production are set;

283.1.2. agricultural land which is temporarily preserved or is in the stage of agricultural development;

283.1.3. land plots of state strain-testing stations and variety centres which are used for testing crop varieties;

283.1.4. land of public road system of general-purpose highways — land of roadway, curb, road bed, decorative landscaping, reserves, ditches, bridges, man-made structures, tunnels, interchanges, culverts, retaining walls, noise screens, cleaning facilities, and other road facilities and equipment located within right-of-ways as well as land located outside right-of-ways if structures ensuring functioning of roads are located on them, in particular:

a) parallel bypass roads, ferries, snowbreak structures and plantings, anti-avalanche and anti-mudflow structures, emergency escape ramps, protective plantings, noise screens, cleaning facilities;

b) parking and recreation facilities, warehouses, garages, storage tanks for combustible and lubrication materials, weighing systems for large vehicles, industrial bases and other man-made structures that are in public ownership, ownership of state owned enterprises or economic entities, authorised capital of which has 100 percent of shares owned by the state;

283.1.5. land plots of agricultural enterprises of all forms of ownership, farm enterprises and peasant farms occupied by young orchards, berry fields and vineyards before they enter into fruiting period, as well as hybrid plantings, gene collections and breeding grounds for perennial fruit plantings;

283.1.6. land plots of cemeteries, crematoria and columbaria.

283.1.7. land plots where diplomatic missions are located, which in accordance with international treaties (agreements) that are binding as approved by the Verkhovna Rada of Ukraine, use premises and adjacent land plots free of charge.

Article 284. Special aspects of application of concessional taxation

284.1. The Verkhovna Rada of the Autonomous Republic of Crimea, regional, city, settlement and village councils may establish concessions for land tax, which is paid on the
corresponding territory: partial exemption for a certain period, reduction of amount of land tax only using funds credited to the respective local budgets.

Local self-government authorities shall submit to the relevant regulatory authority at location of land plot, the data about concessions for payment of land tax granted to legal entities and/or natural persons till February 1 of the current year.

New changes to the specified information shall be submitted till the 1st day of the first month of the quarter following the accounting quarter in which these changes occurred.

284.2. If a payer accrues a right to concession during a year, it is exempt from payment of tax beginning from the month following the month in which such right was accrued. In case of loss of right to concession during a year, the tax shall be paid beginning from the month following the month in which such a right was lost.

284.3. If taxpayers which enjoy concessions for this tax, lease out land plots, separate buildings, structures or their parts, the tax for such land plots and land plots where such buildings (their parts) are located, shall be paid on common basis, taking into account building surrounding grounds.

This standard shall not apply to budgetary institutions if they assign buildings, structures (or their parts) for temporary use (lease) to other budgetary institutions, pre-school, general educational institutions, regardless of forms of their ownership and funding sources.

Article 285. Tax period

285.1. The basic tax (accounting) period for the land fee is the calendar year.

285.2. The basic tax (accounting) year begins on January 1 and ends on December 31 of the same year (for newly created enterprises and organisations, as well as in connection with acquisition of ownership and/or use of new land plots may be less than 12 months).

Article 286. Land fee calculation procedure

286.1. The basis for charge of land tax is the data of the State Land Cadastre.

Central executive authorities responsible for the implementation of national policy in the sphere of land relations and state registration of real rights to immovable property on a monthly basis, but not later than on the 10th day of the next month, as well as on request of the relevant regulatory authority at location of the land plot, shall submit the information necessary for calculation and collection of land fee, according to the procedure established by the Cabinet of Ministers of Ukraine.

286.2. Land fee payers (except for natural persons) shall independently calculate the annual amount of tax as of January 1 and not later than on February 20 of the current year shall file the customs declaration for the current year with the regulatory authority at loca-
tion of land plot, according to the form established according to the procedure established by Article 46 of this Code, with makeup of annual amount in equal parts by month. Filing such a declaration shall release from the obligation to file monthly declarations. When filing the first declaration (actual beginning of activity as a land fee payer), a certificate (extract) on the amount of standard valuation of a land plot shall be attached hereto which shall be further submitted in case of approval of standard valuation of land.

286.3. Land fee payer is entitled to file a monthly simplified tax statement that releases him from obligation to file a tax statement not later than on 20 February of the current year, within 20 calendar days of the month following the accounting month.

286.4. For newly allocated land plots or under newly concluded land lease agreements, a payer shall file a tax statement within 20 calendar days of the month following the accounting one.

In case of change during a year of taxable item and/or tax base, a land fee payer shall file a tax statement within 20 calendar days of the month following the month in which such changes occurred.

286.5. Collection of tax amounts from natural persons shall be carried out by the regulatory authorities, which issue a tax decision notice about payment of tax according to the form established according to the procedure determined in Article 58 of this Code, to a payer till July 1 of the current year.

In case of transfer of ownership of a land plot from one owner to the other during one calendar year, the tax shall be paid by the previous owner for the period from January 1 of such a year till the beginning of the month in which it lost the title for the specified land plot, and by the new owner — as of the month in which the new owner acquired ownership.

In case of transfer of ownership over the land plot from one owner to the other during one calendar year, the regulatory authority shall send a tax decision notice to the new owner after having received information about the transfer of ownership.

286.6. The tax on the land plot, where the building being in common ownership of several legal entities or natural persons is located, shall be calculated taking into account building surrounding grounds to each of such persons:

1) in equal parts — if the building is in common ownership of several persons, but is not divided in kind, or to one of such natural persons-owners, determined by their consent, unless otherwise specified by the court;

2) in proportion to the share belonging to each person — if the building is in common share ownership;

3) in proportion to the share belonging to each person — if the building is jointly owned and divided in kind.
The tax on the land plot, where the building used by several legal entities or natural persons is located, shall be collected from each of them in proportion to the part of the area of building, used by them, taking into account the building surrounding grounds.

286.7. Legal entity shall reduce land tax liabilities by the amount of concessions granted to natural persons in accordance with clause 281.1 of Article 281 of this Code, for land plots which are in their ownership or permanent use and are the part of the land plots of such legal entity.

Such procedure shall also apply to determination of land tax liabilities by the legal entity for the land plots assigned in accordance with the procedure established by the Law of Ukraine “On Basic Principles of Social Protection for Persons with Disabilities” for free parking (storage) of passenger cars, which are driven by persons with disabilities with the injury of the musculoskeletal system, members of their families who in accordance with the procedure for provision of the persons with disabilities with cars, obtained the right to drive, and the legal representatives of incapable persons with disabilities or children with disabilities, who transport persons with disabilities (children with disabilities) with the injury of the musculoskeletal system.

Article 287. Land fee payment period

287.1. Landowners and land users shall pay a land fee from the date of accrual of ownership or right to use the land plot.

In case of termination of ownership or right to use the land plot, land fee shall be paid for the actual period when the land was owned or used in the current year.

287.2. Accounting of natural persons-taxpayers and charging of the corresponding amounts shall be carried out annually till May 1.

287.3. The land fee tax liability specified in the tax statement for the current year shall be paid in equal instalments to owners and users of land plots at location of the land plot for the tax period which is equal to calendar month, monthly, within 30 calendar days following the last calendar day of the tax (accounting) month.

287.4. The land fee tax liability, specified in a new simplified tax statement, including for the newly allocated land plots, shall be paid by owners and users of land plots at location of the land plot for the tax period which is equal to one calendar month, monthly, within 30 calendar days following the last calendar day of the tax (accounting) month.

287.5. The tax shall be paid by natural persons within 60 days from the date of delivery of tax decision notice.

Natural persons in village and settlement areas may pay the land tax through cash offices of village (settlement) councils according to tax receipt. Receipt form shall be established according to the procedure specified in Article 46 of this Code.

287.6. When transferring ownership of building, structure (their part), the tax on the land plots where such buildings, structures (their parts) are located, taking into account
building surrounding grounds, shall be paid on common basis, from the date of state registration of immovable property ownership.

287.7. In case of leasing out land plots (within localities), separate buildings (structures), or their parts by owners and land users, including those specified in clauses 276.1, 276.4 of Article 276, the tax on the leased areas shall be calculated from the date of conclusion of the land plot lease agreement or the date of conclusion of buildings (parts thereof) lease agreement.

287.8. The owner of non-residential premises (their part) in a multifamily residential building shall pay a tax on areas occupied by such premises (parts thereof) subject to proportional share of building surrounding grounds from the date of state registration of immovable property ownership.

**Article 288. Lease payment**

288.1. The basis for collection of lease payment for the land plot is the lease agreement for such land plot.

Executive bodies and local self-government authorities, concluding land lease agreements, shall submit to the regulatory authority at location of the land plot the list of lessees, with whom the land lease agreements for the current year were concluded, till February 1, and shall inform the regulatory authority about conclusion of new, introduction of amendments to the existing land lease agreements and their termination till the 1st day of the month following the month when the specified amendments were introduced.

288.2. The payer of lease payment is the lessee of the land plot.

288.3. The taxable item is the land plot leased.

288.4. The amount and the terms of settlement of lease payment shall be determined in the lease agreement between the lessor (owner) and the lessee.

288.5. The amount of the lease payment shall be established in the lease agreement, but the annual amount of payment:

288.5.1. Cannot be less than 3 per cent of the normative monetary evaluation;

288.5.2. may not exceed:

a) for the land plots allocated for placement, construction, maintenance and operation of energy facilities that produce electricity from renewable energy sources, including technological infrastructure of such facilities (production premises, databases, distribution points (devices), electrical substations, power grids) — 3 percent of standard valuation;

b) for state or public land plots provided for construction and/or operation of air-dromes — four times the amount of the land tax established by this section;
c) for other leased out land plots — 12 percent of standard valuation;

288.5.3. may be greater than the maximum amount of lease payment specified in the clause 288.5.2, in case of determining the lessee on a competitive basis.

288.6. Payment for sublease of the land plots may not exceed the lease payment.

288.7. The tax period, lease payment calculation procedure, payment period and procedure for crediting to the budget shall be applied according to the requirements of Articles 285–287 of this section.

Article 289. Indexation of standard valuation of the land

289.1. For the purposes of determination of the tax amount and lease payment, the standard valuation of land plots shall be used.

The central executive authority responsible for the implementation of national policy in the sphere of land relations shall manage valuation of the land and land plots.

289.2. According to the consumer price index for previous year, the central executive authority responsible for the implementation of national policy in the sphere of land relations shall calculate the annual amount of indexation coefficient of standard valuation of land, for which the standard valuation of agricultural land, land of localities and other non-agricultural land is indexed as of January 1 of the current year, as determined according to the formula:

\[ K_i = \frac{I - 10}{100}, \]

where I is the consumer price index for the previous year.

If the consumer price index does not exceed 110 percent, such index is used with a value of 110.

Indexation multiplier of standard valuation of land shall apply cumulatively depending on the date of carrying out standard valuation of land.

289.3. The central executive authority responsible for the implementation of national policy in the sphere of land relations, the Council of Ministers of the Autonomous Republic of Crimea, regional, Kyiv and Sevastopol municipal state administrations shall submit information about the annual indexation of the standard valuation of land to the central executive authority responsible for the formation and implementation of national tax and customs policy and landowners and land users not later than on January 15 of the current year.

Article 290. The procedure for crediting land fee to budgets

290.1. Land fee shall be credited to the respective local budgets according to the procedure specified by the Budget Code of Ukraine for land fee.
SECTION XIV.
SPECIAL TAX TREATMENTS

CHAPTER 1. THE SIMPLIFIED SYSTEM OF TAXATION, ACCOUNTING AND REPORTING

Article 291. General provisions

291.1. This chapter established the legal framework of the simplified system of taxation, accounting and reporting, as well as collection of single tax.

291.2. The simplified system of taxation, accounting and reporting is a special instrument for collection of taxes and duties which establishes replacement of payment of certain taxes and duties set by clause 297.1 of Article 297 of this Code, by payment of a single tax on the terms and conditions determined by the present chapter, with simultaneous keeping of the simplified accounting and reporting.

291.3. A legal entity or an sole proprietor can independently choose a simplified tax system, if such an entity complies with the requirements established by the present chapter, and is registered as a single tax payer according to the procedure established by the present chapter.

291.4. Economic entities using the simplified system of taxation, accounting and reporting, are divided into the following groups of single tax payers:

1) the first group — sole proprietors who do not use hired labour, carry out only the retail sale of goods from trading places in the markets and/or carry out business activity in rendering consumer services to population and the amount of income of which in a calendar year does not exceed 150,000 UAH;

2) the second group is the sole proprietors who carry out economic activity in rendering services, including the consumer ones, to single tax payers and/or population, manufacturing and/or sale of goods, activity in the sphere of restaurant management, provided that during a calendar year they correspond to all of the following criteria:

- do not use the hired labour or the number of employees who have labour relations with them does not exceed 10 persons at the same time;
- the amount of income does not exceed 1,000,000 UAH.

This clause shall not apply to sole proprietors who render intermediary services for buying, selling, leasing and real estate appraisal (group 70.31 KVED DK 009:2005), and carry out activities in manufacture, supply, sale of jewellery and household items made of precious metals, precious stones, precious stones of organogenic origin and semi-precious stones. Such individual entrepreneurs only belong to the third or the fifth group of single tax payers, if they comply with the requirements established for such groups;
3) the third group is the sole proprietors who during a calendar year correspond to all of the following criteria:

- do not use the hired labour or the number of employees who have labour relations with them does not exceed 20 persons at the same time;
- the amount of income does not exceed 3,000,000 UAH.

4) the fourth group is the legal entities — economic entities of any organisational-legal form, who during a calendar year correspond to all of the following criteria:

- the average number of employees does not exceed 50 persons;
- the amount of income does not exceed 5,000,000 UAH.

5) the fifth group is the sole proprietors who during a calendar year correspond to all of the following criteria:

- do not use the hired labour or the number of employees who have labour relations with them is not limited;
- the amount of income does not exceed 20,000,000 UAH.

6) the sixth group is legal entities — economic entities of any organisational-legal form the amount of income of which does not exceed 20,000,000 UAH during a calendar year.

291.4.1. When calculating the total number of persons who have labour relations with a single tax payer-natural person, employees who are on maternity leave and leave to attend to a child up to the age established in accordance with the legislation, are not taken into account.

When calculating the average number of employees the definition established by this Code shall be used.

291.5. The following persons may not be single tax payers:

291.5.1. economic entities (legal entities and sole proprietors) who carry out:

1) activity in organisation and conducting of gambling;

2) foreign currency exchange;

3) manufacture, export, import, sale of excise goods (except for retail sale of combustible and lubrication materials in containers up to 20 litres and activity of natural persons, related to the retail sale of beer and table wines);

4) production, manufacture, sale of precious metals and precious stones, including of organogenic origin (except for manufacture, supply, sale of jewellery and household items
made of precious metals, precious stones, precious stones of organogenic origin and semi-precious stones);

5) production, sale of mineral resources, except for sale of local mineral resources;

6) activity in the field of financial intermediation, except for activity in the field of insurance which is carried out by insurance agents as defined by the Law of Ukraine “On Insurance”, surveyors, average commissioners, adjusters, specified by section III of this Code;

7) companies management activity;

8) activity in rendering postal services (except for courier services) and communication services (except for activity that is not subject to licensing);

9) activity in sale of art objects and antiques, activity in organisation of bidding (auctions) in respect of art products, collectors’ items or antiques;

10) activity in organisation and conducting of tour activities;

291.5.2. individual entrepreneurs who carry out technical testing and research (group 74.3 KVED DK 009:2005), activity in the field of auditing;

291.5.3. sole proprietors who lease out land plots, the total area of which exceeds 0.2 hectares, residential premises and/or their parts, the total area of which exceeds 100 square meters, non-residential premises (structures, buildings) and/or parts thereof, the total of area of which exceeds 300 square meters;

291.5.4. insurance (reinsurance), brokers, banks, credit unions, pawnshops, leasing companies, trust companies, insurance companies, funded pension provision institutions, investment funds and companies, other financial institutions, as defined by law; registrars of securities;

291.5.5. economic entities in the authorised capital of which the totality of the shares belonging to legal entities, which are not single tax payers, equals to or exceeds 25 percent;

291.5.6. representative offices, branches, departments and other separate subdivisions of a legal entity which is not a single tax payer;

291.5.7. natural persons and legal entities which are non-residents;

291.5.8. economic entities, which on the day of submission of application for registration as a single tax payer, have a tax debt, except for uncollectable tax debt incurred as a result of force majeure (force-majeure circumstances).

291.6. Single tax payers must settle payments for shipped goods (works, services) only in specie (cash and/or non-cash).
291.7. For the purposes of this chapter, consumer services to population, rendered by the first and the second groups of single tax payers, are defined as the following services:

1) manufacture of custom made footwear;
2) footwear repair services;
3) manufacture of customs made garments;
4) manufacture of custom made leather products;
5) manufacture of custom made fur products;
6) manufacture of custom made underwear;
7) manufacture of custom made textiles and textile haberdashery;
8) manufacture of custom made headwear;
9) additional services to manufacture of custom made products;
10) clothing and household textiles repair services;
11) manufacture and knitting of custom made knitwear;
12) knitwear repair services;
13) manufacture of custom made carpets and tapestries;
14) services for repair and restoration of carpets and tapestries;
15) manufacture of leather haberdashery and tapestries;
16) leather haberdashery and travel items repair services;
17) manufacture of custom made furniture;
18) services for repair, restoration and renovation of furniture;
19) manufacture of custom made joinery and carpentry products;
20) maintenance and repair of cars, motorcycles, scooters and mopeds;
21) radio and television and other audio and video equipment repair services;
22) electrical appliances and other household equipment repair services;
23) watches repair services;
24) bicycles repair services;
25) services for maintenance and repair of musical instruments;
26) manufacture of custom made metal goods;
27) services for repair of other personal items, household items and metal goods;
28) manufacture of custom made jewellery;
29) jewellery repair services;
30) hire of personal and household products;
31) services for performance of photo works;
32) services for processing of films;
33) services for washing, treatment of linen and other textiles;
34) services for cleaning and painting of textiles, knitwear and fur products;
35) custom made finishing of furs;
36) hairdressing services;
37) funeral services;
38) services related to agriculture and forestry;
39) household servants services;
40) services related to custom made clearing and cleaning of the premises.

Article 292. Procedure for income determination and its composition

292.1. Income of a single tax payer refers to:

1) for a sole proprietor — the income received during the tax (accounting) period in specie (cash and/or non-cash); tangible or intangible form, specified in clause 292.3 of this Article. In this case passive income received by such a person in the form of interests, dividends, royalties, insurance reimbursement and indemnity, as well as income received from the sale of movable and immovable property owned by a natural person under the ownership and used in economic activity;
2) for legal entity — any income, including income of representative offices, branches, departments of such legal entity received during the tax (accounting) period in specie (cash and/or non-cash), tangible or intangible form, specified in the clause 292.3 of this Article.

292.2. When selling fixed assets by legal entities — single tax payers, income is defined as the difference between the amount of funds received from the sale of such fixed assets and net fixed assets thereof established on the day of sale.

292.3. Cost of goods (works, services) received free of charge during the accounting period shall be included into the amount of income of a single tax payer.

Goods (works, services) provided to a single tax payer in accordance with written gift acts and other written agreements, concluded in accordance with the legislation, which do not stipulate cash or other compensation of cost of such goods (works, services), or their return, as well as goods transferred to a single tax payer for safekeeping and used by such single tax payer shall be deemed to be received free of charge.

The amount of income of a single tax payer of the third and the fifth groups, which is a payer of value added tax and a single tax payer of the fourth and the sixth groups for the accounting period shall also include the amount of accounts receivable in respect of which the limitation period has expired.

The amount of income of a single tax payer of the fourth and the sixth groups for the accounting period shall include the cost of goods (works, services) sold during the accounting period, for which the prepayment (advance payment) was received in the period of payment of other taxes and duties specified by this Code.

292.4. In case of rendering services, performing works according to commission contracts, freight forwarding or agency agreements, income is the amount of consideration received by attorney (agent).

292.5. Income denominated in foreign currency shall be converted into Ukrainian hryvnia at the official exchange rate of Ukrainian hryvnia to the foreign currency established by the National Bank of Ukraine on the date of receipt of such income.

292.6. The date of receipt of income of a single tax payer is the date of receipt of funds by a single tax payer in specie (cash or non-cash form), date of signing of Delivery Acceptance Act for goods (works, services) received free of charge by a single tax payer. For a single tax payer of the third and the fifth groups, which is a value added tax payer and a single tax payer of the fourth and the sixth groups the date of receipt of income is the date of debiting of accounts receivable in respect of which the limitation period has expired.

For a single tax payer of the fourth and the sixth groups the date of receipt of income is also the date of shipment of goods (performance of works, rendering services), for which it received a prepayment (advance payment) in the period of payment of other taxes and duties defined by this Code.
292.7. In case of trade in goods or services with use of vending machines or similar equipment that does not stipulate presence of cash registers, the date of receipt of income is the date of withdrawal of cash proceeds from such vending machines and/or equipment.

292.8. If trade in goods (works, services) through vending machines is carried out using slugs, cards, and/or other substitutes of banknotes denominated in the currency of Ukraine, the date of the receipt of income is the date of sale of such slugs, cards, and/or other substitutes of banknotes denominated in currency of Ukraine.

292.9. Income of a natural person-taxpayer received as a result of carrying out economic activity and taxed pursuant to this chapter is not included in the total annual taxable income of natural entity as determined in accordance with section IV of this Code.

292.10. Amounts of taxes and duties withheld (charged) by a single tax payer when performing its functions as a tax agent, as well as amounts of a single contribution for compulsory state social insurance, charged by a single tax payer in accordance with the law are not income.

292.11. The income determined in this Article does not include:

1) amounts of value added tax;

2) amounts of funds received from internal settlements between structural subdivisions of a single tax payer;

3) amounts of financial assistance provided on a repayment basis, received and returned within 12 calendar months from the date of receipt, and amounts of credits;

4) amounts of the special purpose monetary funds received from the Pension Fund and other funds of mandatory state social insurance, budgets or from state trust funds, including within the framework of national or local programs;

5) amounts of funds (prepayment, advance payment), which are returned to the buyer of goods (works, services) — a single tax payer and/or returned by a single tax payer to buyer of goods (works, services), if such a return takes place due to return of the goods, termination of the contract or according to refund declaration letter;

6) amounts of funds received as payment for goods (works, services), sold in the period of payment of other taxes and duties established by this Code, the cost of which was included in income of legal entity when calculating corporate income tax or total taxable income of sole proprietor;

7) amounts of value added tax received as included in the cost of goods (performed works, rendered services), shipped (supplied) in the period of payment of other taxes and duties established by this Code;

8) amounts of funds and the cost of property contributed by founders or members of a single tax payer to the authorised capital of such payer;
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9) amounts of funds in terms of excessively paid taxes and duties established by this Code, and amounts of a single contribution to mandatory state social insurance, which are returned to a single tax payer from budgets or state trust funds;

10) dividends received by a single tax payer — legal entity from other taxpayers, taxed according to the procedure specified in this Code.

292.12. Dividends paid by legal entities to owners of equity rights (founders of single tax payers) shall be taxed in accordance with sections III and IV of this Code.

292.13. Income shall be determined based on the data of accounting maintained in accordance with Article 296 of this Code.

292.14. Determination of income shall be carried out for single tax purposes and granting right to economic entity to be registered as a single tax payer and/or to use the simplified tax system.

292.15. In determining the amount of income which entitles an economic entity to be registered as a single tax payer and/or to use the simplified tax system in the next tax (accounting) period, income received as a compensation (reimbursement) for any previous (accounting) periods according to the court decision shall not be included.

292.16. The right to apply the simplified tax system in the next calendar year shall be granted to single tax payers provided that during the calendar year they did not exceed the amount of income established for the relevant group of single tax payers.

In this case if during the calendar year taxpayers of the first — third groups used the right to apply the other single tax rate due to exceeding of amount of income established for the respective group, the right to apply the simplified tax system in the next calendar year shall be granted to such taxpayers provided that during the calendar year they did not exceed the amount of income established by sub-clause 5 of clause 291.4 of Article 291 of this Code.

Article 293. Single tax rates

293.1. Single tax rates are set as a percentage (flat rates) to the amount of minimum salary established by law as of January 1 of the tax (accounting) year (hereinafter referred to as the “minimum salary”), and as a percentage of income (percentage rates).

293.2. Flat single tax rates shall be established by village, settlement and city councils for individual entrepreneurs who carry out business activity, depending on the type of economic activity, based on a calendar month:

1) for the first group of single tax payers — ranging from 1 to 10 percent of the minimum salary;

2) for the second group of single tax payers — ranging from 2 to 20 percent of the minimum salary.
293.3. The single tax percentage rate shall be set in the following amounts:

293.3.1. For the third and the fourth groups of single tax payers:

1) 3 percent of income — in case of payment of value added tax in accordance with this Code;

2) 5 percent of income — in case if value added tax is included in the single tax.

293.3.2. For the fifth and the sixth groups of single tax payers:

1) 5 percent of income — in case of payment of value added tax in accordance with this Code;

2) 7 percent of income — in case if value added tax is included in the single tax.

For sole proprietors, carrying out activity in manufacture, supply, sale of jewellery and household items made of precious metals, precious stones, precious stones of organogenic original and semi-precious stones, the single tax rate shall be set in the amount specified in sub-clause 2 of sub-clause 293.3.1 or sub-clause 2 of sub-clause 293.3.2 of the clause 293.3 of this Article.

293.4. Single tax rate shall be set for single taxpayers of the first — third and the fifth groups in the amount of 15 percent:

1) to the amount exceeding the amount of tax, as specified in sub-clauses 1, 2, 3 and 5 of the clause 291.4 of Article 291 of this Code;

2) to the income received from carrying out of activity not specified in the register of single taxpayers referred to the first or the second groups;

3) to the income received when applying the method of settlements other than that specified in this chapter;

4) to the income received from carrying out of activities that do not entitle to use the simplified tax system.

293.5. Single tax rates for taxpayers of the fourth and the sixth group shall be set in amount of double rates specified in the clause 293.3 of this Article:

1) to the amount exceeding the amount of tax specified in sub-clauses 4 and 6 of clause 291.4 of Article 291 of this Code;

2) to the income received when applying the method of settlements other than that specified in this Chapter;

3) to the income received from carrying out of activities that do not entitle to use the simplified tax system.
293.6. In case of carrying out by single tax payers of the first and the second groups of several types of economic activity, the maximum single tax rate established for these types of economic activity shall apply.

293.7. In case of carrying out by single tax payers of the first and second groups of economic activity on the territory of more than one village, settlement or city councils, the maximum single tax rate established by this Article for the relevant group of single tax payers shall apply.

293.8. Rates established by clauses 293.3–293.5 of this Article shall apply taking into account the following peculiarities:

1) single tax payers of the first group, which in the calendar quarter exceeded the amount of income that is defined for such taxpayers in the clause 291.4 of Article 291 of this Code, from the next calendar quarter in accordance with application shall begin to use single tax rate defined for single tax payers of the second or the third or the fifth groups, or waive application of the simplified tax system.

Such payers shall be obliged to apply a single tax rate in the amount of 15 percent to the exceeding amount.

The application shall be filed not later than on the 20th day of the month following the calendar quarter in which the amount of income was exceeded;

2) single tax payers of the second group, which exceeded the amount of income in the tax (accounting) period determined for such taxpayers in clause 291.4 of Article 291 of this Code, in the next tax (accounting) quarter according to the application shall begin to use single tax rate defined for single tax payers of the third or the fifth groups, or waive application of the simplified tax system.

Such payers shall be obliged to apply a single tax rate in the amount of 15 percent to the exceeding amount.

The application shall be filed not later than on the 20th day of the month following the calendar quarter in which the amount of income was exceeded;

3) single tax payers of the third group, which exceeded the amount of income in the tax (accounting) period determined for such taxpayers in the clause 291.4 of Article 291 of this Code, in the next tax (accounting) quarter according to the application shall begin to use single tax rate defined for single tax payers of the fifth group, or waive application of the simplified tax system.

Such payers shall be obliged to apply a single tax rate in the amount of 15 percent to the exceeding amount.

The application shall be filed not later than on the 20th day of the month following the calendar quarter in which the amount of income was exceeded;
Single tax payers of the fourth and sixth groups which in the tax (accounting) period exceeded the amount of income established for such taxpayers in the clause 291.4 of Article 291 of this Code shall apply a single tax rate in the amount of double rate specified in the clause 293.3 of this Article for the fourth and the sixth groups to the exceeding amount. Payers of the fourth group in the next tax (accounting) quarter shall be entitled to begin to use single tax rate established for taxpayers of the sixth group in accordance with the application filed by them, or to waive the simplified tax system according to the procedure established by this Chapter. Payers of the sixth group shall be obliged to begin to pay other taxes and duties established by this Code according to the procedure established by this Chapter.

Single tax payers of the fifth group, which in the tax (accounting) period exceeded the amount of income, established for such taxpayers in clause 291.4 of Article 291 of this Code, shall apply a single tax rate in the amount of 15 percent to the exceeding amount, and shall also be obliged to begin to pay other taxes and duties established by this Code, in accordance with the procedure established by this chapter.

4) single tax rate determined for the third and the fourth groups in the amount of 3 percent, and for the fifth and the sixth groups in the amount of 5 percent, may be chosen:

a) by economic entity registered as the value added tax payer in accordance with section V of this Code, in case of its transition to the simplified tax system by filing application for transition to the simplified tax system not later than 15 calendar days prior to the beginning of the next calendar quarter;

b) by a single tax payer of the third and the fourth groups, who chose a single tax rate in the amount of 5 percent, or by a single tax payer of the fifth or the sixth groups who chose a single tax rate in the amount of 7 percent, in case of voluntary change of single tax rate by filing an application for change of single tax rate not later than 15 calendar days prior to the beginning of the calendar quarter in which the new rate will apply and registration of such a single tax payer as a value added tax payer according to the procedure established by Section V of this Code;

c) by an economic entity that is not registered as a value added tax payer, in case of its transition to the simplified tax system or change of group of single tax payers by way of registration as a value added tax payer in accordance with Section V of this Code and filing application for transition to the simplified tax system or change of group of single tax payers in not more than 15 calendar days prior to the beginning of the next calendar quarter in which the registration of the tax payer as of a value added tax payer was carried out.

d) excluded;

5) in case of cancellation of registration of a value added tax payer according to the procedure established by Section V of this Code, single tax payers shall be obliged to begin to pay a single tax at the rate of 5 percent (for single tax payers of the third or the fourth groups) or at the rate of 7 percent (for single taxpayers of the fifth or the sixth groups) or to waive the application of the simplified tax system by filing application for change of single tax rate or waiving application of the simplified tax system not later than 15 calendar days prior to the
beginning of the next calendar quarter in which the cancellation of registration as a value added tax payer was cancelled.

**Article 294. The tax (accounting) period**

294.1. Tax (accounting) period for single tax payers of the first and the second groups is the calendar year.

Tax (accounting) period for single tax payers of the third — sixth groups is the calendar quarter.

294.2. The tax (accounting) period shall begin on the first day of the first month of the tax (accounting) period and shall end on the last calendar day of the last month of the tax (accounting) period.

294.3. For economic entities which started paying single tax instead of paying other taxes and duties established by this Code, the first tax (accounting) period shall begin on the first day of the month following the next tax (accounting) quarter, in which such an entity was registered as a single tax payer, and shall end on the last calendar day of the last month of such a period.

294.4. For duly registered sole proprietors, who filed application for selection of the simplified tax system and single tax rate determined for the first or the second groups until the end of the month, in which state registration was carried out, the first tax (accounting) period shall begin on the first day of the month following the month, in which such an entity was registered as a single tax payer.

For economic entities registered according to the procedure established by legislation (newly created), which till the end of the month, in which the state registration was carried out, filed application for application of the simplified tax system and single tax rate, established for the third — sixth groups, the first tax (accounting) period shall begin on the first day of the month in which the state registration was carried out.

294.5. For economic entities created as a result of reorganisation (except for transformation) of any taxpayer, which has outstanding tax liabilities or tax debt that were incurred before such reorganisation, the first tax (accounting) period shall begin on the first day of the month following the tax (accounting) quarter, in which such tax liabilities or tax debt were repaid and application for election of the simplified tax system was filed.

294.6. In case of state registration of dissolution of legal entities and state registration of termination of economic activity of sole proprietor, which are single tax payers, the last tax (accounting) period is the period in which the application for waiver of the simplified tax system was filed with the regulatory authority in connection with termination of economic activity.

294.7. In case of change of tax home of a single tax payer, the last tax (accounting) period in respect of such tax home shall be the period in which the application for change of the tax home was filed with the regulatory authority.
Article 295. Single tax collection procedure and payment period

295.1. Single tax payers of the first and the second groups shall pay single tax through advance payment not later than on 20th day (inclusive) of the current month.

Such single tax payers may pay a single tax through advance payment for the entire tax (accounting) period (quarter, year), but not more than up to the end of the current accounting year.

If the village, settlement or city councils decide to change the previously established single tax rates, a single tax shall be paid at such rates, according to the procedure and within the deadlines, specified in sub-clause 12.3.4 of the clause 12.3 of Article 12 of this Code.

295.2. Charging of advance payments for single tax payers of the first and the second groups shall be carried out by the regulatory authorities based on the application of such a single tax payer for the amount of chosen single tax rate, application for the period of annual leave and/or application for the period of temporary disability.

295.3. Single tax payers of the third — sixth groups shall pay single tax within 10 calendar days from end of the deadline for filing tax statement for the tax (accounting) quarter.

295.4. Payment of single tax shall be settled at the place of tax home.

295.5. Single tax payers of the first and the second groups, which do not use labour of employees, shall be released from payment of single tax during one calendar month of the year for the time of vacation, and during the period of illness, confirmed by a copy of the work incapacity certificate (certificates), if it lasts 30 or more calendar days.

295.6. Amounts of single tax paid in accordance with the second paragraph of the clause 295.1 and the clause 295.5 of this Article shall be credited against future payments related to his tax according to application of single tax payer.

Wrongly paid and/or overpaid amounts of single tax shall be returned to the payer according to the procedure established by this Code.

295.7. Single tax charged for exceeding of amount of income shall be paid within 10 calendar days from the end of the deadline for filing tax statement for the tax (accounting) quarter.

295.8. In case of termination of economic activity by a single tax payer, single tax liabilities shall be charged to such a payer until the last day (inclusive) of the calendar month in which application for waiver of the simplified tax system in connection with termination of economic activity was filed with the regulatory authority.
Article 296. Keeping records and reporting by single tax payers

296.1. Single tax payers shall keep records according to the procedure established in sub-clauses 296.1.1–296.1.3 of this clause.

296.1.1. Single tax payers of the first and the second groups and single tax payers of the third and the fifth groups, which are not value added tax payers, shall keep income account book by way of daily reflection of received income based on the results of working day.

The form of income record book and the procedure for its keeping shall be approved by the central executive authority responsible for the formation and implementation of national tax and customs policy.

296.1.2. Single tax payers of the third and fifth groups, who are value added tax payers, shall keep records of income and costs in the form and according to the procedure established by the central executive authority responsible for the formation and implementation of national tax and customs policy.

296.1.3. Single tax payers of the fourth and the sixth groups shall use the simplified accounting data on income and costs, taking into account the provisions of the clause 44.2 of Article 44 of this Code.

296.2. Single tax payers of the first and the second groups shall file a single tax payer declaration with the regulatory authority within the deadlines established for annual tax (accounting) period, which reflects the amount of received income, monthly advance payments specified in clause 295.1 of Article 295 of this Code.

Such tax statement shall be filed if a single tax payer during the year did not exceed income as specified in clause 291.4 of Article 291 of this Code, and/or independently began to pay a single tax at the rates established for single tax payers of the second, the third or the fifth groups.

296.3. Single tax payers of the third–sixth groups shall file single tax payer declaration with the regulatory authority within the deadline established for the quarterly tax (accounting) period.

296.4. The tax statement shall be filed with the regulatory authority at the place of tax home.

296.5. Income received during the tax (accounting) period which exceeds the amount of income specified in clause 291.4 of Article 291 of this Code, shall be reflected by single tax payers in tax statement, taking into account peculiarities specified in sub-clauses 296.5.1–296.5.5 of this Article.

296.5.1. Single tax payers of the first and the second groups shall file a single tax payer declaration to the regulatory authority within the deadlines established for annual (accounting) period, in case of exceeding during the year of amount of income specified in the clause
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291.4 of Article 291 of this Code or independently made decision on transition to payment of tax at the rates established for taxpayers of the second, the third or the fifth groups.

In this case tax statement shall separately reflect the amount of income, taxed at the rates determined for single tax payers of the first and the second groups, the amount of income taxed at the rate of 15 percent, the amount of income taxed at a new single tax rate, chosen according to the conditions specified by this chapter, advance payments established by the clause 295.1 of Article 295 of this Code.

Filing tax statement within the deadline established for quarterly tax (accounting) period shall release taxpayers from the obligation to file a tax statement within the period established for annual tax (accounting) period.

296.5.2. Single tax payers of the second group in tax statement shall separately reflect:

1) monthly advance payments specified in the clause 295.1 of Article 295 of this Code;
2) amount of income taxed at each of single tax rates selected;
3) amount of income taxed at the rate of 15 percent (in case of exceeding of amount of income).

296.5.3. Single tax payers of the third or the fifth groups in tax statement shall separately reflect:

1) amount of income taxed at each of chosen single tax rates;
2) amount of income taxed at the rate of 15 percent (in case of exceeding of amount of income).

296.5.4. Single tax payers of the fourth and the sixth groups in tax statement shall separately reflect:

1) amount of income taxed at the corresponding single tax rate established for such taxpayers by clause 293.3 of Article 293 of this Code;
2) amount of income taxed at the double single tax rate established for such taxpayers by clause 293.3 of Article 293 of this Code (in case of exceeding of amount of income).

296.5.5. In case of application of the method of settlements other than that specified in this Chapter, carrying out of activities that do not entitle to apply the simplified tax system, carrying out of activities not specified in the register of single tax payers of the first and the second groups, the single tax payers shall additionally represent separate income received from such transactions in a tax statement.

296.6. The amount exceeding the amount of income shall be reflected in the tax statement for the tax (accounting) period in which such exceeding occurred.
In this case, the received amount exceeding income, established for single tax payers of the first and the second groups, shall not be included in the amount of income, from which the next chosen rate is paid by such single tax payers.

296.7. Tax statement shall be drawn up on an accrual basis, taking into account the standards of clauses 296.5 and 296.6 of the present Article. Amended tax statement shall be filed according to the procedure specified by this Code.

296.8. To receive income certificate the single tax payers shall be entitled to file tax statement with the regulatory authority for other than quarterly (annual) tax (accounting) period, which does not release a taxpayer from the obligation to file declaration within the deadline established for the quarterly (annual) tax (accounting) period.

Such tax statement shall be drawn up taking into accounting standards of clauses 296.5 and 296.6 of this Article and shall not be the basis for charging and/or payment of tax liability.

296.9. Single tax payer declaration forms, specified in clauses 296.2 and 296.3 of this Article, shall be approved in accordance with the procedure established by Article 46 of this Code.

296.10. Single tax payers of the first — third groups shall not use cash registers.

Article 297. Special aspects of collection, payment and filing accounts in respect of particular taxes and duties by single tax payers

297.1. Single tax payers shall be released from obligation for charge, payment and filing tax accounts in respect of such taxes and duties:

1) corporate income tax;

2) individual income tax in respect of income (taxable item) received as a result of economic activity of natural person and taxed according to this chapter;

3) value added tax on transactions on delivery of goods, works and services, the place of delivery of which is located on the customs territory of Ukraine, except for the value added tax paid by natural persons and legal entities that chose a single tax rate specified in sub-clause 1 of the clause 293.3.1, the clause 293.3 or sub-clause 1 of sub-clause 293.3.2 of clause 293.3 of Article 293 of this Code;

5) duty on carrying out several economic activities;

6) duty on development of viticulture, horticulture and hop production.

297.2. Charge, payment and filing accounts in respect of taxes and duties other than those specified in the clause 297.1 of the present Article, shall be carried out by single tax payers according to the procedure, in the amount and within the period established by this Code.
In case of import of goods to the customs territory of Ukraine, taxes and duties as well as customs fees shall be paid by a single tax payer on a common basis in accordance with the law.

297.3. Single tax payer shall perform functions of tax agent provided by this Code in case of calculation (payment, provision) of income charged with individual income tax for the benefit of a natural person who has labour or civil law relations with it.

**Article 298. The procedure for election or transition to the simplified tax system or waiving the simplified tax system**

298.1. The procedure for election or transition to the simplified tax system shall be carried out in accordance with sub-clauses 298.1.1–298.1.4 of this Article.

298.1.1. For election or transition to the simplified tax system an economic entity shall file an application with the regulatory authority.

The application shall be filed at the taxpayer’s choice if not otherwise stipulated herein in one of the following ways:

1) by the taxpayer in person or by an authorised person;

2) shall be sent by mail with return receipt and description of contents;

3) by means of electronic communication in electronic form, complying with the condition for registration of electronic signature of accountable persons according to the procedure established according to the legislation.

4) to the state registrar as a supplement to a registration card submitted for the purpose of state registration of a legal entity or a sole proprietor with due consideration of requirements set in clause 291.5 of Article 291 hereof. An electronic copy of application produced by scanning shall be submitted by the state registrar to the regulatory authority together with information from the registration card for conduction of state registration of a legal entity or a sole proprietor in accordance with the Law of Ukraine “On State Registration of Legal Entities and Sole Proprietors”.

298.1.2. Sole proprietors registered according to the established procedure, who filed application for selection of the simplified tax system and single tax rate established for the first or the second groups till the end of the month in which such a registration was carried out, shall be deemed to be single tax payers from the first day of the month following the month in which the state registration took place.

Economic entities registered according to the procedure established by legislation (newly created), which during 10 days from the date of state registration filed application for election of the simplified tax system and single tax rate, established for the third — sixth groups, shall be deemed to be single tax payers from the date of their state registration.
298.1.3. An economic entity established as a result of reorganisation (except for transformation) of any taxpayer, which has outstanding tax liabilities or tax debt that were incurred before such reorganisation, may be registered as a single tax payer (by filing application within 15 calendar days prior to the beginning of the next calendar year), from the first day of the month, following the tax (accounting) quarter, in which redemption of such tax liabilities or tax debt was carried out.

298.1.4. An economic entity, that is a payer of taxes and other duties in accordance with the standards of this Code, may make decision on transition to the simplified tax system by filing application with the regulatory authority not later than 15 calendar days prior to the beginning of the next calendar quarter. Such a economic entity can switch to the simplified tax system only once a calendar year.

Transition of economic entity to the simplified tax system specified in the first paragraph of the present sub-clause may be carried out, provided that during the calendar year preceding the period of transition to the simplified tax system, the economic entity complied with the requirements established in the clause 291.4 of Article 291 of this Code.

Income calculation shall for the previous year shall be attached to the filed application, which shall be determined in compliance with the requirements established by this chapter.

In this case if an economic entity during the calendar year preceding the year of election of the simplified tax system, made an independent decision on dissolution of a sole proprietor, then during transition to the simplified tax system, income calculation for the previous calendar year shall include the total amount of income received by such a person as a result of carrying out economic activity for such a previous calendar year.

Income calculation form for the previous calendar year, preceding the year of transition to the simplified tax system, shall be approved by the central executive authority responsible for the formation and implementation of national tax and customs policy.

298.1.5. Subject to compliance by a single taxpayer with the requirements established by this Code for the group selected by the tax payer, such a tax payer can independently select the single tax established for other groups of single taxpayers by filing application to the regulatory authority in no later than 15 calendar days prior to the beginning of the next quarter. In this case a value added tax certificate of single tax payer of the third and the siths groups, which is a value added taxpayer, shall be cancelled according to the procedure established by this Code in case of the taxpayer’s selection of the first or second group or rate of a single tax established for the third-sixth groups that include value added tax to composition of the single tax.

298.2. Waiver of the simplified tax system shall be carried out according to the procedure specified in sub-clauses 298.2.1–298.2.3 of this Article.

298.2.1. To waive the simplified tax system an economic entity shall file an application to the regulatory authority not later than 10 calendar days prior to the beginning of a new calendar quarter (year).
298.2.2. Single tax payers may independently waive application for the simplified tax system due to transition to payment of other taxes and duties specified by this Code starting from the first day of the month following the tax (accounting) quarter, in which an application for waiver of the simplified tax system due to transition to payment of taxes and duties was filed.

298.2.3. Single tax payers shall be obliged to begin to pay other taxes and duties determined by this Code in the following cases and within the following deadlines:

1) in case of exceeding during the calendar year of the specified amount of income by tax payers of the first — third groups and failure of such payers to begin to use other rate — from the first day of the month following the tax (accounting) quarter in which such exceeding occurred;

2) in case of exceeding during the calendar year of the specified amount of income determined in sub-clause 5 of clause 291.4 of Article 291 by tax payers of the first — third groups, which used the right to apply other rates established for the fifth group — from the first day of the month following the tax (accounting) quarter in which such exceeding occurred;

in case of exceeding during the calendar year of the specified amount of income determined in sub-clause 4 of clause 291.4 of Article 291 by tax payers of the fourth group, which used the right to apply other rate, established for the sixth group — from the first day of the month following the tax (accounting) quarter in which such exceeding occurred;

3) in case of exceeding during the calendar year of the specified amount of income by tax payers of the first — third groups and failure of such payers to transit to use other rate — from the first day of the month following the tax (accounting) quarter in which such exceeding occurred;

4) in case of application by a single tax payer of the method of settlements other than specified in clause 291.6 of Article 291 of this Code — from the first day of the month following the tax (accounting) period, in which such method of settlements occurred.

5) in case of carrying out activities, which do not entitle to use the simplified tax system or failure to comply with requirements of organisational legal forms of management — from the first day of the month following the tax (accounting) period in which such activities were carried out or organisational legal form was changed;

6) in case of exceeding of the number of natural persons which have labour relations with a single tax payer — from the first day of the month following the tax (accounting) period in which tax exceeding occurred;

7) in case of carrying out of activities not specified in a single taxpayers register — from the first day of the month following the tax (accounting) period in which such activities were carried out;
8) in case of availability of a tax debt as of the first day of every month during two consecutive quarters — on the next day of the second month of two consecutive quarters.

298.3. The application shall include the following mandatory information:

1) name of an economic entity, USREOU code (for legal entity) or surname, name, patronymic of individual entrepreneur, taxpayer record card registration number or passport series and number (for natural persons who due to their religious beliefs refused to accept a taxpayer record card registration number according to the established procedure);

2) data of the document confirming the state registration of legal entity or a sole proprietor according to the law;

3) tax home of economic entity;

4) place of carrying out economic activity;

5) economic activities according to KVED DK 009:2010, chosen by a sole proprietor of the first and the second groups;

6) group and single tax rate or change of group and single tax rate chosen by an economic entity.

7) number of persons who simultaneously have labour relations with a sole proprietor and average number of employees of a legal entity;

8) date (period) of election or transition to the simplified tax system.

298.3.1. The application shall include information (if any) about:

1) change of name of an economic entity (for legal entity) or surname, name, patronymic of a sole proprietor or passport series and number (for natural persons who due to their religious beliefs refused to accept a taxpayer record card registration number according to the established procedure);

2) change of tax home of an economic entity;

3) change of place of carrying out economic activity;

4) change of economic activities;

5) change of organisational legal form of a legal entity;

6) date (period) of waiver of application of the simplified tax system in connection with transition to payment of other taxes and duties established by this Code;

7) date (period) of termination by a single tax payer of carrying out economic activity;
8) change of group and rate of a single tax payer.

298.3.2. Information about the period of annual leave and period of temporary disability with obligatory attachment of work incapacity certificate shall be submitted along with the application in any form.

298.4. In case of change of name of a legal entity, surname, name and patronymic of a sole proprietor or passport series and number (for natural persons who due to their religious beliefs refused to accept a taxpayer record card registration number according to the established procedure) the application shall be filed within one month from the date of such changes.

298.5. In case of change of tax home of an economic entity, place of carrying out economic activity, types of economic activities, the application shall be filed by single tax payers of the first and the second groups not later than on the 20th day of the month following the month in which such changes occurred.

298.6. In case of change of tax home of an economic entity, place of carrying out economic activity, the application shall be filed by single tax payers of the third — sixth groups along with tax statement for the tax (accounting) period in which such changes occurred.

298.7. Form and procedure for filing application shall be established by the central executive authority responsible for the formation and implementation of national tax and customs policy.

Article 299. Procedure for registration and cancellation of registration of single tax payers

299.1. Registration of an economic entity as a single tax payer is carried out by way of making the relevant entries to the register of single tax payers.

299.2. The central executive authority responsible for formation and implementation of the national tax and customs policy shall keep the register of single tax payers containing information on persons registered as single tax payers.

299.3. If there exist no grounds for refusal for an economic entity to be registered as a single tax payer hereunder, the regulatory authority shall register such an entity as a single tax payer within two business days following the receipt of application for transition to the simplified tax system.

299.4. In cases stipulated by sub-clause 298.1.2 of the clause 298.1 of Article 298 of this Code the regulatory authority shall carry out the registration of an economic entity as a single tax payer from the date indicated in the above sub-clause within two business days following the date of receipt of application for selection of a simplified tax system by the regulatory authority, provided there exist no grounds for refusal, or following the receipt by the regulatory authority of electronic copy of the application from the state registrar that was produced by way of scanning, together with information from the registration card for state
registration of a legal entity or a sole proprietor, if such an application was attached to the registration card.

299.5. In case of refusal to register a single tax payer, the regulatory authority shall be obliged to provide a reasonable refusal in writing, which can be appealed by an economic entity according to the established procedure, within two business days following the date of filing application by such an economic entity.

299.6. The reasons for making decision by the regulatory authority on refusal to register a single tax payer shall be exclusively the following:

1) non-conformity of such an economic entity to the requirements of Article 291 of this Code;

2) existence of any outstanding tax liabilities or tax debt with an economic entity created in the result of reorganisation (except for transformation) of any taxpayer, which accrued prior to such reorganisation;

3) failure to comply with the requirements of sub-clause 298.1.4 of the clause 298.1 of Article 298 of this Code.

299.7. The register of single tax payers shall contain the following information:

1) name of an economic entity, USREOU code (for a legal entity) or surname, name, patronymic of a sole proprietor, taxpayer record card registration number or passport series and number (for natural persons who due to their religious beliefs refused to accept a taxpayer record card registration number according to the established procedure and have a relevant note entered into their passport);

2) tax home of an economic entity;

3) place of carrying out economic activity;

4) types of economic activity chosen by a sole proprietor of the first and the second groups;

5) single tax rate and group of taxpayer;

6) date (period) of selection or transition to the simplified tax system;

7) date of registration;

8) types of economic activity of the first and second groups;

9) date of cancellation of registration.

299.8. Shall any information provided for in sub-clauses 1–5 of clause 299.7 of this Article change, the relevant changes shall be introduced to the register on the day of filing of the relevant application by the taxpayer.
299.9. At the taxpayer’s option the taxpayer may free and unconditionally obtain an extract from the register of single tax payers. The extract shall be issued within maximum one business day following the receipt of the relevant enquiry from the taxpayer and shall be valid until introduction of changes to the register.

The form of enquiry and form of extract shall be approved by the central executive authority responsible for formation and implementation of the national tax and customs policy.

299.10. Registration as a single tax payer is continuous and may be cancelled through removal from the register by the decision of the regulatory authority in the following cases:

1) filing by a taxpayer of an application for waiver of transition to the simplified tax system in connection with transition to payment of other taxes and duties specified by this Code, — on the last day of the calendar quarter in which the application for such waiver was filed;

2) dissolution of a legal entity (except for transformation) or termination of economic activity by a sole proprietor in accordance with the law — on the day when the regulatory authority receives from the state registrar a notice of carrying out state registration of such termination;

3) in cases stipulated for in sub-clause 298.2.3 of clause 298.2 of Article 298 of this Code.

299.11. If the regulatory authorities, when carrying out audits, reveal any breaches by a single tax payer of requirements established by this Chapter, the cancellation of a single tax payer shall be made by the decision of the regulatory authority based on the audit act from the first day of the month following the quarter when the relevant breach occurred. In such a case an economic entity may opt to select or transfer to the simplified tax system upon completion of four consecutive quarters following the date of arrival at decision by the regulatory authority.

299.12. After cancellation of registration of a single tax payer a tax debt shall be redeemed according to the procedure established by Chapter 9 of Section II of this Code.

299.13. For the purpose of permanent provision of information to state and local authorities and legal entities and natural persons the central executive authority, responsible for formation and implementation of the national tax and customs policy, shall on a daily basis make public the following information from the register of single tax payers for free and unrestricted access at the unified state registration web-portal of legal entities and sole proprietors:

tax number (for a legal entity);

name for a legal entity or surname, name and patronymic for a natural person;

date (period) of selection or transition to the simplified tax system;
single tax rate;

group of the taxpayer;

type of economic activity for the first and second group;

date of removal from the register of single tax payers.

**Article 300. Liability of a single tax payer**

300.1. Single tax payers shall be liable in accordance with this Code for correct calculation, timeliness and completeness of payment of single tax amounts, as well as for timely filing of tax statements.

**CHAPTER 2. FLAT AGRICULTURAL TAX**

**Article 301. Taxpayers**

301.1. Subject to restrictions established by the clause 301.6 of this Article, taxpayers may be agricultural commodity producers, whose share of agricultural commodity production for the previous tax (accounting) year equals to or exceeds 75 percent.

Own products at breeding centres, enterprises (unions) for livestock breeding also include breeding (genetic) resources acquired from other breeding centres, enterprises (unions) for livestock breeding and sold to domestic enterprises for insemination of breeding stock of animals.

If agricultural commodity producer is created by merger, accession, transformation, split-up or spin-off in accordance with the corresponding standards of the Civil Code of Ukraine, the standard related to compliance with the share of agricultural commodity production which equals to or exceeds 75 percent for the previous tax (accounting) year, shall apply to:

- all persons separately, which carry out merger or accession;
- each individual person created by split-up or spin-off;
- person created by transformation.

301.2. Agricultural commodity producers created by merger or accession, may be taxpayers in the year of creation, if share of agricultural commodity production obtained for the previous tax (accounting) year by all commodity producers involved in their creation, equals to or exceeds 75 percent.

301.3. Agricultural commodity producers, created by transformation of a taxpayer, may be taxpayers in the year of transformation, if share of agricultural commodity production obtained for the previous tax (accounting) year equals to or exceeds 75 percent.
301.4. Agricultural commodity producers created by split-up or spin-off, may be taxpayers from the next year, if share of agricultural commodity production obtained for the previous tax (accounting) year equals to or exceeds 75 percent.

301.5. Newly created agricultural commodity producers may be taxpayers from the next year, if share of agricultural commodity production obtained for the previous tax (accounting) year, equals to or exceeds 75 percent.

301.6. The following entities may not be registered as taxpayers:

301.6.1. an economic entity, 50 percent of income of which, received from the sale of own agricultural products and derivative products, is income from sale of ornamental plants (except for cut flowers grown on land belonging to agricultural commodity producer under the ownership or assigned for its use, and derivative products), wild animals and birds, fur products and fur (except for raw fur materials);

301.6.2. an economic entity carrying out activity in manufacturing of excise goods, except for grape wine materials (codes according to UCCFEA 2204 29–2204 30), manufactured at primary winemaking enterprises for secondary winemaking enterprises using such wine materials for manufacturing of finished products;

301.6.3. an economic entity that as of January 1 of the basic (accounting) year has a tax debt, except for uncollectable tax debt, which was incurred due to force-majeure (force-majeure circumstances).

Article 302. Taxable item

302.1. Taxable item in respect of tax for agricultural commodity producers is the area of agricultural land (arable land, hayfields, pastures and perennial plantings) and/or water fund land (inland waters, lakes, ponds, reservoirs), owned by an agricultural commodity producer or assigned for its use, including on lease terms.

Article 303. Tax base

303.1. Tax base in respect of tax for commodity producers is standard valuation of one hectare of agricultural land (arable land, hayfields, pastures and perennial plantings) carried out as of July 1, 1995, for water fund land (inland waters, lakes, ponds, reservoirs) — standard valuation of one hectare of arable land in the Autonomous Republic of Crimea or the region, carried out as of 1 July, 1995.

Article 304. Tax rate

304.1. The amount of rates of tax on one hectare of agricultural land and/or water fund land for agricultural commodity producers depends on the category (type) of land, its location, and is (as a percentage of tax base)

a) for arable land, hayfields and pastures (except for arable land, hayfields and pastures located in mountain areas and woodlands, as well as arable land, hayfields and pastures
owned by agricultural commodity producers, specialising in manufacturing (growing) and processing of plant production on the protected ground or assigned for their use, including on lease terms) — 0.15;

b) for arable land, hayfields and pastures located in mountain areas and woodlands — 0.09;

c) for perennial plantings (except for perennial plantings in mountain areas and woodlands) — 0.09;

d) for perennial plantings in mountain areas and woodlands — 0.03;

e) for water fund land — 0.45;

f) for arable land, hayfields and pastures owned by agricultural producers, specialised in manufacturing (growing) and processing of plant production on the protected ground or assigned for their use, including on lease conditions — 1.0.

Specialisation in manufacturing (growing) and processing of plant production on the protected ground shall mean exceeding of share of income, received from the sale of such production and derivative products, two-thirds of income (66 percent) from the sale of all manufactured agricultural products and derivative products.

The list of mountain areas and woodlands shall be established by the Cabinet of Ministers of Ukraine.

**Article 305. Tax (accounting) period**

305.1. The basic tax (accounting) period for tax is the calendar year.

305.2. The basic tax (accounting) year begins on 1 January and ends on 31 December of the same year.

305.3. Previous tax (accounting) year for newly created agricultural commodity producers — the period from the date of state registration till 31 December of the same year.

305.4. Tax (accounting) year for agricultural commodity producers who are being dissolved — the period from the beginning of the year till their actual dissolution.

**Article 306. Tax charge procedure and payment period**

306.1. Agricultural commodity producers shall independently calculate the amount of tax annually as of 1 January, and not later than on February 20 of the current year shall file with the corresponding regulatory authority at location of taxpayer and at location of land plot, a tax statement for the current year according to the procedure established by Article 46 of this Code.
306.2. The tax shall be paid on a monthly basis, within 30 calendar days following the last calendar day of the tax (accounting) month at the rate of one third of the amount of tax determined for each quarter, of the annual amount of tax at the following rates:

- a) in the I quarter — 10 percent;
- b) in the II quarter — 10 percent;
- c) in the III quarter — 50 percent;
- d) in the IV quarter — 30 percent.

306.3. Taxpayers created during the year by merger, accession or transformation in the tax accounting period, shall for the first time pay the tax within 30 calendar days of the month, following the month of their creation (accrual of land ownership), including for the acquired areas of new land plots, and in the future — according to the procedure established by clause 306.2 of this Article.

306.4. Taxpayers who are dissolved by merger, accession, transformation, split-up, spin-off in the tax (accounting) period shall file a tax statement in the period of their actual dissolution to the regulatory authorities at their location and location of land plots.

306.5. If during the tax (accounting) period a taxpayer has changed the area of agricultural land and/or water fund land in connection with the acquisition (loss) of ownership or right of use, such taxpayer shall be obliged:

- to specify the amount of tax liabilities for the period from the date of accrual (loss) of such right till the last day of tax (accounting) year;
- to file declaration with the specified information about the area of land plot, as well as information about availability of land plots and their standard valuation, within 20 calendar days of the month, following the accounting period, to the regulatory authorities at location of the taxpayer and location of the land plot.

306.6. If a taxpayer (lessor) leases out agricultural land and/or water fund land to another taxpayer (lessee), leased out area of land plots cannot be included in a tax statement of a lessee, and shall be considered in such a declaration of a lessor.

306.7. If a taxpayer (lessee) leases out agricultural land and/or water fund land from a person (lessor) that is not a taxpayer, leased out area of land shall be included in a tax statement of a lessee.

306.8. Taxpayers shall transfer the total amount of funds to the corresponding account of local budget at location of the land plot within the established period.
Article 307. Peculiarities of taxation of taxpayers in respect of certain taxes and duties

307.1. Taxpayers shall not be payers of the following taxes and duties:

a) corporate income tax;

b) land tax (except for land tax on land plots which are not used for agricultural commodity production);

c) duty on special use of water;

d) duty on carrying out certain business activities (in terms of carrying out trading activity).

307.2. Taxes and duties not specified in the clause 307.1 of the present Article shall be paid by a taxpayer according to the procedure and in the amount stipulated by this Code, and single contribution to compulsory state social insurance — according to the procedure specified by the Law of Ukraine “On the Collection and Accounting of a Single Contribution to a Compulsory State Social Insurance”.

Article 308. Procedure for acquisition and cancellation of a taxpayer status

308.1. To acquire and confirm a taxpayer status, agricultural commodity producers shall annually, till 20 February, file as of 1 January of the current year:

summary tax statement for the current year about the total area of taxable land plots (agricultural land (arable land, hayfields, pastures, perennial plantings) and/or water fund land of inland water bodies (lakes, ponds and reservoirs) — with the regulatory authority at their location (place of residence for tax purposes);

simplified tax statement for the current year separately for each land plot — to the regulatory authority at location of land plot;

calculation of share of agricultural commodity production — with the regulatory authorities at their location and/or location of land plots, according to the form approved by the central executive authority responsible for the formation of national agrarian policy, as agreed by the central executive authority responsible for the formation and implementation of national tax and customs policy;

statements (certificate) of availability of land plots — with the regulatory authorities at their location and/or location of land plots.

Statement (certificate) of availability of land plots shall include information of each document that establishes ownership and/or right of use of land, including of each land share (shares) lease agreement.
308.2. Agricultural commodity producers, created during the year by merger, accession or transformation, shall within 20 calendar days of the month following the month of their creation, file a tax statement for the period from the date of creation to the end of the current year, for acquisition of a taxpayer status, as well as all rights and obligations for redemption of tax liabilities or debts, transferred to them as to successors, with the regulatory authorities at their location and location of land plots.

308.3. Certificate of acquisition or confirmation of a taxpayer status shall be issued within 10 working days from the date of filing of tax statement by an agricultural commodity producer or application by the regulatory authority at location of such a payer (place of residence for tax purposes).

308.4. Income of agricultural commodity producer received from the sale of own agricultural products and derivative products (except for excise goods, excluding grape wine materials (codes according to UCCFEA 2204 29–2204 30), manufactured at primary winemaking enterprises for secondary winemaking enterprises, using such wine materials for manufacturing of finished products, shall include income received from:

sale of plant production manufactured (grown) on land owned by an agricultural commodity producer under the ownership or assigned for its use, as well as fishery products, fished (gathered), bred, grown, in inland water bodies (lakes, ponds and reservoirs), and derivative products at own enterprises or leased manufacturing facilities;

sale of plant production on the protected ground and derivative products at own enterprises and leased manufacturing facilities;

sales of livestock and poultry products and derivative products at own enterprises or leased manufacturing facilities;

sale of agricultural products manufactured from own raw materials on a tolling basis, regardless of the territorial location of processing enterprise.

If an agricultural enterprise is created by merger, accession, transformation, split-off or spin-up, in the year of such creation the amount received from the sale of own agricultural products and derivative products (except for excise goods, excluding grape wine materials (codes according to UCCFEA 2204 29–2204 30), manufactured at primary winemaking enterprises for secondary winemaking enterprises, using such wine materials for manufacturing of finished products, shall also include income received during the last tax (accounting) period from rendering related services:

services for harvesting, briquetting, warehousing, packaging and preparation of products for sale (drying, cutting, sorting, cleaning, grinding, disinfecting (under a license), silage, cooling), which are rendered to a buyer of such products by a manufacturing agricultural enterprise (from the moment of acquisition of ownership of such goods under the contract till the date of their actual transfer to the buyer);
services for care of livestock and poultry, which are rendered to their buyer by a manufacturing agricultural enterprise (from the moment of acquisition of ownership of such goods under the contract till the date of their actual transfer to the buyer);

services for storage of agricultural products, which are rendered to their buyer by a manufacturing agricultural enterprise (from the moment of acquisition of ownership of such goods under the contract till the date of their actual transfer to the buyer);

services for fattening and slaughter of livestock and poultry, which are rendered to their buyer by a manufacturing agricultural enterprise (from the moment of acquisition of ownership of such goods under the contract till the date of their actual transfer to the buyer);

308.5. If taxpayers cannot fulfil the requirement for the criterion of 75 percent share of agricultural commodity production in connection with occurrence of force majeure in the previous tax (accounting) year, in the next tax (accounting) year the requirement, according to which the share of agricultural commodity production should be equal to or exceed 75 percent shall not apply.

To confirm a taxpayer status such taxpayers shall file a tax statement, along with the decision of the Verkhovna Rada of the Autonomous Republic of Crimea, regional councils, on existence of force majeure circumstances and the list of entities which suffered as a result of such circumstances.

308.6. Registration of an agricultural commodity producer as a taxpayer shall be cancelled:

308.6.1. if taxpayer files a written application for voluntary deregistration;

308.6.2. by decision of the regulatory authority:

a) if such a taxpayer is being dissolved, including by merger, accession or transformation;

b) in case of detection of non-compliance by a taxpayer with provisions of Article 301 of this chapter, based on the results of documentary verification. In this case, such a taxpayer shall be obliged to begin to pay taxes according to the general tax system beginning from the month, following the month in which such breach was detected.

**Article 309. Liability of taxpayers**

309.1. If in the tax (accounting) year the share of agricultural commodity production is less than 75 percent, an agricultural commodity producer shall pay taxes in the next tax (accounting) year on common basis.

309.2. Taxpayers shall be liable in accordance with this Code for correct calculation, timely filing of tax statements and payment of amounts of tax.
CHAPTER 3. DUTY IN THE FORM OF ADDITIONAL LEVY TO THE CURRENT TARIFF FOR ELECTRIC AND THERMAL ENERGY, EXCEPT FOR ELECTRIC ENERGY GENERATED BY QUALIFIED COGENERATION UNITS

Article 310. Duty payers

310.1. Duty payers are the wholesale supplier of electric energy and producers of electric energy who are licensed to carry out entrepreneurial activity in production of electric energy and sell it outside the wholesale market of electrical and thermal energy (hereinafter referred to as the legal entities).

Article 311. Taxable item in respect of duty

311.1. Taxable item in respect of duty:

a) for a wholesale supplier of electric energy — the cost of supplied electricity, excluding value added tax;

b) for legal entities — the cost of supplied electric energy, which is sold outside the wholesale electric energy market, reduced by the cost of electric energy produced by qualified cogeneration units and/or from renewable energy sources, and for hydro-energy — only in respect of that produced by small hydro-electric power plants, excluding value added tax.

Article 312. Duty rates

312.1. Tax rate is 3 percent of the cost of electric energy actually supplied by a duty payer, excluding value added tax.

Article 313. Tax calculation and payment procedure

313.1. The basic tax (accounting) period in respect of duty is equal to a calendar month.

313.2. Tax statements in respect of duty shall be filed by duty payers with the regulatory authorities within the deadlines established for a monthly tax (accounting) period at the place of tax registration.

313.3. Tax statement form shall be established according to the procedure stipulated in Article 46 of this Code.

313.4. Tax liability in respect of duty for the tax (accounting) period shall be determined based on the tax rate and cost of actually supplied electric energy, which is a taxable item according to Article 311 of this Code.

313.5. Legal entities producing electric energy at small hydro-electric power plants transfer funds in the amount of duty on construction of new and renovation and modernisation of existing small hydro-electric power plants.
Control of intended use of such funds shall be carried out by the National Commission that Implements the State Regulation in the Energy Sector.

313.6. Duty shall be paid by duty payers within the deadlines established for the monthly tax (accounting) period, at the place of tax registration.

CHAPTER 4. DUTY IN THE FORM OF ADDITIONAL LEVY TO THE CURRENT TARIFF FOR NATURAL GAS FOR CONSUMERS OF ALL FORMS OF OWNERSHIP

Article 314. Duty payers

314.1. Fee payers are economic agents and their standalone subdivisions, including authorized persons of simple partnership agreements, which:

a) conduct activities on supply of natural gas to consumers based on agreements entered into therewith;
b) consume natural gas they imported as a fuel or raw material;
c) consume natural gas they produced as a fuel or raw material.

Article 315. Taxable item in respect of duty

315.1. Subject of taxation by the fee is the value of natural gas in the volume:

a) supplied to each category of consumers in an accounting period determined on the basis of gas transfer forms signed by a payer and a relevant consumer (with regard to population — based on accounting documents), with the consideration of a relevant rate, in respect of consumers specified in the sub-clause “a” of the Clause 314.1 of Article 314;

b) imported in an accounting period by a payer, specified in the sub-clause “b” of the Clause 314.1 of Article 314;

c) produced and consumed as a fuel or raw material by an oil and gas production enterprise or its subdivisions, specified as payers in the sub-clause “c” of the Clause 314.1 of Article 314, exclusive of the volume of natural gas recognized as recirculated under the Section I, determined by a payer based on readings of metering units, specified in the book of record of commercial minerals extracted in compliance with the schemes of the turnover of hydrocarbon raw material extracted in manufacturing sites and places of storage with the consideration of the composition of source raw material, conditions of specific production, peculiarities of technological procedure independently approved by a payer in accordance with requirements of license provisions.

Article 316. Duty rates

316.1. Duty shall be collected in the amount of 2 percent for volume of natural gas supplied to the following categories of consumers:
a) public heating enterprises, thermal energy plants, power stations and boiler facilities of economic entities, including block (modular) boiler facilities (in the volume used to render services to population for heating and hot water supply, provided such entities keep separate instrument accounting and heat and hot water accounting);

b) budgetary institutions;

c) industrial and other economic entities and their separate subdivisions that use natural gas.

d) economic entities specified in the sub-clause “b” of the Clause 314.1 of Article 314;

e) economic entities, including authorized persons of simple partnerships specified in the sub-clause “c” of the Clause 314.1 of Article 314.

316.2. Duty on the volume of natural gas supplied to population shall be collected in the amount of 4 percent.

**Article 317. Duty calculation and payment procedure**

317.1. Consumers are the following categories: population, budgetary institutions, public heating enterprises, power plants, power stations and boiler facilities of economic entities, including block (modular) boiler facilities, other economic entities and their separate subdivisions that use natural gas for production of goods and services, for other own needs.

317.2. A rate in effect shall be understood as:

a) a price of natural gas for a relevant category of consumers with no consideration of rates for its transportation and supply to consumers and the amount of value added tax for payers specified in the sub-clause “a” of the Clause 314.1 of Article 314;

b) a customs value of clearance of natural gas for payers specified in the sub-clause “b” of the Clause 314.1 of Article 314;

c) the average customs value of imported natural gas determined following the procedure established by this Code, with regard to payers specified in the sub-clause “c” of the Clause 314.1 of Article 314.

317.3. The basic tax (accounting) period in respect of duty equals to the calendar month.

317.4. Tax statements in respect of duty shall be filed by duty payers with the regulatory authorities within the deadlines established for monthly tax (accounting) period at the place of tax registration.

Form of tax statement shall be established according to the procedure stipulated in Article 46 of this Code.
Duty shall be paid by duty payers within the deadlines established for monthly tax (accounting) period at the place of tax registration.

317.5. Payers specified in the sub-clause “b” of the Clause 314.1 of Article 314 pay the fee prior to or on the day of filing of a customs declaration.
SECTION XV.
DUTY FOR USE OF RADIO FREQUENCY RESOURCES
OF UKRAINE

Article 318. Duty payers

318.1. Duty payers are common users of radio frequency resources of Ukraine, determined by the law on radio frequency resource, entitled to use radio frequency resources of Ukraine within dedicated frequency band of common use on the following basis:

318.1.1. licence for use of frequency resources of Ukraine;

318.1.2. licence for broadcasting and for operation of radioelectronic facilities and transmitter;

318.1.3. licence for operation of radioelectronic facilities and transmitter, obtained on basis of contract with licence holder for broadcasting;

318.1.4. licence for operation of radioelectronic facilities and transmitter.

318.2. Special users, the list of which shall be determined by the law of frequency resources, and radio amateurs are not deemed to be duty payers.

Article 319. Chargeable object

319.1. Chargeable object is RF bandwidth, determined as a part of frequency band of common use in the appropriate region and specified in the licence for use of radio frequency resources of Ukraine or in the licence for operation of radioelectronic facilities and transmitter for technical customers and users of radio frequency resources for television and radio broadcasting distribution.

Article 320. Fee rates

<table>
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<th>Type of radio communication</th>
<th>Radio frequency range</th>
<th>Fee rate per 1 MHz of radio frequency bandwidth per month, UAH</th>
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<td>1. Radio relay communication of immobile radio service</td>
<td>0.03–300 GHz</td>
<td>0.84</td>
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<tr>
<td>2. Radio communication of:</td>
<td></td>
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<tr>
<td>- immobile, mobile, terrestrial radio services;</td>
<td>0.03–470 MHz</td>
<td>817.24</td>
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<td>- marine radio service</td>
<td>0.03–470 MHz</td>
<td>408.62</td>
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<td>3. Radio communication in the system of security and security and fire alarm</td>
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<td>Radio communications by means of radio extenders</td>
<td>30–470 MHz</td>
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<td>5.</td>
<td>Radio communications in the system of data transmission by means of noise-like signals</td>
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<td>2040–2483.5 MHz</td>
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<td>6.</td>
<td>Radio communication in the system with a fixed subscriber access of the DECT standard</td>
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<td>7.</td>
<td>Trunked radio communication</td>
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<td>8.</td>
<td>Search radio communication</td>
<td>30–960 MHz</td>
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<tr>
<td>9.</td>
<td>Radio-locating and radio-navigational radio services</td>
<td>30–3000 MHz</td>
</tr>
<tr>
<td></td>
<td>3–30 GHz</td>
<td></td>
</tr>
<tr>
<td>10.</td>
<td>Radio communications of satellite mobile and immobile radio services</td>
<td>30–3000 MHz</td>
</tr>
<tr>
<td></td>
<td>3–30 GHz</td>
<td></td>
</tr>
<tr>
<td>11.</td>
<td>Cellular radio communication</td>
<td>300–2200 MHz</td>
</tr>
<tr>
<td>12.</td>
<td>Radio communication in multichannel distribution systems for transmission and rebroadcast of television image, transmission of sound of digital data</td>
<td>2–7 GHz</td>
</tr>
<tr>
<td></td>
<td>10–42.5 GHz</td>
<td>12.90*</td>
</tr>
<tr>
<td>13.</td>
<td>Transmission of sound subject to capacity:</td>
<td>30 KHz — 30 MHz</td>
</tr>
<tr>
<td></td>
<td>Up to 1 kW inclusive</td>
<td></td>
</tr>
<tr>
<td></td>
<td>1.1 to 10 kW inclusive</td>
<td>1472.06</td>
</tr>
<tr>
<td></td>
<td>10.1 to 100 kW inclusive</td>
<td>2083.06</td>
</tr>
<tr>
<td></td>
<td>101 to 500 kW inclusive</td>
<td>2451.70</td>
</tr>
<tr>
<td></td>
<td>501 kW and over</td>
<td>4073.26</td>
</tr>
<tr>
<td>14.</td>
<td>Transmission and rebroadcast of television image subject to capacity:</td>
<td>30–300 МГц</td>
</tr>
<tr>
<td></td>
<td>1 to 10 W inclusive</td>
<td>41.24</td>
</tr>
<tr>
<td></td>
<td>10.1 to 100 W inclusive</td>
<td>123.76</td>
</tr>
<tr>
<td></td>
<td>101 W to 1 kW inclusive</td>
<td>203.66</td>
</tr>
<tr>
<td></td>
<td>1.1 to 5 kW inclusive</td>
<td>327.42</td>
</tr>
<tr>
<td></td>
<td>5.1 to 20 kW inclusive</td>
<td>613.58</td>
</tr>
<tr>
<td></td>
<td>20.1 kW and over</td>
<td>817.24</td>
</tr>
<tr>
<td>15.</td>
<td>Sound transmission subject to capacity:</td>
<td>66–74 MHz</td>
</tr>
<tr>
<td></td>
<td>Up to 100 W inclusive</td>
<td></td>
</tr>
<tr>
<td></td>
<td>101 W to 1 kW inclusive</td>
<td>613.58</td>
</tr>
<tr>
<td></td>
<td>1.1 to 10 kW inclusive</td>
<td>979.64</td>
</tr>
<tr>
<td></td>
<td>10.1 kW and over</td>
<td>1227.12</td>
</tr>
</tbody>
</table>
### Article 321. Procedure for calculation of the duty

321.1. Basic tax (accounting) period for the duty is equal to a calendar month.

321.2. List of RF resource users — the payers and/or its edition shall be submitted to the central executive authority, responsible for the formation and implementation of national tax and customs policy, State Commission for Regulation of Communication and Informatization with indicating of type of communication, RF bandwidth resource, regions of using RF resource twice a year: not later than on March 1 and September 1 of the current year, as of January 1 and July 1 according to the form, established by the central executive authority, responsible for the formation and implementation of national tax and customs policy, in coordination with the central authority for regulation of telecommunications, using RF resource and rendering postal services.

321.3. Duty payers calculate the amount of the duty based on the type of radiocommunication, established rates and RF bandwidth in each particular region.

321.4. Duty payers, entitled to use RF resource of Ukraine on basis of licences for use of RF resource of Ukraine, pay the duty beginning from the date of licence granting.

In case of licence renewal for use of RF resource of Ukraine, the duty is paid from the beginning of validity period of renewed licence.

Other payers pay the duty beginning from the date of issue of licence for operation of radioelectronic facilities and transmitters. Payment of the duty is exercised by the duty payers from the date of issue of the first licence for operation of radioelectronic facility and transmitter, in the given RF bandwidth, in the relevant region regardless of the total number of licences, issued to the payer in such RF bandwidth in certain region.

---

### Transmission and rebroadcast of television image subject to capacity:

<table>
<thead>
<tr>
<th>Capacity Range</th>
<th>Rate (UAH)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Up to 10 W inclusive</td>
<td>28.36</td>
</tr>
<tr>
<td>10.1 to 100 W inclusive</td>
<td>56.72</td>
</tr>
<tr>
<td>101 W to 1 kW inclusive</td>
<td>123.76</td>
</tr>
<tr>
<td>1.1 to 5 kW inclusive</td>
<td>244.94</td>
</tr>
<tr>
<td>5.1 to 20 kW inclusive</td>
<td>489.82</td>
</tr>
<tr>
<td>20.1 kW and over</td>
<td>613.58</td>
</tr>
</tbody>
</table>

---

### Types of radio communication (services, systems, radio technologies, radioelectronic devices, emitting devices), not specified in the clauses 1–16 of this Article

<table>
<thead>
<tr>
<th>Bandwidth</th>
<th>Rate (UAH)</th>
</tr>
</thead>
<tbody>
<tr>
<td>9 KHz — 400 GHz</td>
<td>1227.12</td>
</tr>
</tbody>
</table>

* The decreasing coefficient of 0.75 is applied for the bandwidth of radio frequencies up to 30 MHz (15 x 2), owned by an individual tax payer being the user of radio frequency resource, individually for each region.
321.5. Calculations of the duty are submitted by payers to the regulatory authorities within the lime limits, established for tax (accounting) month, at tax residence.

321.6. The form of calculation is established as provided by Article 46 hereof.

321.7. The payers submit to the regulatory authorities the copy of licence for use of frequency resources of Ukraine, licence for broadcasting and for operation of radioelectronic facilities and transmitter within a month after their issue.

**Article 322. Procedure for payment of the duty**

322.1. The duty is paid by the duty payers within the lime limits, established for of tax (accounting) month, at tax residence.

322.2. In case of failure to pay the duty or incomplete payment by the payers within six months, the regulatory authorities submit information of such payers to State Commission for Regulation of Communication and Informatization for taking actions to them according to the legislation.

Information of duty payers, using RF resource for TV and radio programmes distribution, which within six months did not pay the duty or paid it not in full, the regulatory authorities submit to National Council of Ukraine on television and radiobroadcasting for taking actions to them according to the legislation.
SECTION XVI.
DUTY FOR SPECIAL WATER USE

Article 323. Duty payers

323.1. Duty payers are water consumers — economic entities regardless of the form of ownership: legal entities, affiliates, departments, agencies, other separate subdivisions without establishing a legal entity (except for budgetary institutions), permanent establishments of non-residents, and natural persons — entrepreneurs, using water, obtained by way of water intake from water objects (primary water consumers) and/or from primary or other water consumers (secondary water consumers), and use water for needs of hydraulic power industry, water transport and fishery.

323.2. Water consumers using water solely for satisfaction of potable and sanitary public needs (population resident in this territory from period to period, regardless of kind and time of residence, within their housing facilities and garden plots), including satisfaction of solely in-house potable and sanitary needs of legal entities, natural persons — entrepreneurs and single tax payers are not the payers.

Within the context of this section, the term “sanitary needs” should be understood as water use in toilet facilities, showers, bathrooms and wash-stands, and use for keeping the premises in proper sanitary condition.

Article 324. Chargeable object

324.1. Chargeable object is actual water volume used by water consumers, considering volume of water losses in their water supply systems.

324.2. Chargeable object for special water use without its withdrawing from water objects is:

324.2.1. for needs of hydraulic power industry — actual water volume, flowing through turbines of hydroelectric power stations for electric energy production;

324.2.2. for needs of water transport — time of surface waters use by serviced cargo self-propelled and non-propelled fleet, (depending on tonnage), and serviced passenger fleet, (depending on the number of seats).

324.3. Chargeable object for special water use for fishery needs is actual water volume, required for water objects refill during fish farming and other water live resources (including refill, associated with water losses for filtration and vapour).

324.4. Duty is not collected for:

324.4.1. water used for satisfaction of potable and sanitary needs of public (population resident in this territory from period to period, regardless of kind and time of residence, within their housing facilities and garden plots), including satisfaction of solely in-house
potable and sanitary needs of legal entities, natural persons — entrepreneurs and single tax payers;

324.4.2. water used for fire protection needs;

324.4.3. water used for needs of townsite and other settlements beautification;

324.4.4. water used for dust suppression in mines and open pits;

324.4.5. water offtaken by research institutions, which list is approved by the Cabinet of Ministers of Ukraine, for conduct of scientific research of paddy culture and pedigree rice seeds production;

324.4.6. water, lost in main channels and farm ditches of irrigation systems and water mains;

324.4.7. subsurface water extracted for elimination of water harmful effect (flooding, salination, bogging-up, landslide, soiling etc.), except for pit, mine and drainage water, used in business activity after extraction and/or obtained for use by other consumers;

324.4.8. water offtaken for release of young stock of valuable industrial fish species and other water live resources into water objects;

324.4.9. sea water, except for lagoon water;

324.4.10. water used by horticultural and market-gardening cooperatives;

324.4.11. water offtaken for rehabilitation, treatment and health improvement by rehabilitation institutions for persons with disabilities and disabled children, enterprises, institutions and sports organisations for persons with disabilities and disabled children, founded by All-Ukrainian Non-Governmental Organizations of Persons with Disabilities under the law.

324.5. Duty for special water use for needs of hydraulic power industry is not collected from pump-storage plants, operating in package with hydroelectric power plants.

324.6. Duty for special water use for needs of water transport is not collected:

324.6.1. from sea water transport, which uses river route solely for call at a port located in the lower reaches of a river, without special navigation operations (release of stored water and sluicing);

324.6.2. during operation of river route by parking (oil pumping stations, floating production platforms, floating landing stages, floating dockage facilities, vessels with mechanical equipment and other parking vessels) and auxiliary vessels and operation of water routes of Danube river.
### Article 325. Rates of the duty

325.1. Rates of the duty — charge for special use of surface waters

<table>
<thead>
<tr>
<th>River basins, including all order streams</th>
<th>The rate, UAH per 100 cub. metres</th>
</tr>
</thead>
<tbody>
<tr>
<td>Dnieper north of Kyiv city (Pripyat and Desna), including Kyiv city</td>
<td>35,66</td>
</tr>
<tr>
<td>Dnieper south of Kyiv City (without Inhulets)</td>
<td>33,92</td>
</tr>
<tr>
<td>Inhulets</td>
<td>51,73</td>
</tr>
<tr>
<td>Siverskyi Donets</td>
<td>69,55</td>
</tr>
<tr>
<td>Southern Bug (without Inhul)</td>
<td>39,22</td>
</tr>
<tr>
<td>Inhul</td>
<td>48,12</td>
</tr>
<tr>
<td>Dniester</td>
<td>21,37</td>
</tr>
<tr>
<td>Vistula and Western Bug</td>
<td>21,37</td>
</tr>
<tr>
<td>Prut and Siret</td>
<td>16,05</td>
</tr>
<tr>
<td>Tees</td>
<td>16,05</td>
</tr>
<tr>
<td>Danube</td>
<td>14,3</td>
</tr>
<tr>
<td>Crimean rivers</td>
<td>71,31</td>
</tr>
<tr>
<td>Pryazovia rivers</td>
<td>85,62</td>
</tr>
<tr>
<td>Other water objects</td>
<td>39,22</td>
</tr>
</tbody>
</table>

325.2. Duty rates for special use of subsurface waters

<table>
<thead>
<tr>
<th>Name of region</th>
<th>The rate, UAH per 100 cub. metres</th>
</tr>
</thead>
<tbody>
<tr>
<td>Autonomous Republic of Crimea (except for Sevastopol city)</td>
<td>65,95</td>
</tr>
<tr>
<td>Sevastopol city</td>
<td>65,95</td>
</tr>
<tr>
<td>Regions:</td>
<td></td>
</tr>
<tr>
<td>Vinnytsia</td>
<td>57</td>
</tr>
<tr>
<td>Volyn</td>
<td>58,88</td>
</tr>
<tr>
<td>Dnipropetrovsk</td>
<td>49,95</td>
</tr>
<tr>
<td>Donetsk</td>
<td>67,78</td>
</tr>
<tr>
<td>Zhytomyr</td>
<td>57</td>
</tr>
<tr>
<td>Transcarpathian Region</td>
<td>37,45</td>
</tr>
<tr>
<td>Zaporizhzhia region:</td>
<td></td>
</tr>
<tr>
<td>Vesele, Melitopol, Pryazovske, Yakymivka districts</td>
<td>57</td>
</tr>
<tr>
<td>other administrative-territorial units</td>
<td>51,73</td>
</tr>
<tr>
<td>Ivano-Frankivsk region:</td>
<td></td>
</tr>
<tr>
<td>Bohorodchany, Verkhovyna, Dolyna, Kosiv, Nadvirna, Rozhniativ districts</td>
<td>89,15</td>
</tr>
<tr>
<td>other administrative districts</td>
<td>49,95</td>
</tr>
<tr>
<td>Kyiv region:</td>
<td></td>
</tr>
<tr>
<td>Administrative Districts</td>
<td>Duty Rate (UAH per 10 thous. cub. metres)</td>
</tr>
<tr>
<td>--------------------------</td>
<td>-----------------------------------------</td>
</tr>
<tr>
<td>Bila Tserkva, Borodyanka, Brovary, Vasylkiv, Ivankiv, Kaharlyk, Kyiv-Sviatoshyn, Makariv, Myronivka, Obukhiv, Poliske districts</td>
<td>41.44</td>
</tr>
<tr>
<td>other administrative districts</td>
<td>48.89</td>
</tr>
<tr>
<td>Kirovohrad</td>
<td>65.95</td>
</tr>
<tr>
<td>Lviv</td>
<td>51.73</td>
</tr>
<tr>
<td>Luhansk</td>
<td>74.87</td>
</tr>
<tr>
<td>Mykolaiv</td>
<td>74.87</td>
</tr>
<tr>
<td>Odessa</td>
<td>62.41</td>
</tr>
<tr>
<td>Poltava:</td>
<td></td>
</tr>
<tr>
<td>Velyka Bahachka, Hadyach, Zinkiv, Lokhvysya, Lubny, Myrhorod, Novi Sanzhary, Reshetylivka, Khorol, Shyshaky districts</td>
<td>38.56</td>
</tr>
<tr>
<td>other administrative districts</td>
<td>42.98</td>
</tr>
<tr>
<td>Rivne:</td>
<td></td>
</tr>
<tr>
<td>Volodymyrets, Zdolbuniv, Kostopol, Rivne, Sarny, Ostroh districts</td>
<td>46</td>
</tr>
<tr>
<td>other administrative districts</td>
<td>53.43</td>
</tr>
<tr>
<td>Sumy:</td>
<td></td>
</tr>
<tr>
<td>Hlukhiv, Sumy, Romny, Shostka districts</td>
<td>42.98</td>
</tr>
<tr>
<td>other administrative districts</td>
<td>48.94</td>
</tr>
<tr>
<td>Ternopil</td>
<td>69.55</td>
</tr>
<tr>
<td>Kharkiv</td>
<td>53.47</td>
</tr>
<tr>
<td>Kherson</td>
<td>53.47</td>
</tr>
<tr>
<td>Khmelnytskyi:</td>
<td></td>
</tr>
<tr>
<td>Derazhnia, Krasyliv, Letychiv, Starokostiantyniv, Khmelnytskyi, Polonne, Shepetivka districts</td>
<td>44.59</td>
</tr>
<tr>
<td>other administrative districts</td>
<td>67.78</td>
</tr>
<tr>
<td>Cherkasy</td>
<td>38.56</td>
</tr>
<tr>
<td>Chernivtsi</td>
<td>62.41</td>
</tr>
<tr>
<td>Chernihiv:</td>
<td></td>
</tr>
<tr>
<td>Horodnia, Koriukivka, Ichnia, Sosnytsia, Shchors, Talalaivka districts</td>
<td>53.47</td>
</tr>
<tr>
<td>other administrative districts</td>
<td>41.8</td>
</tr>
<tr>
<td>Kyiv City</td>
<td>53.27</td>
</tr>
</tbody>
</table>

325.3. Duty rate for special water use for needs of hydraulic power industry makes 6.93 UAH per 10 thous. cub. metres of water, flowing through turbines of hydroelectric power stations.

325.4. Duty rates for special surface water use for needs of water transport from all rivers, except for Danube, make:
325.4.1. for serviced cargo self-propelled and non-propelled fleet — 0,1188 UAH per 1 tonnage-day of service;

325.4.2. for serviced passenger fleet — 0,0132 UAH per 1 place-day of service.

325.5. The rates of the duty for special water use for fishery needs make:

325.5.1. 36,39 UAH per 10 thous. cub. metres of surface water;

325.5.2. 43,75 UAH per 10 thous. cub. metres subsurface water.

325.6. The rates for special water use, comprised solely in drinks, make:

325.6.1. 33,85 UAH per 1 cub. metre of surface water;

325.6.2. 39,48 UAH per 1 cub. metre of subsurface water.

325.7. The rate for special use of mine, pit and drainage water makes 7,84 UAH per 100 cub. metres of water.

325.8. For heat power plants with once-through water-supply system, the duty for actual water volume, flowing through turbine condensers for condensate coolhouse, is calculated applying the coefficient 0.005.

325.9. Housing and municipal services apply the coefficient 0.3 to the duty rates.

325.10. In the event of using water from lagoons by charge payers, charge rate is applied, established for special use of surface water according to the parameter “Other water objects”, specified in clause 325.1 of this Article.

325.11. In the event of using water from channels by the payers, the rates are applied, established for special water use of water object, from which water is offtaken to a channel.

325.12. In the event of using water from mixed water supply sources, the rates of the duty are applied, established for sources, forming (refilling) mixed sources.

**Article 326. Procedure for calculation of the duty**

326.1. Water consumers independently calculate the duty for special water use and duty for special water use for needs of hydraulic power industry and fishery quarterly on a cumulative total from the beginning of the year, and for special water use for needs of water transport — starting from the first half-year period of the current year, when such use was implemented.

326.2. The duty is calculated based on actual volume of used water (subsurface, surface, obtained from other water consumers) by water objects considering volume of water loss in
SECTION XVI.

water supply facilities, as established in the licence for special water use, limits of water consumption, the rates and coefficients.

For water volumes, transferred by water consumer — supplier to other water consumers without conclusion of water supply contract with the latter, the duty is calculated and paid by such water consumer — supplier.

326.3. Water consumers, using water from mixed water supply sources, calculate the duty, considering water volumes in the ratio, in which such mixed source forms, as specified in licences and water supply contracts, considering water loss in water supply facilities, the rates and coefficients.

326.4. Water consumers, using water from channels, calculate the duty based on actual volumes of used water considering water loss in water supply facilities, established limits of water consumption, the rates, established for water object, from which water is offtaken to the channel, and coefficients.

326.5. The duty for special water use for needs of hydraulic power industry is calculated, based on actual water volume, flowing through turbines of hydroelectric power stations, and the rate.

326.6. In the event of operation of water routes by cargo self-propelled and non-propelled vessels, duty for special water use for needs of water transport is calculated based on actual accounting data tonnage-day and charge rate, and passenger vessels — based on place-day and rate.

326.7. Collection of the duty for special water use for needs of hydraulic power industry, water transport and fishery does not release water consumers from payment of the duty for special water use.

326.8. Duty for special water use for fishery needs is calculated based on actual water volume, required for water objects refill during fish farming and other water live resources (including refill, associated with water losses for filtration and vapour), and the rates.

326.9. Water consumers, using recirculated cooling water system, calculate the duty based on actual water volume, used for recirculated system inflow. The duty is calculated for all other volumes of actually used water on a common basis.

326.10. Volume of actually used water is calculated by water consumers independently based on primary accounting data according to meter readings.

In the absence of metering device, the volume of actually used water shall be determined by a water consumer based on engineering data (equipment running time, volume of produced goods or services rendered, power costs, water supply pipe capacity in unit time etc.). In the absence of metering devices, and if their installation is possible, the duty is paid at double rate.
326.11. Volume of water actually used in state irrigation farming shall be determined by river authorities.

326.12. The authorities which issue licences for special water use, annually, not later than on January 20, submit to regulatory authorities and river authorities information of water consumers, which obtained such licences.

Water consumers, which obtained licences for special water use and which implement water supply to other water consumers, annually, not later than on January 20, submit to regulatory authorities and river authorities list of water consumers — subscribers.

In case of change of terms of water use, issue of new licences for special water use during the year, conclusion of water supply contracts, water consumers, which obtained re-issued licences for special water use, water supply contract, are obliged within 10 days to notify regulatory authorities and river authorities of this.

326.13. In case if water consumers, completely funded at the expense of state and local budgets, use water volumes for profit-oriented business activity, with cash, tangible or intangible profit, the duty is calculated on a common basis for the total volume of used water considering the volume of water loss in water-supply facilities.

**Article 327. Specifics of calculation of the duty with established limits of water consumption**

327.1. In case of exceeding by water consumers of established annual limit of water consumption, the duty is calculated and paid fivefold, based on actual volume of used water in excess of the established limits of water consumption, the rates and coefficients.

327.2. In case of above-limit water consumption duty is calculated for each individual water-supply source according to the established rates and coefficients.

327.3. If a water consumer does not have a licence for special water use with the established limits of water consumption in it, the duty is collected for the total volume of used water, which is subject to payment in the part of above-limit consumption.

**Article 328. Procedure for payment of the duty**

328.1. Basic tax (accounting) period for payment of the duty is equal to a calendar quarter.

328.2. Duty payers calculate the amount of the duty on a cumulative total from the beginning of the year and draw up tax declarations according to the form established by Article 46 hereof.

328.3. Declarations for the duty payment shall be submitted by the payers to the regulatory authorities within the time limits, established for of tax (accounting) quarter, at tax residence.
Tax declaration for special water use for needs of water transport for the first quarter is not submitted.

328.4. The duty is paid by charge payers within the time limits, established for of tax (accounting) period, at tax quarter.

The duty for special water use for needs of water transport for the first quarter is not paid.

328.5. Affiliates, departments, other separate subdivisions of water consumers, which have bank accounts, shall keep separate accounting records of their activity, draw up separate balance-sheet, submit tax declarations and pay the duty at tax residence.

328.6. If water consumer comprises structural subdivisions, which do not have bank accounts, do not keep separate accounting records of their activity, do not draw up a separate balance-sheet, then declarations for payment of the duty shall be submitted and the duty shall be paid by water consumer, comprising such structural subdivisions, at the location of water objects and at the rates, established for such water objects.

328.7. Duty payers submit to regulatory authorities along with tax declarations copies of licence for special water use, water supply contract and statistical accounting of water consumption.

328.8. Within the limit of water consumption established in the licence for special water use, the duty is included in costs according to section III hereof, and is collected from profit for above-limit consumption, which remains at water consumer disposal after taxation.

The duty for special water use for needs of hydraulic power industry and water transport is completely included in costs according to section III hereof.

328.9. In case of failure to pay charge or incomplete payment by the payers within six months, the regulatory authorities submit information of such duty payers to the authorities, which issue licences for special water use, for taking actions as to them according to the legislation.
SECTION XVII.
DUTY FOR SPECIAL USE OF FOREST RESOURCES

Article 329. Duty payers

329.1. Duty payers are forest users — legal entities, their affiliates, departments, other separate subdivisions, without a legal entity status, permanent establishments of non-residents, which gain income from Ukrainian sources or act as agencies in respect of such non-residents or their founders, natural persons (except for natural persons, which have right for free and without issue of special licence to use forest resources according to forest legislation), and also natural persons — entrepreneurs, which implement special use of forest resources on the ground of special licence (felling licence or forestry card) or according to the provisions of long-term contract of temporary use of forest resources.

Article 330. Chargeable object

330.1. Chargeable object is:

330.1.1. wood substance, procured during principal felling;

330.1.2. wood substance, procured during implementation of the following activities:

a) for improvement of qualitative forest composition, forest hygienics, protective properties improvement (in forest stands of age over 40 years — felling to care for a forest, selective sanitary felling, selective forest restoration fellings, conversion fellings, landscape fellings and restocking fellings; regardless of forest stand age — clear sanitary and forest restoration felling);

b) clearing of forest plots, covered with forest vegetation, in connection with construction of hydroelectric complexes, pipelines, roads etc.;

330.1.3. secondary forest materials (procurement of soft resins, stumps, bast and bark, foliage, timber saps and other secondary forest materials, provided by forest management regulatory legal acts);

330.1.4. collateral forest uses (procurement of hay, cattle grazing, procurement of wild fruits, nuts, mushrooms, berries, medicinal herbs, forest litter removal, procurement of reed and other collateral forest uses, provided by forest management regulatory legal acts);

330.1.5. using of useful forest properties for culture and health, recreational, sports, tourist and educational purposes and implementation of research works.

Article 331. The rates of the duty

331.1. The rates for procurement of main forest trees wood
### SECTION XVII.

<table>
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<tr>
<th>Name of forest tree</th>
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Aspen, grey alder, poplar

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331.2. The rates for procurement of secondary forest trees wood

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<th>Year 5</th>
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<td><strong>Acacia, spindle tree, privet, hawthorn, oriental hornbeam, tamarix, arrowwood, buckthorn, hazel, rowan, lilac, smoke-tree, gaiter-tree, blackthorn, bird-cherry</strong></td>
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<tr>
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<td><strong>Second forest belt</strong></td>
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<tr>
<td><strong>Boxwood</strong></td>
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<td>163.5</td>
<td>81.92</td>
<td>1.68</td>
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<tr>
<td><strong>Velour, nut</strong></td>
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<td><strong>Pear, cornel, sycamore</strong></td>
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<td>6.02</td>
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<tr>
<td><strong>Apricot, cherry, juniper, sea buckthorn, plum (except for blackthorn), sweet cherry, mulberry, apple</strong></td>
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<tr>
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<td>61.2</td>
<td>30.76</td>
<td>1.68</td>
<td></td>
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<tr>
<td><strong>Chestnut, cork oak</strong></td>
<td></td>
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</table>
331.3. The rates of the duty, established in clauses 331.1 and 331.2 of this Article, are applied in harvesting of wood during principal felling and during activities for improvement of qualitative forest composition, forest hygienics, protective properties improvement (in forest stands of age over 40 years — felling to care for a forest, selective sanitary felling, selective forest restoration fellings, conversion fellings, landscape fellings and restocking felling; regardless of forest stand age — clear sanitary and forest restoration felling) and activities for clearing of forest plots, covered with forest vegetation, in connection with construction of hydroelectric complexes, construction of hydroelectric complexes etc.

331.4. The rates of the duty for harvesting of wood are applied considering forests division according to belts and categories.

331.5. Forests division according to belts:

331.5.1. the first forest belt includes all forests, except for forests of Zakarpattia, Ivano-Frankivsk and Chernivtsi regions and forests of mountainous areas of Lviv region;

331.5.2. the second forest belt includes forests of Zakarpattia, Ivano-Frankivsk and Chernivtsi regions and forests of mountainous areas of Lviv region.
331.6. Categories are determined for each (natural boundaries) compartment, based on undermentioned distance between compartment centre and nearest forest operator’s lower landing, where the wood is extracted directly from felling area, or rail shipment point:

<table>
<thead>
<tr>
<th>Categories</th>
<th>1</th>
<th>2</th>
<th>3</th>
<th>4</th>
<th>5</th>
</tr>
</thead>
<tbody>
<tr>
<td>Distance, kilometres</td>
<td>under 10</td>
<td>10.1–25</td>
<td>25.1–40</td>
<td>40.1–60</td>
<td>60.1 and above</td>
</tr>
</tbody>
</table>

331.7. Distance (direct) from compartment (natural boundaries) centre to lower landing or rail shipment point shall be determined according to cartographic documents and adjusted depending on geomorphological region conditions applying the following coefficients:

331.7.1. in forests with plain land — 1.1;

331.7.2. in forests with undulating land or in forests, where over 30 percent of area is covered with wetlands — 1.25;

331.7.3. in forests with mountainous land — 1.5.

331.8. Rail shipment point is considered to be a point (railway station, crossing loop), where execution of such operation is permitted, regardless of availability of proper warehouses at it.

331.9. Change of forests categories is performed in the following cases:

331.9.1. closure of operating or opening of new points (railway stations or crossing loops) for wood shipment;

331.9.2. disclosure of violations of the established procedure of forests division into the categories.

331.10. Large wood of all forest trees include chumps (in the upper section, under bark) with diameter of 25 centimetres and above, medium — diameter of 13 to 24 centimetres, small — diameter of 3 to 12 centimetres.

Fuelwood include timber assortments, which can be used for process purposes, and unsuitable for industrial processing (fuelwood).

For fuelwood, used for process purposes, additional duty is collected based on the results of actual procurement at a rate of 70 percent of rates of the duty established by clauses 331.1 and 331.2 of this Article for commercial small wood of corresponding forest tree.

The rates of the duty for commercial and fuelwood linden are established by clauses 331.1 and 331.2 of this Article without considering bark, and for fuelwood of the rest forest trees — over bark.
For merchantable material from crown, the duty is established at a rate of 40 percent, and for felling residue, which are subject to using, — 20 percent of the duty rates for fuelwood of corresponding forest tree.

For wood, procured during selective fellings: principal felling — the rates are reduced by 20 percent, and activities for improvement of qualitative forest composition, forest hygienics, protective properties improvement (in forest stands of age over 40 years — felling to care for a forest, selective sanitary felling, selective forest restoration fellings, conversion fellings, landscape fellings and restocking fellings) — by 50 percent. Discounts in percents are calculated individually from each rate.

331.11. For procurement of secondary forest materials, collateral forest uses and using of useful forest properties, rates of the duty are established by Supreme Soviet of Autonomous Republic of Crimea, regional, Kyiv and Sevastopol municipal councils.

Article 332. Procedure for calculation of the duty

332.1. Forest management entities, which issue special licences, not later than the 10th day of the month, following the accounting quarter, send to regulatory authorities the list of forest users, which obtained felling licences and forestry cards, according to a form, established by the central executive authority, responsible for the formation and implementation of national tax and customs policy, in coordination with central executive authority, responsible for the formation of national policy in forest management.

332.2. Amount of the duty is calculated by forest management entities, which issue special licences, and is specified in such licences.

332.3. Amount of the duty, specified in felling licence and in forestry card, is subject to recalculation by forest management entity, which issues special licences, if:

a) total amount of actually procured wood during its distribution with area accounting exceeds the specified in felling licence and amount by more than 10 percent;

b) actual volume of use of forest resources exceeds the specified in forestry card for the total volume of such exceeding.

Ground for recalculation is special licence and inspection certificates places of use of forest resources.

Article 333. Procedure for recalculation of the duty

333.1. Forest management entity, which issues special licences, also executes duty recalculation for procurement of wood and secondary forest materials, collateral forest uses and using of useful forest properties in the following cases:

333.1.1. correction of technical errors, which can be made during tangible and monetary valuation of felling areas, secondary forest materials, collateral forest uses and using of useful
forest properties under felling licence or forestry card, improper use of bucking program, belts, categories and rates, and correction of arithmetic errors, made during calculations;

333.1.2. cancellation of felling licence and/or forestry card owing to land withdrawal for other purposes. In other cases of cancellation or issue of felling licence and/or forestry card duplicate, recalculation of the duty is not executed and the total amount of the duty assessed under such licences is fully paid to relevant budgets;

333.1.3. granting of deferral to forest user:

a) for wood procurement – amount if the duty for procurement of standing wood is increased by 1.5 percent regardless of the time for which deferral was granted;

b) for wood removal – amount of the duty for wood not removed in proper time, is increased by 1.5 percent per each month of delay;

333.1.4. additional deferral of removal period, but not more than three months. Thus forest user’s amount of the duty for the volume of wood not removed in proper time is increased by 5 percent per each month of delay.

333.2. Regardless of wood accounting method, sold on stumps (by area, stumps, approximate amount), forest users, which made incomplete wood procurement, allowed for felling under felling licences issued, or did not implement it at all, the duty is calculated and fully paid for the total wood amount allowed for felling procurement, as specified in the licence.

333.3. Forest users, which perform recalculation of the duty based on the results of their activity, shall indicate additional duty amounts in calculation, according to the form, provided by Article 46 hereof.

**Article 334. Procedure for payment of the duty**

334.1. Basic tax (accounting) period for the duty is equal to calendar quarter.

334.2. Forest users quarterly draw up =calculation of the duty on a cumulative total from the beginning of the year according to the form, provided by Article 46 hereof, where amount of the duty is paid according to sub-clauses 334.2.1 and 334.2.2 of this clause is indicated in the individual line, and submit it to the regulatory authority at the location of forest plot within the time limits, determined for tax (accounting) quarter, except for the following:

334.2.1. forest users, which before obtaining of felling licences and forestry cards, pay the duty in cash offices of forest management entity, which issue them:

a) natural persons, and natural persons — entrepreneurs, which obtained felling licences and forestry cards;

b) forest users (except for natural persons, and natural persons — entrepreneurs, which obtained forestry cards), for which amount of the duty in felling licence or forestry card does
not exceed 50 percent of one minimum salary, established by law as of January 1 of the year, when the duty is paid;

334.2.2. Forest users from another region, which pay the duty in full before obtaining of special licence at the location of forest plot, where wood procurement is implemented.

334.3. In specially kept register the record is made about receipt of payment of the duty in cash office of forest management entity, which issues special licences, and notice of receipt is issued to forest user. At the same time in felling licence and forestry cards, duty payment stamp is made (number and date of notice of receipt are specified).

334.4. Forest users pay the duty within the time limits, established for tax (accounting) quarter.

The duty is paid by forest users quarterly in equal parts of amount of the duty, specified in special licences, issued in relevant calendar year, except for amounts of the duty, paid according to sub-clauses 334.2.1 and 334.2.2 clause 334.2 of this Article.

334.5. In case of licence obtaining during the current year (or additional amount of the duty) after regular due date for payment of the duty, forest users pay all amounts for the past period.
SECTION XVIII.
SPECIAL RULES FOR TAXPAYERS TAXATION UNDER
THE PROVISIONS OF PRODUCT DISTRIBUTION
AGREEMENT

Article 335. Procedure of investor taxation during implementation of product
distribution agreement

335.1. During the validity period of product distribution agreement and within the ac-
tivity, associated with implementation of such agreement, collection of national and local
taxes and duties from the investor, provided by this code, except as provided by clause 335.2
of this Article, is substituted by manufactured products distribution between state and the
investor under the provisions of such agreement.

Tax liabilities do not arise in the following cases:

distribution of profit and/or makeup products and/or their money equivalent among
the investor (operator) and state, transfer of state owned profit products to the operator (in-
vester) for further sale;

transfer of ownership from investor (operator) to state for property, purchased or cre-
ated by investor for implementation of product distribution agreement and which cost is
refunded by makeup products or from the date of termination of an agreement, and using of
such property by the investor (operator) and its further return to state according to the Law
of Ukraine “On Product Distribution Agreements” and agreement;

transfer of property, including funds, by the parties of product distribution agreement
for use to agreement investor (operator) under such agreement, free-of-charge use of such
property by agreement investor (operator) and/or return of such property by investor (oper-
ator) to appropriate party of the agreement;

distribution by the operator of makeup and/or profit products and transfer of its money
equivalent among the investors;

sale or other transfer by investor (operator) of makeup and/or profit products, except
for value added tax liabilities under supply operations of makeup and/or profit products,
acquired for ownership by investor (operator) as a result of its distribution under the agree-
ment, and state owned profit products, and transferred to the investor (operator) for further
sale, which are determined according to the Article 337 hereof;

transfer of property, including funds, by a party of product distribution agreement to
investor (operator) for provision of fulfilment of product distribution agreement according
to such agreement and return of such property by investor (operator) to appropriate party of
the agreement;

transfer of funds and/or property by investor-non-resident to its permanent establish-
ment for funding and provision of activity under product distribution agreement according
SECTION XVIII.

to the work schedule and cost estimate under the agreement, other activity, provided by the agreement, and for fulfilment of other obligations under the agreement;

use by investor (operator) free of charge within the activity, associated with fulfilment of the agreement, of any property, including funds, geological, geophysical, geochemical, technical and economic information and other data, technologies and/or rights, granted to investor according to the law and agreement;

use of products by investor (operator) (in native state or processed products), required for works execution and implementation of other activity, provided by product distribution agreement, including burning of products, or loss of such products, as a result of works execution and implementation of other activity, provided by the agreement;

free-of-charge provision of goods, works execution, services or funds to investor (operator) or by investor (operator) during validity period of product distribution agreement and within the activity, associated with implementation of such agreement, including granting of additional benefits to the employees, premium or bonuses payment in favour of state and fulfilment of social obligations, provided by product distribution agreement;

return of subsoil areas (their parts) by investor (operator) according to the law and product distribution agreement.

During the validity period of product distribution agreement and within the activity, associated with implementation of such agreement, taxation of investor (operator) is performed considering the specifics, established by this section of the Code and product distribution agreement. In case of a difference between provisions of section XVIII and other provisions of this Code the regulations provided by section XVIII hereof shall be applied.

335.2. During implementation of the product distribution agreement, investor (operator) pays the following taxes and duties:

a) value added tax;

b) corporate profit tax;

c) fee for subsoil use for extraction of commercial minerals.

Investor is obliged to charge, collect and pay to the budget individual income tax from salary and other benefits and payments, charged (paid) to a taxpayer according to section IV hereof considering the provisions of Article 340 hereof.

Investor-resident or investor-non-resident (its permanent establishment) is obliged to register product distribution agreement at its tax residence, and during tax registration shall submit to regulatory authority at its residence location the appropriate written notice and the following documents:

notarized copy of the registered product distribution agreement;
copy of State Registration Certificate of the product distribution agreement.

After the registration of investor (operator) and product distribution agreement as a taxpayer investor shall draw up and submit tax declarations and accounts, as provided by applicable law, bear responsibility for proper fulfilment of obligations, associated with charging and payment of taxes and duties, according to the procedure and in the amount, established by this Code. Tax declarations and accounts are submitted by investor for each tax, charge, payment separately from accounts based on the results of activity, not associated with implementation of product distribution agreement.

The form of registration certificate of investor and product distribution agreement as a taxpayer is approved by the central executive authority, responsible for the formation and implementation of national tax and customs policy.

In case of conclusion of multilateral product distribution agreement, involving several investors, obligations concerning registration as a taxpayer under the agreement, keeping of individual tax accounting and reporting of operations, associated with implementation of agreement, charging and payment of taxes and duties and submission of tax accounting may be entrusted to the investor (operator) as provided by the agreement.

Investor (operator) and his powers are determined as provided by the applicable law on product distribution.

335.3. This section is not applied to (except as provided by Article 337 hereof) the contractors and subcontractors, carriers and other persons, including foreign ones, which take part in works execution (services rendering) provided by product distribution agreement under the contracts concluded with the investor.

The specified persons pay taxes as prescribed by this Code.

335.4. Tax accounting, associated with works execution (services rendering) provided by product distribution agreement, is kept according to this Code and agreement, and separately from the accounting other types of activities.

If individual accounting is not kept, taxation procedure is applied without considering the specifics, provided by this section.

Under agreement, the rules for joint venture taxation, taxation under estate management contracts and taxation of long-term contracts provided by this Code are not applied to the investors within their activity under product distribution agreement.

**Article 336. Special rules for profit tax payment**

336.1. Profit tax is paid by investor (operator) from the income obtained by investor (s) as a result of implementation of product distribution agreements, to the extent established by this Code as of the date of conclusion of the product distribution agreement, considering the provisions of Article 340 hereof and the following special rules:
a) taxable item of corporate profit tax is the income of investor (s), determined based on the cost of profit products, determined according to the law on product distribution, acquired by investor (s) and/or by operator in ownership as a result of product distribution, reduced by the amount of single fee for compulsory state social insurance paid by investor, and by the amount of other costs (including accumulated costs during works execution before appearing of first profit products), associated with implementation of the agreement, but not refundable by makeup products under the agreement.

If the cost of profit products under product distribution agreement is expressed in foreign currency, for purposes of corporate profit tax calculation, such cost is transferred in Ukrainian hryvnia as provided by product distribution agreement.

Any other income, obtained by investor (operator) during validity period of the agreement from the activity, associated with implementation of such agreement, is not considered as taxable item and not taken into account in determination thereof;

b) costs composition, refundable by makeup products, shall be determined according to the law on product distribution.

Expenses for acquisition of noncurrent assets and expenses for prospecting and arrangement works execution, and extraction of commercial minerals are fully included at the moment of their incurring in the expenses, refundable by makeup products as provided by law on product distribution.

Other expenses, associated with implementation of product distribution agreement, considered in calculation of taxable item from the activity, associated with implementation of the agreement, but not refundable by makeup products according to the agreement, are determined according to the regulations, provided for expenses, considered in calculation of taxable item according to Section III hereof, unless otherwise provided by this section or product distribution agreement.

Product distribution agreement can provide indexation of other expenses, associated with implementation of the agreement, incurred during the period before the beginning of product distribution, considered in calculation of taxable item, but not refundable by makeup products under the corresponding agreement, as provided by the agreement.

Corporate profit tax payable shall be determined and paid solely in specie;

c) if investor’s taxable item, based on the results of accounting period, has negative value, the corresponding reduction of taxable item for the next period, and each of the subsequent periods is allowed, until such negative value of taxable item is repaid in full, but not longer than the validity period of product distribution agreement;

d) for non-current assets, which cost is not refundable by makeup products according to the agreement, investor applies depreciation rules, established according to section III hereof.
Investor (operator) determines corporate profit tax payable based on the results of each accounting tax period, on basis of tax accounting data;

e) corporate profit tax from other activities, not associated with implementation of product distribution agreement, is paid by investor according to Section III hereof.

Investor is obliged to keep individual tax accounting for the corporate profit tax from implementation of product distribution agreement, and corporate profit tax for profit obtained from other activities, not associated with implementation of this agreement;

f) privilege in respect of the corporate profit tax, provided by section III hereof, in taxation of profit, obtained by the investor during implementation of product distribution agreement, is not applied, unless otherwise provided by the agreement.

Corporate profit tax for profit of a foreign investor with Ukrainian source, obtained from the activity under product distribution agreement, paid to the investor by its permanent establishment according to Section III hereof is not subject to collection.

Funds and/or cost of property, transferred by investor — non-resident to its permanent establishment for funding and provision of activity under product distribution agreement according to the work schedule and cost estimate is not a taxable item with corporate profit tax;

g) Basic tax (accounting) period with corporate profit tax under product distribution agreement is a calendar quarter.

Investor (operator) quarterly submits profit tax declaration every accounting tax quarter. The rule of tax accounting drawing up and calculation of taxable item with corporate profit tax on a cumulative total is not applied.

Corporate profit tax for accounting period is paid by investor (operator) to the relevant budget within the time limits, determined for quarter tax period.

An obligation to submit annual tax declaration and advance payments from the profit tax to the investor (operator) under product distribution agreement is not applied.

Formal confirmation of corporate profit tax paid is issued to the investor upon its written application after the deadline of profit tax payment within 10 calendar days after the date of receipt of such application to the regulatory authority, where such investor was registered;

h) investor (operator) under product distribution agreement is released from an obligation to submit financial accounting and temporary and permanent difference in taxes along with tax declaration for the corporate profit tax;

i) if investor — non-resident acts by virtue of product distribution agreement through its agency, such investor’s profit, obtained from implementation of agreement, is taxable according to this Article of the Code and is tax exempt according to the provisions, established
SECTION XVIII.

by this Code for profit taxation of non-residents, which carry out their activity in the territo-
ry of Ukraine through the permanent establishment.

The procedure of submission of tax accounting under such agreements is established as
provided by Article 46 hereof.

Article 337. Special rules for value added tax payment

337.1. Supply to the customs territory of Ukraine of makeup and/or profit products,
acquired by investor (s) in ownership as a result of its distribution under product distribution
agreement, and state owned profit products, transferred to the investor (operator) for further
sale, is considered to be the value added taxation object, calculated and paid in the amount,
pursuant to the terms and procedures, established by Section V hereof as of the date of con-
cclusion of product distribution agreement, according to the provisions of Article 340 hereof.

337.2. In the event of import into the customs territory of Ukraine of goods and other
tangible assets, intended for use within implementation of product distribution agreement,
in import customs regime, taxes (except for excise tax) payable during customs clearance of
goods, are not collected.

Import into the customs territory of Ukraine of products (raw hydrocarbons, oil and
gas), extracted in exclusive economic zone of Ukraine, is performed without tax payment
(including the value added tax), subject to the import of such raw materials according to
product distribution agreement.

Considering the requirements of Articles 21 and 22 of the Law of Ukraine “On Product
Distribution Agreement” in case of export from the customs territory of Ukraine of products
distributed according to the provisions of such agreement by investor (operator), custom
duty, excise tax, other taxes and obligatory payments payable during customs clearance of
goods, are not collected, except for the value added tax, charged at zero rate.

In the event of export of goods and other tangible assets outside the customs territory
of Ukraine for implementation of agreement, which were acquired by the investor in the cus-
toms territory of Ukraine, customs duties, excise tax, other taxes other taxes are not collected,
except for the value added tax, charged at zero rate.

In case of obtaining by investor of services intended for implementation of product
distribution agreement, supplied by a non-resident to the customs territory of Ukraine, the
value added tax is not collected.

Taxation provisions provided by this clause apply to the activities, associated with prod-
duct distribution agreement, and to legal entities and permanent establishments of non-resi-
dents (contractors, subcontractors, suppliers, carriers and other contracting parties), which
take part in works execution and other activity, provided by product distribution agreement,
on basis of contracts with the investor.
In case of using goods (works, services) and other tangible assets for purposes other than intended by the investor (contractors, subcontractors, suppliers, carriers and other contracting parties), taxes and duties shall be collected, not contributed due to granting privilege, if such non-fulfilment of obligations occurred through a fault of investor (contractors, subcontractors, suppliers, carriers and other contracting parties).

337.3. If the investor and/or investor (operator) under product distribution agreement deems appropriate to register voluntarily as a value added tax payer, such registration is performed upon his application.

If the investor (his permanent establishment), registered as a value added tax payer, under the product distribution agreement shall submit to regulatory authority a declaration (tax calculation) for this tax, evidencing the absence of taxable supplies / acquisition during twelve successive tax months, registration of the value added tax payer is not cancelled.

337.4. Investor (operator) under multilateral product distribution agreement includes in tax credit tax amounts paid (charged) by any investor under the agreement, as a result of acquisition or manufacture of goods/services, non-current assets on the grounds of tax invoices provided by investors, issued by the suppliers, which acquisition was carried out according to schedules and plans, approved as provided by the product distribution agreements.

In case of negative value of the value added tax amount, calculated according to this Code, such amount is subject to indemnification to investor (operator), according to the procedure and within the time limits, provided by product distribution agreement, approved by the Cabinet of Ministers of Ukraine. Thus, investor (operator) has a right for automatic budget compensation of such amount in full.

Article 338. Special rules for fee for subsoil use collection for extraction of commercial minerals

338.1. Procedure of calculation of rate of fee for the subsoil use for extraction of commercial minerals, the terms and procedure of its payment and submission of accounting during implementation of product distribution agreements, are determined by such agreements.

Rates of fee for subsoil use for extraction of commercial minerals should not be less than established by section XI hereof at the moment of conclusion of the product distribution agreement, according to Article 340 hereof.

Tax (accounting) period for fee for the subsoil use for extraction of commercial minerals under the product distribution agreement is a calendar quarter.

Investor (operator) under the product distribution agreement keeps consolidated tax accounting and submits tax calculation of fee for the subsoil use regardless of the number of special licences for subsoil use within the product distribution agreement.
Unless otherwise provided by the product distribution agreement, investor (operator) under the product distribution agreement shall submit tax calculation of fee for the subsoil use for extraction of commercial minerals and pay such fee for subsoil use to the budget:

at subsoil area location, from which commercial minerals are extracted, in case of such subsoil area location in the territory of Ukraine;

at tax residence of a payer in case of subsoil area location, from which commercial minerals were extracted, within continental shelf and/or exclusive economic zone of Ukraine.

338.2. Accounting of amount fee for the subsoil use for extraction of commercial minerals, charged and paid by investor under the provisions of the product distribution agreement is kept as provided by the agreement.

Article 339. Special rules for product distribution agreement implementation control

339.1. Accounting of financial and business activity of the investor, associated with works execution (services rendering), provided by the product distribution agreement, is carried out separately from accounting of other types of activity to avoid double indication of investor’s compensation expenses. The procedure of such accounting, list of records, in particular, investor’s expenses reimbursement and profit tax calculation, shall be determined by the product distribution agreement.

In case if under the product distribution agreement, the works are executed on several subsoil areas, the investor carries out consolidated accounting of its business activity.

339.2. Investor’s accountings of activity, associated with implementation of the product distribution agreement, are subject to obligatory annual financial audit.

339.3. For the purposes of tax control, investor, which pays taxes and duties during implementation of the product distribution agreement, is obliged to keep original documents, associated with taxes charging and payment, during retention period, provided by applicable law.

Desk audit of fulfilment of investor’s obligations to the budget concerning taxes and duties payment are carried out according to this Code.

Article 340. Guarantee in case of amendment to tax legislation

The State shall guarantee that the legislation, effective at the moment of conclusion of agreement, will be applied to investor’s rights and obligations during fulfilment of tax liabilities, established by product distribution agreement, except when according to the law the rates of taxes and duties are reduced or taxes and duties are abolished. The law, according to which taxes and duties rates are reduced or taxes and duties are abolished, is applied by the investor from the effective date.
OFFICIALS OF REGULATORY AUTHORITIES AND THEIR LEGAL AND SOCIAL PROTECTION

Article 341. Service in regulatory authorities

341.1. Service in the regulatory authorities constitutes professional activity of the citizens of Ukraine who are physically, educationally and age wise qualified therefor, associated with the formation of national tax and customs policy in the part of managing of taxes, duties, payments, implementation of national tax and customs policy, regulation of alcohol production and turnover policy, alcohol drinks and tobacco goods, and control of compliance with tax, customs and other laws, as to which control is entrusted to the regulatory authorities.

Article 342. Officials of regulatory authorities

342.1. Official of the regulatory authority may be a person with a specialized education meeting the qualification criteria, established by the central executive authority, responsible for the formation and implementation of national tax and customs policy, unless otherwise provided by law, and on whom the performance of tasks is imposed, as specified in this Code and in the Customs Code of Ukraine.

342.2. In employment of the official, probation period can be established according to the Law of Ukraine “On State Service”.

342.3. The persons, in respect of whom the restrictions are established by laws of Ukraine “On State Service” and “On Principles of Counteraction and Prevention of Corruption” cannot be employed in the regulatory authorities.

342.4. Officials of the regulatory authorities are the governmental officials.

342.5. Officials, employed on service to the regulatory authorities for the first time and who previously did not have any government employment, take an oath of the governmental official according to the Law of Ukraine “On State Service”.

342.6. Legal status of officials of the regulatory authorities, their rights and obligations are provided by the Constitution of Ukraine, by this Code and Customs Code of Ukraine, and to the extent not regulated thereby, — the Law of Ukraine “On State Service” and other laws.

342.7. Officials and the employees of the regulatory authorities obtain service certificate, which pattern is approved by the central executive authority, responsible for the formation and implementation of national tax and customs policy.

342.8. There shall be prohibited to impose duties on the officials of the regulatory authorities, other than provided by Law.
**Article 343. Special titles**

343.1. Officials of the regulatory authorities shall be conferred the following special titles:

- chief state councillor of taxation and customs service
- state councillor of taxation and customs service of the 1st rank;
- state councillor of taxation and customs service of the 2nd rank;
- state councillor of taxation and customs service of the 3rd rank;
- councillor of taxation and customs service of the 1st rank;
- councillor of taxation and customs service of the 2nd rank;
- councillor of taxation and customs service of the 3rd rank;
- inspector of taxation and customs service of the 1st rank;
- inspector of taxation and customs service of the 2nd rank;
- inspector of taxation and customs service of the 3rd rank;
- inspector of taxation and customs service of the 4th rank;
- junior inspector of taxation and customs service.

343.2. Regulation on special titles and procedure for their conferring, correlation with titles of governmental officials, amount of additions given for special title, shall be approved by the Cabinet of Ministers of Ukraine.

In case of conferring of special title to the official according to clause 343.1 of this Article, addition for the title of governmental official shall not be paid.

343.3. Special titles shall be conferred to the officials for the life term. Deprivation of special titles is performed solely under court decision as provided by the Criminal Code of Ukraine.

343.4. Officials of the regulatory authorities have official uniform with appropriate identification badges, issued free-of-charge within the estimated costs. Tailoring of uniform for officials is allowed with reimbursement of expenses for such tailoring within provision limits of official uniform using the funds provided by state budget for the regulatory authority management.

Models, provision limits and period of wearing of official uniform shall be approved by the Cabinet of Ministers of Ukraine, uniform regulations — by the central executive authority, responsible for the formation and implementation of national tax and customs policy.
Article 344. Pension provision of officials of regulatory authorities

344.1. Pension provision of officials of the regulatory authorities, except for Tax Militia departments in them, is implemented as provided by the Law of Ukraine “On State Service”.

Thus, the employment period of the specified persons (including those conferred the special titles) in regulatory authorities, is counted in the public service period and period of service on the positions, belonging to position category of governmental officials, which entitles to award of pension according to the Law of Ukraine “On State Service” regardless of place of employment as of the time of reaching the age, provided by the specified Law.

344.2. Pension provision of employees of the regulatory authorities, their establishments and organizations, which are not officials, is implemented pursuant to the terms and procedures provided by applicable law.

Article 345. Protection of Personal and Property Rights of Officials of Regulatory Authorities

345.1. The State shall guarantee the protection of life, health, honour, dignity and property of officials of the regulatory authorities and their family members from any abusive and other illegal actions.

345.2. Insult of official of the regulatory authority, threat of murder, violence, property destruction and violent actions as to official of the regulatory authority, and also purposeful destruction or damage to its property and other illegal actions bring to a responsibility in accordance with the law.

Article 346. Compensation of damage caused to official of regulatory authority realized by state

346.1. Employees of a regulatory authority are subject to compulsory state social insurance according to the Law of Ukraine “On Compulsory State Social Insurance Against Occupational Accident and Occupational Disease That Resulted in Loss of Labour Capacity”.

346.2. In the event of death of an official of a regulatory authority due to one’s performance of functional duties, the family of the deceased or the persons who were dependent upon one are to be paid a one-time allowance in the amount of a ten-year salary of the deceased with regard to one’s latter position at the expense of the Fund of Social Insurance Against Accidents with further recovery of this amount from persons in fault.

346.3. In the event of infliction of serious bodily injuries to an official of a regulatory authority in one’s performance of one’s functional duties, preventing one from continuing one’s professional activity, this person is to be paid a one-time allowance in the amount of a five-year salary with regard to one’s latter position at the expense of the Fund of Social Insurance Against Accidents with further recovery of this amount from persons in fault.
346.4. In the event of infliction of trivial injuries to an official of a regulatory authority in one's performance of one's functional duties, preventing one from continuing one's professional activity, this person is to be paid a one-time allowance in the amount of a one-year salary with regard to one's latter position at the expense of the Fund of Social Insurance Against Accidents with further recovery of this amount from persons in fault.

346.5. excluded;

346.6. Damage caused to the property of an official of the regulatory authority or his or her family during fulfilment of his or her duties shall be compensated in full at the expense of state budget, with further recovery of this amount from guilty persons.

346.7. Compensation for damage caused to the property of an official of the regulatory authority or his or her family shall be realized under court decision.

346.8. With the purpose of accounting of actual costs relating to the reimbursement of damage caused to the property of an official of a regulatory authority of the family members thereof, regulatory authorities open special accounts with banking institutions.

Article 347. excluded.
SECTION XVIII-2.
TAX MILITIA

Article 348. Tax Militia and its mission

348.1. Tax Militia consists of special departments for prevention of tax violations, acting as part of relevant regulatory authorities, and implementing regulation of compliance with tax legislation, carries out operational and search activity, criminal procedural and safeguarding activity.

348.2. Objectives of Tax Militia are:

- prevention of criminal and other violations in taxation and government sector, their disclosure, investigation and proceedings on administrative violations;
- search of persons who flee from prosecution and justice for criminal and other violations in taxation and government sector;
- prevention and counteraction against corruption in the regulatory authorities and detection of cases thereof;
- safety ensuring for the employees of the regulatory authorities, protection against security incident, associated with fulfilment of duties.

Article 349. Tax Militia Structure

349.1. Tax Militia comprises:

- chief administrations (administrations, departments, branches, sectors) of the central executive authority, responsible for the formation and implementation of national tax and customs policy;
- administrations (departments, branches, sectors) of Tax Militia of relevant regulatory authorities in Autonomous Republic of Crimea, in the regions, districts (for two or more regions), Kyiv and Sevastopol cities;
- administrations, main departments (departments, divisions, sectors) of Tax Militia of relevant state tax inspectorates in districts, cities (except for Kyiv and Sevastopol cities), towns, interdistrict, joint and regulatory authorities, which carry out support of major taxpayers.

As part of Tax Militia, a special subdivision is functioning, which carries out the activity on prevention of illicit traffic in alcohol drinks and tobacco goods.

349.2. excluded;
Article 350. Powers of Tax Militia

350.1. Tax Militia according to the imposed duties shall implement the following:

350.1.1. accept and register applications, notices and other information on criminal and other violations, legally attributed to competence of Tax Militia, pursuant to the established procedure implement their check and take decisions concerning them, as provided by law;

350.1.2. carry out operational and search activity under the law, implement prejudicial inquiry within legal competence, take actions for compensation of losses caused to the state;

350.1.3. carry out search of persons which flee from prosecution and justice for criminal and other violations in taxation and government sector;

350.1.4. take actions for disclosure and investigation of crimes, related to laundering, theft of funds and other illegal financial transactions;

350.1.5. establish the reasons and conditions promoting commission of crime and other violations in taxation and government sector, take actions for their elimination;

350.1.6. in case of disclosure of facts, evidencing the organized crime activity, or actions creating conditions for such activity, shall submit the files on such problems to the relevant special authorities for prevention of organized crime;

350.1.7. submit to the relevant law-enforcement authorities the files on the facts of violations, for which criminal responsibility is provided by law, if such investigation is beyond the competence of Tax Militia;

350.1.8. ensure security of activity of the regulatory authorities and those employed therein, and protection of the employees against security incidents, associated with fulfilment of their duties;

350.1.9. take actions for counteraction and prevention of corruption and disclosure of corruption, and also for elimination of corruption consequences;

350.1.10. draw up protocols and examine cases of administrative offences as provided by law;

350.1.11. collect, analyse, consolidate the information concerning violations in taxation and government sector, forecast the trend of progression of criminal actions, associated with taxation.

350.1.12. disclose criminal and other violations in taxation, customs and government sector, identify location of taxpayers, conduct interrogation of their founders, officials.

350.2. Senior officer or junior enlisted of Tax Militia, regardless of the positions, location and time of filing an application or notice of personal or public threat by the citizens
or officials, or in case of direct disclosure of such threat, shall take actions for prevention of violation and its suppression, rescue of people, provision of assistance to the persons, which need it, identification and detention of those who committed offences, protection of incident location and report of this to the immediate Internal Affairs body.

**Article 351. Rights Tax Militia**

351.1. Officials of Tax Militia for fulfilment of imposed duties are vested with rights, provided by sub-clauses 20.1.2 (as to obtaining of duly verified copies of documents), 20.1.4 (as to conducting of inspections pursuant to the procedures provided by this Code), 20.1.8 i 20.1.20 clause 20.1 Article 20 hereof, and clauses 1–4, second, third paragraphs of clause 5, clauses 6–14, sub-clauses “a” and “b” of clause 15 (considering the provisions of this Code), clause 16 in accordance with the provisions of this Code for conducting of tax inspections, clauses 17, 19, 23, 24, 25, 27, 28, 30 Article 11, Articles 12–15 Law of Ukraine “On Militia”.

The requirements, provided by Articles 3 and 5 of Law of Ukraine “On Militia” apply to Tax Militia.

**Article 352. Employment on Service to Tax Militia**

352.1. Citizens of Ukraine, with proper education, fit by their personal, business, moral qualities and health condition are employed on service to Tax Militia on a contractual basis for fulfilment of duties according to the objectives imposed on Tax Militia.

A person with outstanding or not duly expunged convictions for commission of crime or on whom during the last year administrative penalty for commission of corruption was imposed, cannot be employed in Tax Militia, except for those rehabilitated.

352.2. In respect of the persons seeking the service in Tax Militia, a special inspection is carried out subject to their written consent, as provided by the Law of Ukraine “On Principles of Counteraction and Prevention of Corruption”.

352.3. Persons seeking the service in Tax Militia, are obliged to report to administration of the authority, where they seek the position, as to the relatives employed in this authority.

352.4. Citizens of Ukraine, employed on service for the first time to Tax Militia on the positions of senior officers and junior enlisted, take an oath as follows:

“I, (full name), being enlisted on service to Tax Militia, swear allegiance to the Ukrainian people. I swear to respect the Constitution and laws of Ukraine, protect human and citizen rights, be conscientious in duty. I swear to be honest, brave, to closely watch economic interests of our Motherland, strictly keep State and official secrets. If I violate an oath, I am ready to bear responsibility, established by the law of Ukraine”.

Senior officer or junior enlisted of Tax Militia shall sign the oath text, which is kept in his personal file.
Article 353. Service in Tax Militia

353.1. Senior officers and junior enlisted of Tax Militia do a service as provided by applicable law for senior officers and junior enlisted of the Internal Affairs body.

353.2. Persons, employed on service to Tax Militia, including attendees and students of training establishments with specializations in staff training for Tax Militia, bound to military service, shall be taken off the register for the period of service and belong to the staff of Tax Militia of the central executive authority, responsible for the formation and implementation of national tax and customs policy.

353.3. Persons, graduated from higher education establishments of the central executive authority, responsible for the formation and implementation of national tax and customs policy, and conferred the special title of senior officer of Tax Militia, are exempted from induction into compulsory military service.

353.4. Persons, employed on service to Tax Militia, on positions of senior officers and junior enlisted, shall be conferred the following special titles:

353.4.1. Generalship:
Colonel-General of Tax Militia;
Lieutenant-General of Tax Militia;
Major-General of Tax Militia;
353.4.2. Senior officers:
Colonel of Tax Militia;
Lieutenant Colonel of Tax Militia;
Major of Tax Militia;
353.4.3. Middle-ranking officers:
Captain of Tax Militia;
Senior Lieutenant of Tax Militia;
Lieutenant of Tax Militia;
353.4.4. Junior command personnel:
Chief Warrant Officer of Tax Militia;
Warrant Officer of Tax Militia;

353.4.5. Junior enlisted:

Private of Tax Militia.

353.5. Procedure for conferring special titles of junior command personnel and junior enlisted of Tax Militia shall be determined by the central executive authority, responsible for the formation and implementation of national tax and customs policy.

Special titles senior officers and middle-ranking officers of Tax Militia shall be conferred as provided by the Cabinet of Ministers of Ukraine.

Special titles of generalship of Tax Militia according to Constitution of Ukraine shall be conferred by the President of Ukraine upon the application from the head of the central executive authority, responsible for the formation and implementation of national tax and customs policy.

353.6. Persons of command personnel and junior enlisted of Tax Militia shall wear official uniform and identification badges, provided to them free-of-charge.

Description and models of official uniform, identification badges of command personnel and junior enlisted Tax Militia, approved by the Cabinet of Ministers of Ukraine.

353.7. The requirements and restrictions, established by the Law of Ukraine “On Principles of Counteraction and Prevention of Corruption” apply to the officials of Tax Militia.

Article 354. Encouragement and responsibility of officials of Tax Militia

354.1. The Official of Tax Militia within the powers, provided by this Code and other laws, shall take a decision by himself and undertake disciplinary responsibility according to Disciplinary Regulations of Internal Affairs bodies or other responsibility provided by law, for criminal acts or inaction.

354.2. In case of private wrongs made by the official of Tax Militia, the corresponding regulatory authority is obliged to take actions for restoration of such rights, indemnification of material damage caused, and on demand of a citizen, offer a public apology.

354.3. The Official of Tax Militia, who performs his or her duties within the powers provided by law, does not bear responsibility for the damage caused. Such damage shall be indemnified at the expense of the State.

354.4. The Official of Tax Militia, who violated legal requirements or improperly performs his obligations, shall bear responsibility as appropriate.

354.5. Actions or decisions of Tax Militia, its officials can be appealed as provided by law or public prosecution.
354.6. Encouragement can be applied to the Officials of Tax Militia according to Disciplinary Regulations of Internal Affairs bodies, or other regulatory legal acts by a head of the central executive authority, responsible for the formation and implementation of national tax and customs policy, and heads of the regulatory authorities in Autonomous Republic of Crimea, Kyiv and Sevastopol cities, in the regions, districts.

354.7. The Official of Tax Militia, which reported of violation of the official of Law of Ukraine “On Principles of Counteraction and Prevention of Corruption” by other official, cannot be fired or enforced to firing or imposed to disciplinary responsibility as a result of such notice.

The decision of firing or imposition of disciplinary responsibility on such official may be disputed as provided by law.

**Article 355. Settlement of conflict of interest**

355.1. In case of conflict of interest during fulfilment of duties, the official of Tax Militia is obliged to immediately report on it to his / her immediate supervisor. Immediate supervisor of the official of Tax Militia is obliged to take all necessary actions, aimed to prevention of conflict of interest, by assigning a corresponding duty assignment to the other official, personal implementation of duty assignment or as otherwise provided by the law.

**Article 356. Legal and social protection of command personnel and junior enlisted of Tax Militia**

356.1. The State shall guarantee legal and social protection of command personnel and junior enlisted of Tax Militia and their family members. The guarantee of legal and social protection is not applied to them, as provided by Articles 20–23 Law of Ukraine “On Militia” and Law of Ukraine “On the Status of Military Service Veterans, Veterans of Internal Affairs Body of Veterans and Some Other Persons and Their Social Protection”.

356.2. State supervision of labour protection of command personnel and junior enlisted of Tax Militia is implemented by independent authorities of state supervision for labour protection of Tax Militia.

**Article 357. Material support and social welfare services of command personnel and junior enlisted of Tax Militia**

357.1. Forms and the amount of financial support of command personnel and junior enlisted of Tax Militia, including financial provision, are established by the Cabinet of Ministers of Ukraine.

357.2. Pension provision of command personnel of Tax Militia is implemented pursuant to procedures provided by the applicable law for command personnel of internal affairs bodies.
SECTION XIX.
FINAL PROVISIONS

1. This Code becomes effective on January 1, 2011, except for:

   sub-clause 20.1.15.2 clause 20.1 Article 20 hereof, which becomes effective on January 1, 2015;

   Article 39 hereof, which becomes effective on January 1, 2013;

   third paragraph of clause 46.2 Article 46, which becomes effective on January 1, 2013;

   section III hereof, which becomes effective on April 1, 2011;

   Paragraph Six excluded;

   sub-clause 166.3.4 clause 166.3 Article 166 hereof, which becomes effective on January 1 of the year following the year, when compulsory state social and medical insurance law becomes effective;

   sub-clause 169.1.1 clause 169.1 Article 169 hereof, which becomes effective on January 1, 2015. Before December 31, 2014, for purposes of this sub-clause, tax social privilege is provided in the amount equal to 50 percent of living wage amount for able-bodied person (as per month), established by law as of January 1 of accounting tax year, — for any taxpayer;

   Article 265 hereof, which becomes effective on January 1, 2013;

   clause 276.5 Article 276 hereof, which becomes effective on January 1, 2015.

2. The following shall be deemed to cease to be in force:

   1) as of January 1, 2011:

      Law of Ukraine “On Excise Duty” (The Official Bulletin of the Verkhovna Rada of Ukraine, 1992, No. 12, Art. 172);


      Law of Ukraine “On Patenting of Some Entrepreneurial Activities” (The Official Bulletin of the Verkhovna Rada of Ukraine, 1996, No. 20, Art. 82 with subsequent amendments);


Law of Ukraine “On Land Tax” (The Official Bulletin of the Verkhovna Rada of Ukraine, 1992, No. 38, Art. 360 with subsequent amendments);


Law of Ukraine “On Value Added Tax” (The Official Bulletin of the Verkhovna Rada of Ukraine, 1997, No. 21, Art. 156 with subsequent amendments);

Law of Ukraine “On Fixed Agricultural Tax” (The Official Bulletin of the Verkhovna Rada of Ukraine, 1999, No. 5–6, Art. 39 with subsequent amendments);


Law of Ukraine “On Economical Experiment Concerning Stabilisation of Light and Wood Industry in Chernivtsi Region” (The Official Bulletin of the Verkhovna Rada of Ukraine, 2000, No. 10, Art. 78);

Law of Ukraine “On Excise Duty Rates for Ethyl Alcohol and Alcohol Drinks” (The Official Bulletin of the Verkhovna Rada of Ukraine, 2000, No. 23, Art. 180 with subsequent amendments);

Law of Ukraine “On the Procedure of Repayment of Taxpayer’s Obligations to Budgets and State Target Funds” (The Official Bulletin of the Verkhovna Rada of Ukraine, 2001, No. 10, Art. 44 with subsequent amendments);


Law of Ukraine “On Vehicles and Other Self-Propelled Vehicles and Machines Owners Tax” (The Official Bulletin of the Verkhovna Rada of Ukraine, 1992, No. 11, Art. 150 with subsequent amendments);

Decree of Cabinet of Ministers of Ukraine as of December 26, 1992 No. 18–92 “On Excise Duty” (The Official Bulletin of the Verkhovna Rada of Ukraine, 1993, No. 10, Art. 82 with subsequent amendments);


Decree of Cabinet of Ministers of Ukraine as of May 20, 1993 No. 56–93 “On Local Taxes and duties” (The Official Bulletin of the Verkhovna Rada of Ukraine, 1993, No. 30, Art. 336 with subsequent amendments);


2) as of April 1, 2011:

Law of Ukraine “On Corporate Profit Tax” (The Official Bulletin of the Verkhovna Rada of Ukraine, 1995, No. 4, Art. 28 with subsequent amendments), except for clause 1.20 Article 1 hereof, effective until January 1, 2013;

3) void;

4) as of January 1, 2018 Article 209 hereof;


3. Due to this Code’s entry into force, according to clauses 4 section XV “Transitional Provisions” of Constitution of Ukraine the following are cancelled:

as of January 1, 2011:

1) Decree of the President of Ukraine as of May 11, 1998 No. 453/98 “On Payers and the Procedure of Excise Duty Payment”;

2) Decree of the President of Ukraine as of June, 28, 1999 No. 761/99 “On arrangement of procedure of market charge payment”;

4. Cabinet of Ministers of Ukraine:
as of January 1, 2011, introduces the procedure of compensation for fraction of revenues due to cancellation of a tax from owners of transport vehicles and other self-propelled vehicles and corresponding increase of excise duty rates from fuel for natural persons, who exercised tax privileges for vehicle owners as for one passenger car (cycle-car) with engine capacity under 2,500 cub. cm or one motor-cycle with engine capacity under 750 cub. cm or one motor boat or lifeboat (except for sports ones) with body length under 7.5 m, namely for the following persons:

in clauses 1 and 2, part one of Article 14 Law of Ukraine “On the Status and social protection of citizens, who suffered as a result of Chernobyl accident”;

Articles 4–11 Law of Ukraine “On the Status of War Veterans and Guarantees of Their Social Protection”;

Articles 6 і 8 Law of Ukraine “On Main Principles of Social Protection of Labour Veterans and Other Senior Citizens in Ukraine”;

persons with disabilities regardless of disability group (including disabled children upon application of social protection authorities).

annually provide funds for specified purposes in state budget for the corresponding year;

annually, not later than on June 1, submit to Verkhovna Rada of Ukraine draft law concerning amendments to this Code as for tax rates, specified in absolute values, considering consumer price index, industrial products producers price index з the following taxes and duties:

1) excise tax;
2) first vehicle registration fee;
3) environmental tax;
4) fee for subsoil use for extraction of commercial minerals;
5) fee for subsoil use for purposes other than extraction of commercial minerals;
6) land tax, which normative monetary value was not implemented;
7) void;
8) duty for using radio frequency resources of Ukraine;
9) duty for special water use;
10) duty for special use of forest resources;
until December 31, 2011 jointly with interested religious organizations develop a plan and make a suggestion to the Verkhovna Rada of Ukraine concerning alternative accounting of for natural persons who due to their religious beliefs refused to accept a taxpayer record card registration number); 

along with submission to the Verkhovna Rada of Ukraine of draft law on State budget of Ukraine as of 2011, submit the draft law concerning amendments to Budget Code of Ukraine for coordination of its provisions with Tax Code of Ukraine, including transfer of part of environmental tax (in 2013–33 percent, from 2014–50 percent) to the special fund of State budget of Ukraine with allocation of such funds solely for contribution in specific projects of environmental modernization of enterprises within the amounts of environmental tax paid by them as provided by the Cabinet of Ministers of Ukraine.

5. Local authorities shall provide within a month after the date of becoming effective of this Code decisions concerning establishment of local taxes and duties, determined by this Code.

In failure to establish local taxes and duties, provided by clause 10.3 Article 10 hereof, according to the decision of local authorities, such taxes and duties shall be paid by the payers as provided by this Code at minimum rates and without application of any coefficients.
SECTION XX.
TRANSITIONAL PROVISIONS

Sub-section 1. Special rules for individual income tax collection

1. Individual income tax that is charged but not paid by the tax agent to the budget despite the procedure that had been effective before this Code entered into force, on the date of entry into force of this Code shall be deemed to be a tax debt according to the agreed tax liability and shall be reflected in tax calculation based on the results of the first accounting quarter, in which this Code becomes effective, and shall be collected from tax agent, applying sanctions stipulated by this Code.

2. Investment loss incurred by an individual income tax payer as of 1 January of the year of entry into force of this Code, shall be taken into account in calculation of investment profit received from publicly traded security or derivative transactions, beginning with the results for such year with regard to losses incurred due to investment assets sale through professional securities dealers. The taxpayer shall be held liable for provision of documentary evidence of amount of the losses specified.

3. Funds paid for works and/or services, performed and rendered on the territory of Ukraine or abroad in the period of preparation and holding of the final part of the European Football Championship 2012 in Ukraine, shall be exempted from collection of individual income tax, including (but not limited to) in the form of salary, reimbursement of costs and daily subsistence to the following persons (except for the residents of Ukraine regardless of their participation in organisation of the specified championship):

- representatives or officers of UEFA member associations;
- members of delegations participating in the championship, including members of the teams which accrued a right to participate in the championship;
- natural persons certified by UEFA.

Income of other non-residents received in the period of preparation and holding of the championship from the source outside Ukraine, shall be taxed on common basis, taking into account the provisions of Conventions of Ukraine for the Avoidance of Double Taxation, consent to be bound by which is given by the Verkhovna Rada of Ukraine.

4. Funds, which in accordance with the law governing the establishment and operation of bank-managed funds, are paid in the validity period of this Law to natural persons under trust agreements signed with members of bank-managed funds and pension contributions agreements, signed in the period of conducting such an experiment (unless funds are withdrawn by such natural persons in violation of the terms of pension contribution or bank-managed fund respectively) shall be exempted from collection of individual income tax.
It shall be determined that the following income shall be exempted from this taxation (shall not be reflected in the annual tax declaration) and excluded from the composition of total monthly or annual taxable income of taxpayer within the standards established by this Code, in the validity period of the Law governing establishment and operation of bank-managed funds:

income accrued to taxpayer according to terms of labour or civil law agreement and subsequently transferred to its pension contribution or to its account of the member of bank-managed fund opened pursuant to the law, when accruing and transferring to such contribution or account;

funds accrued or paid by a person that is not a taxpayer, or his/her seller (third party) for the benefit of taxpayer to pension contribution or account of the member of bank-managed fund of such taxpayer;

funds transferred by a natural person to his/her own pension contribution or to own account at bank-managed fund or to pension contribution or to account at bank-managed fund of first-degree family members of such natural person;

income accrued to taxpayer according to pension contribution agreement or according to trust agreement signed with the authorised bank in accordance with the legislation.

5. If provisions of other laws contain references to personal exemption, for purposes of their application the amount of 17 UAH shall be used, except for provisions of administrative and criminal law with regard to classification of administrative or criminal offenses, for which the amount of personal exemption is established at the level of social tax concession, specified in sub-clause 169.1.1 of clause 169.1 of Article 169 of Section IV of this Code for the corresponding year.


7. For the period between April 01 to July 01, 2014, to suspend the effect of the sub-clause 164.2.8 of the clause 164.2 of Article 164 of the Code with regard to inclusion into total monthly (annual) taxed revenues in the form of interest for a current or a safekeeping (deposit) account, the deposit (safekeeping) to non-banking financial institutions in accordance with the law or to a safekeeping (savings) certificate and the paragraphs two — four of the Clause 167.2 of Article 167 of this Code with regard to taxation of interest.

Sub-section 2. Special rules for value added tax collection

1. In the period until January 1, 2015, the value added tax by legal entities registered as value added tax payers, when carrying out transactions on supply of their own products (milk, dairy raw materials, dairy products, meat, meat products, other animal derivative products (hides, meat bypass, meat and bone meal), manufactured from supplied milk or meat in live weight by agricultural enterprises defined in Section V of the Code, other legal entities and natural persons, including individual entrepreneurs who independently grow,
breed, fatten livestock products specified in Section V of the Code (hereinafter referred to as the “processing plants”), shall be collected taking into account the following peculiarities:

1) provisions of this clause shall not apply to transactions on supply of products manufactured by processing enterprises from imported raw materials, raw materials that were not supplied in live weight, raw materials that are not own raw materials of agricultural enterprises, specified in clause V of this Code, other legal entities and natural persons, including individual entrepreneurs who independently grow, breed, fatten livestock products determined in this Code (hereinafter referred to as the “agricultural commodity producers”);  

2) tax invoice shall be issued to the buyer according to the procedure established by Section V of the Code; 

3) processing enterprise shall maintain separate accounting of transactions on supply of own products (milk, dairy raw materials, dairy products, meat, meat products, other animal derivative products (hides, meat bypass, meat and bone meal), manufactured from supplied milk or meat in live weight by agricultural commodity producers (hereinafter referred to as the “products”), and on supply of other goods/services, including products manufactured from raw materials determined in sub-clause 1 of this clause, and shall draw up value added tax declaration and value added tax declaration in respect of activity on supply of the products; 

4) processing enterprise shall distribute the amount of paid (accrued) tax credit in respect of manufactured and/or purchased goods/services, fixed assets which were partly used for manufacturing of products and partly for manufacturing of other goods/services, based on the share of use of such goods/services, fixed assets in transactions on supply of products and in transactions on supply of other goods/services, respectively, taking into account requirements of Section V of the Code; 

5) processing enterprise shall reflect transactions on export of products outside the customs territory of Ukraine under the export customs treatment in value added tax declaration, and shall be entitled to receive budget refund of value added tax, that was paid (charged) to suppliers of goods/services, the cost of which is included in the cost of exported products. Such refund shall be carried out according to the standard procedure; 

6) processing enterprise shall pay the positive difference between the amount of tax liabilities of the accounting (tax) period and the amount of the tax credit of the accounting (tax) period, defined in value added tax declaration in respect of activity on supply of products, to the special purpose fund of the State Budget of Ukraine and to the special account opened by it in the authority responsible for treasury servicing of budget funds in the following amounts:

in 2012 — to the special purpose fund of the State Budget of Ukraine — in the amount of 30 percent, and to the special account — in the amount of 70 percent; 

in 2013 — to the special purpose fund of the State Budget of Ukraine — in the amount of 40 percent, and to the special account — in the amount of 60 percent;
in 2014 — to the special purpose fund of the State Budget of Ukraine — in the amount of 50 percent, and to the special account — in the amount of 50 percent;

Processing enterprise shall use the amount of value added tax transferred to the special account exclusively for payment of compensation to agricultural commodity producers for milk and meat sold by them in live weight (hereinafter referred to as the "compensation").

The procedure for use of amounts of the value added tax paid by processing enterprises to the special purpose fund of the State Budget of Ukraine shall be established by the Cabinet of Ministers of Ukraine.

7) processing enterprise shall set off the negative difference between the amount of tax liabilities of the accounting (tax) period and the amount of tax credit of the accounting (tax) period specified in value added tax declaration in respect of activity on supply of products, against reduction of tax liabilities in subsequent accounting (tax) periods;

8) the accounting (tax) period is one calendar month;

9) processing enterprise shall within the deadlines, established by clause 203.1 of Article 203 of the Code, file value added tax declaration and value added tax declaration in respect of activity on supply of products with the regulatory authority at the place of registration of processing enterprise. Value added tax declaration in respect of activity on supply of products shall separately reflect the amount of the value added tax to be transferred to the special account for payment of compensation and the amount of value added tax to be transferred to the special purpose fund of the State Budget of Ukraine.

10) transfer of the amount of value added tax to the special account of processing enterprise for payment of compensation shall be carried out by processing enterprise before the 15th day of the month following the accounting (tax) period, to the special purpose fund of the State Budget of Ukraine — within the deadlines established by clause 203.2 of Article 203 of the Code.

To confirm the transfer of amounts of value added tax to the special account, the processing enterprise shall provide the payment orders register in respect of funds that actually entered to such special account for the accounting (tax) period and extract from the authority responsible for treasury servicing of budget funds of such account along with value added tax declaration in respect of activity on supply of products;

11) the amount of compensation shall be distributed between agricultural commodity producers for milk or meat supplied by them in live weight by processing enterprise monthly according to Calculation of distributed amount of compensation, taking into account the following:

a) compensation to each agricultural producer shall be determined by taking into account the ratio, calculated as the correlation of the amount of compensation specified in value added tax declaration in respect of activity on supply of products, and the value of purchased milk or meat in live weight, excluding value added tax;
b) the determined ratio shall apply to all agricultural commodity producers per UAH of value of supplied milk and meat in live weight, excluding value added tax.

Form of Calculation of distributed amount of compensation and the procedure for its filling shall be approved by the central executive authority responsible for the formation of national agrarian policy with the previous approval of the central executive authority responsible for the implementation of national financial policy;

12) payment of compensation to agricultural commodity producers (to legal entities according to payment orders by transfer to their individual accounts opened in servicing banks, to natural persons — in cash directly from cash office of processing enterprises according to surety contracts) shall be settled by processing enterprise before the 20th day of the month following the accounting (tax) period.

Confirmation of payment of compensation to agricultural commodity producers is Statements of amounts of compensation paid to agricultural commodity producers.

Form of Statement of amounts of compensation paid to agricultural commodity producers and procedure for its filling shall be approved by the central executive authority responsible for the formation of national agrarian policy with previous approval of the central executive authority responsible for the implementation of national financial policy;

13) amounts of value added tax not transferred to the special account or transferred in violation of deadlines established by this clause, as well as amounts of compensation, not paid to agricultural commodity producers or paid in violation of deadlines established by this clause shall be deemed to be misused and shall be withdrawn to the state budget;

14) amounts of compensation shall not be included by agricultural commodity producers — value added tax payers to the tax base in respect of collection of value added tax on transactions on supply of milk and meat in live weight.

2. The following transactions shall be temporarily, until January 1, 2019, exempted from payment of value added tax:

a) supply of machinery, equipment, facilities specified in Article 7 of the Law of Ukraine “On Alternative Fuels” on the territory of Ukraine;

b) import according to UCCFEA codes established by Article 7 of the Law of Ukraine “On Alternative Fuels”, of machinery, equipment, facilities used for reconstruction of existing and construction of new enterprises engaged in manufacturing of biofuel and for manufacturing and reconstruction of technical means and vehicles for consumption of biofuel, if such goods are not manufactured and have no analogues in Ukraine, as well as technical means and vehicles, including self-propelled agricultural machinery running on biofuel, if such goods are not manufactured in Ukraine.

The procedure for import of the specified machinery, equipment, faculties, technical means and vehicles shall be established by the Cabinet of Ministers of Ukraine.
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In case of violation of requirements for intended use of the specified goods, a taxpayer shall be obliged to increase tax liabilities based on the results of tax period, in which such violation took place, by the amount of value added tax, which had to be paid on the day of import of such goods, and to pay fine charged on such amount of tax, based on 120 percent of accounting rate of the National Bank of Ukraine, effective as of the day of increase of tax liability, and for the period from the day of import of such goods until the day of increase of tax liabilities.

3. During validity period of treaties of Ukraine, consent to be bound by which is given by the Verkhovna Rada of Ukraine, for space activity related to creation of space technology (including units, systems and accessories for space complexes, space launch vehicles, spacecrafts and ground segments of space systems) but not later than on January 1, 2015, the following transactions shall be exempted from the value added tax payment:

a) import to the customs territory of Ukraine under import customs treatment of goods specified in sub-clause 4 of clause 4 f Section XXI “Final and Transitional Provisions” of the Customs Code of Ukraine, within the limit values established by the Cabinet of Ministers of Ukraine, provided that such goods are used according to their intended purpose in manufacturing of space technology (including units, systems and accessories for space complexes, space launch vehicles, spacecrafts and ground segments of space systems) by resident space activity entities, which received license to carry out such activity, and participate in implementation of such treaties. The list of such resident space activity entities shall be established by the central executive authority responsible for the formation of national policy in the sphere of space activity.

In case misuse of goods or exceeding the limit values of their import, established by the Cabinet of Ministers of Ukraine, the corresponding space activity entity, which actually exercised its right to tax concession shall be deemed to be deliberately avoiding taxation, and punitive (financial) penalties shall apply to it in accordance with applicable law;

b) supply on the customs territory of Ukraine of results of research and development and experimental design works performed by taxpayers using credit funds raised against security of the Cabinet of Ministers of Ukraine to finance the Treaty between Ukraine and Federative Republic of Brazil, ratified by the Verkhovna Rada of Ukraine, for long-term cooperation in respect of use of Cyclon-4 launch vehicle at Alcantara Launch Centre for the benefit of residents — space activity entities, which received license for its implementation, and participate in execution of this Code. To use such concession the Cabinet of Ministers of Ukraine shall establish the procedure for maintenance of register of the specified research and development and experimental design works.

In case of violation of conditions for exemption from taxation of results of research and development and experimental design works, and in particular, their supply for purposes not stipulated by the specified Treaty, a taxpayer which actually exercised its right to tax concession shall be deemed to be deliberately avoiding taxation and punitive (financial) penalties shall apply to it in accordance with applicable law;
4. Temporarily, until January 1, 2016, aircraft construction entities subject to the provisions of Article 2 of the Law of Ukraine “On Development of Aircraft Construction Industry” shall be exempted from payment of value added tax on transactions on:

- import to the customs territory of Ukraine under the import customs treatment of goods (except for excise goods) used for purposes of aircraft construction industry, if such goods are exempted from collection of import duty in accordance with sub-clause 2 of clause 4 of Section XXI “Final and Transitional Provisions” of the Customs Code of Ukraine;

- supply on the customs territory of Ukraine of results of research and development and experimental design works that are performed for purposes of aircraft construction industry.

In case of violation of requirements established by this sub-section, provisions of section II of this Code shall apply to taxpayers — aircraft construction entities.

5. Transactions on performance of works and rendering of services by economic entities resident in Ukraine, which simultaneously carry out publishing activity, activity on manufacturing, distribution of book products and manufacturing of paper and cardboard shall be exempted from collection of value added tax temporarily, until January 1, 2015. In this case income of such economic entity received from publishing activity, activity on manufacturing, distribution of book products and manufacturing of paper and cardboard shall be at least 100 percent of the total amount of its income for the first accounting (tax) period from the time of establishment of such economic entity or at least 50 percent of the total amount of its income for the previous accounting (tax) year.

6. Transactions on performance of works and rendering of services in publishing activity, activity on manufacturing and distribution by publishing houses, publishers, print shops, distributors of book products manufactured in Ukraine, transactions on manufacturing and/or supply of paper and cardboard manufactured in Ukraine for manufacturing of book products, student notebooks, textbooks and manuals manufactured in Ukraine, as well as transactions on supply of book products manufactured in Ukraine, except for advertising, services for placement of advertising and erotic materials and advertising and erotic periodicals shall be exempted from collection of value added tax temporarily, until January 1, 2015.

7. The following transactions shall be exempted from collection of value added tax temporarily, until January 1, 2015:

- transactions on import to the customs territory of Ukraine under the import customs treatment of goods, specified in sub-clause 1 of clause 4 of Section XXI “Final and Transitional Provisions” of the Customs Code of Ukraine, for use in own manufacturing activity;

- transactions on supply of goods, specified in sub-clause 1 of clause 4 of Section XXI “Final and Transitional Provisions” of the Customs Code of Ukraine, to processors, publishing houses and print shops on the territory of Ukraine.
In the case of misuse of the specified goods a taxpayer shall be obliged to increase the tax liabilities according to the results of tax period, in which such violation takes place, by the amount of value added tax, which had to be paid at the time of import of such goods, and to pay a fine in accordance with the law.

8. Supply of goods (except for excise goods) and services (except for services rendered when conducting lotteries and game entertainment and services for supply of goods received under commission (consignment), surety, trust and other civil law agreements, authorising such taxpayer (hereinafter referred to as the “commission agent”) to supply goods for and on behalf of other person (hereinafter referred to as the “principal”) without transfer of ownership of such goods) which are directly manufactured by enterprises and organisations of non-governmental organisations of persons with disabilities, which are founded by non-governmental organisations of persons with disabilities and are their property, where the number of persons with disabilities which are fully-employed is at least 50 percent of average number of regular employees during the previous accounting period, and provided that payroll for such persons with disabilities is at least 25 percent of the total amount of costs for remuneration of labour, related to composition of production costs, shall be taxed at zero value added tax rate for the period until January 1, 2015.

Manufacturing of goods/services, as a result of which the amount of costs incurred for processing (treatment, other types of transformation) of raw materials, accessories, constituents, other purchased goods used in manufacturing of such goods is at least 8 percent of the selling price of such manufactured goods shall be deemed to be direct.

The specified enterprises and organisations of non-governmental organisations of persons with disabilities shall be entitled to use such concession in case of their registration with the corresponding regulatory authority, which shall be carried out based on submitted corresponding application of a taxpayer for such concession and positive decision of the regulatory authority in accordance with the Law of Ukraine “On Basic Principles of Social Protection for Persons with Disabilities”.

If a taxpayer violates requirements of this clause, the regulatory authority shall cancel its registration as an entity entitled to tax concession, and tax liabilities of such taxpayer shall be recalculated from the tax period, according to the results of which such violations were detected, according to general taxation rules established by this Code, simultaneously applying the corresponding financial penalties.

Tax accounts of such enterprises and organisations shall be filed according to the procedure established by the legislation.

9. Value added tax shall not be collected when importing to the customs territory of Ukraine of goods under the import customs treatment, which are exempted from collection of import duty according to the fourth paragraph of sub-clause 3 of clause 4 of Section XXI “Final and Transitional Provisions” of the Customs Code of Ukraine, before September 1, 2012.
In case of misuse of such items or during their alienation on the customs territory of Ukraine for any compensation, punitive (financial) penalties shall apply to taxpayers in accordance with requirements of law.

10. Excluded.

11. Registration of tax invoices by value added tax payers — buyers, with the Unified Register of Tax Invoices shall be established for payers of such tax, the amount of the value added tax of which in one tax declaration is:

- more than 1 million hryvnia — from January 1, 2011;
- more than 500 thousand hryvnia — from April 1, 2011;
- more than 100 thousand hryvnia — from July 1, 2011;
- more than 10 thousand hryvnia — from January 1, 2012.

Tax invoice in which the amount of value added tax does not exceed 10 thousand hryvnia, shall not be included in the Unified Register of Tax Invoices. Tax invoice, issued when carrying out transactions on supply of excise goods and goods imported to the customs territory of Ukraine, from January 1, 2012, shall be included in the Unified Register of Tax Invoices, regardless of amount of value added tax in one tax declaration.

Provisions of the eighth and the ninth paragraphs of clause 201.10 of Article 201 of this Code shall not apply to tax payers which according to this sub-section shall not be obliged to register a tax invoice with the Unified Register of Tax Invoices as of the date of issue of invoice.

12. Transactions on supply of domestic films, determined by the Law of Ukraine “On Cinematography” by manufacturers, demonstrators and distributors of domestic films, as well as supply of works and services for production, including replication of domestic films and foreign films which were dubbed, voiced, subtitled in the state language in Ukraine, as well as supply of works and services for dubbing, voicing and/or subtitling foreign films in the state language of Ukraine shall be exempted from collection of the value added tax temporarily, until January 1, 2016.

13. Transactions for the supply of services for demonstration, distribution and/or public broadcasting of domestic films and foreign films dubbed, voiced and/or subtitled in the state language of Ukraine by demonstrators, distributors and/or broadcasting organisations (public broadcasting companies) shall be exempted from collection of value added tax temporarily, until January 1, 2016.

14. In case of negative value of amounts of value added tax, calculated according to the procedure stipulated in clause 200.1 of Article 200 of this Code, at shipbuilding and aircraft construction enterprises compensation from the budget shall be carried out in the
tax period following the accounting period, in which such negative tax balance occurred according to the procedure and within the deadlines stipulated by Article 200 of this Code.

15. Transactions on supply on the customs territory of Ukraine of cereal crops of commodity headings 1001–1008 according to UCCFEA and commercial crops of commodity headings 1205 and 1206 according to UCCFEA, except for the first supply of such cereal and commercial crops by manufacturing agricultural enterprises and enterprises, which directly purchase such cereal and commercial crops from manufacturing agricultural enterprises, and except for supply of such cereal and commodity crops by the Agrarian Fund in case of their purchase with value added tax, shall be exempted from collection of the value added tax temporarily, until January 1, 2014.

Transactions on export under the export customs treatment of cereal and commercial crops, specified in the first paragraph of this clause, shall be exempted from collection of value added tax.

When drawing up tax credit for purchased and/or produced capital assets that are simultaneously used in transactions from which value added tax is collected or is not collected, specified in the first and the second paragraphs of this clause, provisions of Article 199 of this Code shall not apply, paid (charged) amounts of value added tax for such capital assets shall be included to the tax credit.

Provisions of this clause shall not apply to transactions on supply of cereal crops of commodity heading 1006, and commodity subcategory 1008 10 00 00 according to UCCFEA and value added tax on such transactions shall be collected according to the procedure established by this Code.

151. Temporarily for up to October 01, 2014, transactions with supply of grain crops under the headings of 1001–1008 according to the UCCFEA and technical crops under the headings of 1205 and 1206 00 according to the UCCFEA within the customs territory of Ukraine shall be exempt from taxation by value added tax, except for the first supply of such grain and technical crops by agricultural enterprises — manufacturers and enterprises who purchased such grain and technical crops directly from agricultural enterprises — manufacturers, as well as except for supply of such grain and technical crops by the Agricultural Fund in the event of the purchase thereof with value added tax.

Transactions with export under the customs regime of export of grain and technical crops specified in the paragraph one of this clause, shall be exempt from taxation by value added tax, other than export by agricultural enterprises — manufacturers of such grain and technical crops grown in agricultural lands owned or being in sustained use as of the date of such export.

In formation of a tax credit with regard to purchased and/or produced non-current assets being simultaneously used in transactions taxable and non-taxable by value added tax, specified in the paragraphs one and two of this Clause, the provisions of Article 199 of this Code shall not apply; paid (accrued) amounts of value added tax with regard to such non-current assets shall be included into a tax credit.
The provisions of this Clause shall not apply to transactions with supply of grain crops under the heading of 1006 and commodity subcategory 1008 10 00 00 according to the UCCFEA, and such transactions shall be subject to taxation by value added tax following the procedure provided for by this Code.

To suspend the effect of the Clause 197.21 of Article 197 of this Code for up to October 01, 2014.

16. Transactions on supply of raw hides and tanned leather without further processing (commodity headings 4101–4103, 4301), including transactions on import of such goods shall be exempted from collection of value added tax in the period from January 1, 2012 to December 31, 2014.

In case of export under the export customs treatment of such goods, zero rate shall not apply.

17. Excluded.

18. Excluded.

19. Transactions on supply to UEFA of tickets and services which is an integral part of ticket, shall be exempted from collection of value added tax, temporarily, until September 1, 2012.

Transactions on import to the customs territory of Ukraine under the import customs treatment of goods, specified by provisions of the third paragraph of sub-clause 3 of clause 4 of section XXI “Final and Transitional Provisions” of the Customs Code of Ukraine, shall be exempted from collection of value added tax, temporarily, until 1 September 1, 2012.

Amounts and procedure for import of such goods shall be approved by the Cabinet of Ministers of Ukraine.

In case of misuse of such goods or their alienation on the customs territory of Ukraine, punitive (financial) penalties according to the requirements of the law shall apply to such taxpayers.

20. Value added tax pre-attributed to the composition of tax credit and tax liabilities shall not be adjusted and does not change the composition of tax liabilities and tax credit of the accounting tax period of taxpayers, during the procedure for writing off of debt under the Law of Ukraine “On Some Issues of Indebtedness for Consumed Natural Gas and Electric Energy” for participants of writing off of debt, specified by this Law, which are value added tax payers in accordance with section V of this Code.

21. For entities who carried out transition to the general tax system from the simplified tax system and are registered as value added tax payers, value added tax shall not be collected from transactions on supply of goods/services, which were paid in the form of advance
payments (prepayments) in the period of application of simplified tax system by such value added tax payers, and from which single tax is collected.

22. Excluded.

23. Transactions on supply, including transactions on import of waste and scrap of ferrous and non-ferrous metals and wood of commodity headings 4401, 4403, 4404 according to the UCCFEA (except for briquettes and pellets of the UCCFEA commodity sub-heading 4401 30 90 00) as well as of paper and cardboard for utilization (waste paper) of commodity heading 4704 according to the UCCFEA shall be temporarily exempted from collection of value added tax until January 1, 2015. The list of such waste and scrap of ferrous and non-ferrous metals shall be approved by the Cabinet of Ministers of Ukraine.

Transactions on export of goods under the export customs treatment, as specified in this clause, shall be exempted from collection of value added tax.

24. Provision of the first paragraph of clause 118.1 of Article 188 of this Code, according to which the value added tax base shall not include amounts of duty on mandatory state pension insurance, on cost of cellular mobile communication services, shall apply from the date of entrance in force of this Code.

25. Transactions on supply, including transactions on import to the customs territory of Ukraine of specialised vehicles, such as ambulances of commodity heading 8703 in accordance with UCCFEA, which are designed for use by health care institutions and payment for which is settled using state or local budget funds or on order of the corresponding budget funds administrators, shall be exempted from collection of the value added tax, temporarily, until December 31, 2012.

In case of misuse of the specified goods a taxpayer shall be obliged to increase tax liabilities according to the results of the tax period, in which such violation occurred, by the amount of value added tax that had to be paid at the time of import (supply) of such goods, and to pay the fine in accordance with the law.

25\(^1\). Renew the clause 25 hereof from December 1, 2013 to January 1, 2015.

26. The following transactions which are carried out in accordance with the law shall be exempted from collection of value added tax, temporarily, in the period of performance of programs of the Global Fund to Fight AIDS, Tuberculosis and Malaria in Ukraine.

Import to the customs territory of Ukraine of goods under the import customs treatment (except for excise goods), if such goods are paid by grants (sub-grants) provided in accordance with the programs of the Global Fund to Fight AIDS, Tuberculosis and Malaria in Ukraine, which are implemented in accordance with the law. The procedure for import of the specified goods shall be established by the Cabinet of Ministers of Ukraine. In the case of misuse of the specified goods, a taxpayer shall increase tax liabilities according to the results of the tax period, in which such violation occurred, by amount of the value added tax that
had to be paid at the time of import (supply) of such goods, and to pay the fine in accordance with the law.

supply on the customs territory of Ukraine of goods (except for excise goods) and rendering services, if such goods are paid by grants (sub-grants) provided in accordance with the programs of the Global Fund to Fight AIDS, Tuberculosis and Malaria in Ukraine, which are implemented in accordance with the law. The procedure for carrying out of such transactions shall be established by the Cabinet of Ministers of Ukraine. In case of violation of requirements established by this procedure, a taxpayer that actually exercised its right to tax concession shall be deemed to be deliberately avoiding such taxation and punitive (financial) penalties established by this Code shall apply to such taxpayer.


For the purposes of this clause software products include:

result of computer programming in the form of operating system, system software, application, entertaining and/or educational computer programs (their components) as well as in the form of Internet sites and/or on-line services;

cryptographic information protection means;

27. For the period of duration of contract signed for implementation of Air Express national project approved by the Cabinet of Ministers of Ukraine, which stipulates:

construction of rail passenger service Kyiv — Boryspil International Airport;

construction of the city ring road around Kyiv in the Kyiv — Boryspil area;

construction of road from Podilskyi bridge crossing to Vatutina Avenue in Kyiv, collection of value added tax shall be carried out, taking into account the following:

a) full conditional exemption from collection of value added tax shall apply to transactions on import to the customs territory of Ukraine of goods under the temporary import customs treatment, which are imported by the contracting parties.

List and quantity of goods imported to the customs territory of Ukraine under the temporary import customs treatment with full conditional exemption from taxation within the framework of performance of Air Express national project shall be established by the Cabinet of Ministers of Ukraine;

b) the following shall be exempted from taxation:

transactions on supply of services on the customs territory that are related to implementation of Air Express national project, which are rendered by a non-resident entity, not registered as a value added tax payer, to the contracting parties.
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The list of services that are associated with implementation of Air Express national project and shall be exempted from taxation shall be established by the Cabinet of Ministers of Ukraine;

transactions on import on the customs territory of Ukraine of goods under the import customs regime, which are not manufactured in Ukraine or are manufactured in Ukraine, but do not correspond to the requirements of the project according to UCCFEA codes, stipulated in sub-clause 9 of clause 4 of Section XXI “Final and Transitional Provisions” of the Customs Code of Ukraine.

List and quantity of such imported goods shall be established by the Cabinet of Ministers of Ukraine;

transactions on supply by the executor to the customer, both being the contracting parties, of the built facility (parts thereof), stipulated by the contract, when implementing Air Express national project.

In case of violation of requirements for intended use of goods specified in this clause, a taxpayer shall be obliged to increase tax liabilities according to the results of tax period, in which such violation occurred, by the amount of tax to be paid at the time of import of such goods to the customs territory of Ukraine, and to pay fine, charged on such amount of tax, based on 120 percent of accounting rate of the National Bank of Ukraine, that was effective on the day of increase of tax liability, and for the period from the date of import to the customs territory of Ukraine of such goods until the date of increase of tax liabilities.

The term “contracting party” specified in Section XX “Transitional Provisions” of this Code, for tax purposes shall determine the customer and the executor, where the customer is the state enterprise, determined by the Cabinet of Ministers of Ukraine as authorised person for implementation of Air Express national project, and the executor is non-resident being the party to the contract signed with the customer for implementation of Air Express national project and permanent representation of such non-resident.

28. The following transactions shall be exempted from collection of value added tax, temporarily, in the period of implementation of projects (programs) using international technical assistance provided according to the initiative of the Group of Eight “Global Partnership Against the Spread of Weapons and Materials of Mass Destruction”:

import to the customs territory of Ukraine of goods under the import customs treatment, which are not manufactured in Ukraine, specified by sub-clause 11 of clause 4 of Section XXI “Final and Transitional Provisions” of the Customs Code of Ukraine. The list and the procedure for import of such goods shall be established by the Cabinet of Ministers of Ukraine. In case of misuses of the specified goods, a taxpayer shall increase tax liabilities according to the results of the tax period, in which such violation occurred, by the amount of value added tax, that had to be paid at the time of import of such goods, and shall be obliged to pay fine in accordance with this Code;
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delivery on the customs territory of Ukraine of goods (except for excise goods and goods of groups 1–24 according to UCCFEA) and rendering of services, if such goods/services are paid using international technical assistance, which is provided in accordance with the initiative of the Group of Eight “Global Partnership Against the Spread of Weapons and Materials of Mass Destruction”. List of goods/services and procedure for carrying out such transactions shall be established by the Cabinet of Ministers of Ukraine. In case of violation of requirements established by this procedure, a taxpayer who actually exercised his right to tax concession shall be deemed to be deliberately avoiding taxation and punitive (financial) penalties established by this Code, shall apply to such payer.

29. Value added tax pre-attributed to the composition of tax credit and tax liabilities, shall not be adjusted and does not change the composition of tax liabilities and tax credit of the accounting tax period of taxpayers, during the procedure for writing off of debt under the Law of Ukraine “On Some Issues of Indebtedness of Enterprises of the Military-Industrial Complex — Members of Ukroboronprom State Concern and Ensuring their Sustainable Development”, for participants of procedure for writing off of debt, specified by this Law, which are value added tax payers in accordance with Section V of this Code.

The State Reserve Agency of Ukraine also shall not incur value added tax liabilities when converting tangible assets into cash within the framework of performance of the Law of Ukraine “On Some Issues of Indebtedness of Enterprises of the Military-Industrial Complex — Members of Ukroboronprom State Concern and Ensuring their Sustainable Development”.

When supplying fuel from the state reserve in accordance with the Law of Ukraine “On Some Issues of Indebtedness of Enterprises of the Military-Industrial Complex — Members of Ukroboronprom State Concern and Ensuring their Sustainable Development”, participant of procedure for writing off of debt shall not incur tax liabilities for value added tax credit.

30. Sub-clause “m” of clause 201.1 of Article 201 of this Code shall be suspended temporarily, until July 1, 2013.

31. Transactions on servicing of mortgage assets as a part of mortgage collateral in accordance with the Law of Ukraine “On Mortgage Bonds”, which are carried out by servicing institution — bank, that was an original creditor in respect of such mortgage assets on behalf of issuer of mortgage bonds, shall not be subject to collection of value added tax.

For purposes of this clause, issuer of mortgage bonds shall mean financial institution, more than 50 percent of equity rights of which belong to state-owned banks.

Sub-section 3. Special rules for collection of value added tax from transactions on import to the customs territory of Ukraine of machinery, equipment and accessories not manufactured in Ukraine, by taxpayers — shipbuilding industry enterprises and economic entities that implement the investment
projects approved in accordance with the Law of Ukraine “On Promotion of Investment Activity in Priority Sectors of Economy to Create New Jobs”

1. Domestic enterprises of shipbuilding industry (class 35.11, group 35 of KVED DK 009:2005) when importing machinery, equipment and accessories under the import customs treatment to the customs territory of Ukraine, which are not manufactured in Ukraine, for use in business activity, provided that the customs declaration is executed, may voluntarily provide the regulatory authority (and the regulatory authority shall be obliged to accept) with the tax anticipation bill for the amount of value added tax liability, specified in such customs declaration. The list of machinery, equipment and accessories that are imported by domestic enterprises of shipbuilding industry and are not manufactured in Ukraine, shall be established by the Cabinet of Ministers of Ukraine.

Economic entities that implement investment projects in priority sectors of economy, approved in accordance with the Law of Ukraine “On Promotion of Investment Activity in Priority Sectors of Economy to Create New Jobs”, temporarily, from 1 January 2013 through 31 December, 2022, when importing machinery (equipment) and accessories to the customs territory of Ukraine under the import customs treatment, which are exempted from collection of import duty according to the procedure, specified in sub-clause 10 of clause 4 of Section XXI “Final and Transitional Provisions” of the Customs Code of Ukraine, provided that customs declaration is executed, may voluntarily provide the regulatory authority (and the regulatory authority shall be obliged to accept) with the tax anticipation bill for the amount of value added tax liability, specified in such customs declaration.

2. To ensure compliance with the provisions of this sub-section, the tax anticipation bill shall not be confirmed by bank though avalization.

Tax anticipation bill is a tax accounting document and shall be accounted and maintained according to the rules and in the period established for source accounting documents.

The bill holder shall be the regulatory authority at the place of registration of bill drawer as a taxpayer.

3. Tax anticipation bill shall be issued for the amount of value added tax liability, charged according to customs declaration.

The amount of value added tax liability for one customs declaration may not be partially paid with the bill, and partly — in cash. The bill shall be issued for the full amount of tax liability separately for each customs declaration.

Date of the bill issue is the date of filing customs declaration for customs clearance.

4. Tax anticipation bill shall be drawn up in three copies, specifying the amount of tax in national currency, only on the bill form bought at bank, taking into account the following details:
the first copy of tax anticipation bill is the original bill form, bought by payer at banking establishment;

the second and the third copies of tax anticipation bill are photocopies of original bill form (not executed first copy) that have the same number of the bill form as the first copy;

all necessary records in each copy of the tax anticipation bill shall be executed separately, may not be photocopied, must be identical (except for the serial number of copy).

The regulatory authority carrying out customs clearance of machinery, equipment and accessories, which are not manufactured in Ukraine, imported to Ukraine, shall retain the second copy of the bill. First copy of the bill shall be sent (transferred) by this regulatory authority not later than on the third day from the date of submission of the bill to the regulatory authority, where an entity is registered as a value added tax payer.

Third copy of the bill shall be retained by the taxpayer that issued it.

5. Due date of the tax anticipation bill for enterprises of shipbuilding industry shall be the tax point in respect of supply of built vessel for construction of which machinery, equipment and accessories were imported, using the bill form for calculation of value added tax.

Due date of the tax anticipation bill for economic entities that implement investment projects in priority sectors of economy, approved according to the Law of Ukraine “On Promotion of Investment Activity in Priority Sectors of Economy to Create New Jobs” shall be on the 60th calendar day from the date of its issue to the regulatory authority.

Payment of the tax anticipation bill shall be carried out only by transferring funds to the State Budget of Ukraine.

Partial payment of the tax anticipation bill shall not be allowed.

Obligations for payment of the tax anticipation bill may not be transferred to other persons, the tax anticipation bill may not be endorsed; interests or other types of payment for use of the tax anticipation bill shall not be charged.

6. In case of misuse of goods specified in clause 1 of this sub-section, a taxpayer shall be obliged to pay the tax anticipation bill in the tax period, in which such misuse occurs, as well as to pay the fine in accordance with this Code.

In case of late payment of the tax anticipation bill, punitive penalties of 1 percent of the amount of value added tax, specified in the tax anticipation bill, shall apply to taxpayer, which issued the tax anticipation bill, for each day of delay, including the date of payment, but not more than 50 percent of the amount of the bill.

7. Subject to compliance with requirements for drawing up of amounts of value added tax, which can be attributed to tax credit, taxpayer shall be entitled to attribute to tax credit
of accounting (tax) period the amount of value added tax according to the tax anticipation bills paid in such accounting (tax) period.

8. Value added tax payer shall attach list and copies of tax anticipation bills issued during the accounting (tax) period, for which declaration is filed, to value added tax declaration.

9. Accounting of tax anticipation bills shall be carried out by the regulatory authorities.

Accounting of tax anticipation bills by the regulatory authorities shall be carried out according to the procedure established by the central executive authority responsible for the formation and implementation of national tax and customs policy.

Accounting of tax anticipation bills by the regulatory authorities at location of taxpayer, which issued the tax anticipation bill, shall be carried out according to the procedure established by the central executive authority responsible for the formation and implementation of national tax and customs policy.

Control of payment of tax anticipation bills shall be carried out by the regulatory authorities based on data of such bills, tax declarations and payment documents, confirming payment of amounts of tax according to the paid bills.

**Sub-section 4. Special rules for collection of corporate income tax**

1. Section III of this Code shall apply when carrying out budget settlements, beginning with income and costs received and incurred from April 1, 2011, unless otherwise provided by this subsection.


In case of refund of advance payments (other payments) received before the entry into force of Section III of this Code and considered as a part of gross income, income of accounting tax period, in which such advance payments (other payments) were refunded according to the procedure established by this Code, shall be adjusted for the amount of such refund. For advance payments received in foreign currency, such adjustment shall be carried out at the official exchange rate of hryvnia to foreign currency, which was effective at the date of such refund.

In case of refund of advance payments (other payments) provided before the entry into force of Section III of this Code and considered as a part of gross costs, costs of accounting tax period, in which such advance payments (other payments) were refunded according to the procedure established by this Code, shall be adjusted for the amount of such refund.
In case of shipment of goods (performance of works, rendering of services) after the entry into force of Section III of this Code, against advances payments received before such date, costs forming the net cost of sold goods, performed works, rendered services, and undertaken after the date of entry into force of this Code, provided that they were not included in the composition of gross costs, shall be recognised as costs as of the date of shipment of such goods (performance of works, rendering of services).

2. From the date of entry into force of Section III of this Code, corporate income tax payers shall draw up on accrual basis and file income tax declaration for such accounting tax periods: the second quarter, the second and the third quarters and the second — the fourth quarters of 2011.

Corporate income tax payers, which beginning from 2013 file annual tax declaration according to clause 57.1 of Article 57 of this Code, shall pay in January-February 2013 an advance payment in respect of such tax in the amount of 1/9 of income tax, charged in tax accounts for nine months of 2012, within 20 calendar days, following the last calendar day of accounting (tax) month.

Economic entities that implement investment projects in priority sectors of economy, approved in accordance with the Law of Ukraine “On Promotion of Investment Activity in Priority Sectors of Economy to Create New Jobs”, and entities of software products industry that apply peculiarities of taxation stipulated by clause 15 of sub-section 10 of this Section, shall not pay advance payments in 2013, and shall determine tax liabilities based on tax declaration according to results of the first quarter, the first half of the year, three quarters and for 2013, which is filed with the regulatory authority according to the procedure stipulated by this Code.

3. Clause 150.1 of Article 150 of the Code shall apply:

in 2011, taking into account the following:

if the result of calculation of taxable item of taxpayer from the number of residents according to the first quarter of 2011 is a negative value, then the amount of such negative value shall be included in the costs of the second calendar quarter of 2011.

Calculation of taxable item according to the results of the second, the second and the third quarters, the second — the fourth quarters of 2011, shall be carried out based on the negative value obtained by the taxpayer for the first quarter of 2011, as a part of costs of such tax periods on an accrual basis, such negative value is fully redeemed;

in 2012–2015 as follows:

if the result of calculation of taxable item of taxpayer from the number of resident taxpayers with income of 1 million UAH and more for 2011 as of January 1, 2012, is the negative value (taking into account negative value of taxable item as of January 1, 2011), then the amount of such value shall be included in costs of:
accounting (tax) periods beginning from the I half of the year and subsequent accounting periods of 2012 in the amount of 25 percent of the amount of such negative value. If 25 percent of the amount of the negative value of taxable item is not redeemed during this and according to the results of subsequent tax periods of 2012, then outstanding amount shall be considered when determining tax liabilities in subsequent tax periods;

accounting (tax) periods of 2013 in the amount of 25 percent of the amount of such negative value and amounts of negative value, not redeemed for the tax year 2012. If 25 percent of the amount of the negative value of taxable item is not redeemed during the respective accounting (tax) periods of 2013, then outstanding amount shall be considered when determining tax liabilities in subsequent periods;

accounting (tax) periods of 2014 in the amount of 25 percent of the amount of such negative value and amounts of negative value, not redeemed for the tax year 2013. If 25 percent of the amount of the negative value of taxable item is not redeemed during the respective accounting (tax) periods of 2014, then outstanding amount shall be considered when determining tax liabilities in subsequent periods;

accounting (tax) periods of 2015 in the amount of 25 percent of the amount of such negative value and amounts of negative value, not redeemed for the tax year 2014. If 25 percent of the amount of the negative value of taxable item is not redeemed during the respective accounting (tax) periods of 2015, then outstanding amount shall be considered when determining tax liabilities in subsequent periods until such negative value is fully redeemed;

In this case income tax payers shall maintain separate accounting of index of negative value of taxable item, formed as of January 1, 2012 and included to costs of subsequent tax periods and amounts, not redeemed during 2012–2015. Such negative value shall be redeemed firstly. Secondly, negative value of taxable item which occurred after December 31, 2011, shall be redeemed.

For enterprises with income of less than 1 million hryvnia for 2011, clause 150.1 of Article 150 of the Code shall apply subject to the following:

if the result of calculation of taxable item of taxpayer according to the results of the tax year 2011 is a negative value, then the amount of such value shall be included in costs of accounting (tax) period for the I half year of 2012 and subsequent tax (accounting) periods until such negative value is fully redeemed.

4. Excluded.

5. Provisions of clause 159.1 of Article 159 of this Code shall not apply to debt incurred due to delay in payment for goods, performed works, provided services, if measures to recover such debts had been carried out before Section III of this Code became effective. For tax purposes, reflection of such debt in accounting of the seller and the buyer shall be carried until such debt is fully redeemed or recognised as uncollectable according to the following procedure:
procedure for settlement of doubtful debt, for which collection measures had been initiated before Section III of this Code entered into force.

The selling taxpayer shall be obliged to increase the income of the respective tax period by the amount of debt (or part thereof) which it pre-attributed to composition of costs or reimbursed using insurance reserve, and provided that any of the following events occurs during such tax period:

a) court does not satisfy the claim (petition) of the seller or satisfies it partially or does not accept the claim (petition) for proceedings (consideration) or satisfies the claim (petition) of the buyer for invalidation of requirements for redemption of such debt or part thereof;

b) contracting parties reach agreement on the extension of period of debt redemption or writing off of the whole outstanding amount or part thereof (except for cases of signing of amicable agreement within the framework of procedures for restoring debtor solvency or declaring debtor a bankrupt, as established by law);

c) the seller who did not receive a response to the claim within the deadlines established by law, or received response from the buyer about acceptance of filed claim, but does not receive payment (other types of compensations against debt redemption) within the deadlines established in such claim, and within subsequent 90 days fails to file petition in court (commercial court) to collect debt or initiate proceedings of its bankruptcy or recovery against its mortgaged property.

The fine in amounts determined by law for late redemption of tax liabilities shall be charged on the amount of additional tax liability calculated due to such increase. The fine specified shall be calculated for the period from the first day of the tax period, following the period in which increase of costs occurs, to the last day of the tax period, in which increase of income occurs, and shall be paid regardless of value of tax liability of taxpayer for the respective accounting period. Fine shall not be charged on debt (part thereof), which is written off or instalment debt due to signing of amicable agreement in accordance with bankruptcy legislation beginning from the date of signing of such amicable agreement.

If in the future (subject to limitation period), such seller takes legal recourse, it shall be entitled to increase costs by amount of the disputed debt;

if taxpayer appeals the decision of the court according to the procedure established by law, increase of income stipulated by this clause does not occur until the final decision by the competent court is made;

buying taxpayer shall be obliged to increase income by the amount of outstanding debt (part thereof), acknowledged according to extrajudicial dispute resolution procedure or by court or by virtue of a notary writ in the tax period in which the earliest of the following events occurs:
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a) or on the 90th day from the date of deadline for redemption of such debt (part thereof) stipulated by agreement or recognised in claim;

b) or on the 30th calendar from the date of making decision by court on recognition (collection) of such debt (part thereof) or execution of a notary writ.

Deadlines specified in paragraph “a” of this clause shall also apply to cases where buyer failed to respond to claim sent by the seller within the deadlines established by law.

Deadlines established by paragraph “b” of this Section shall apply regardless of whether the state executor or his counterpart in accordance with law, initiated measures for forced collection of debt.

Increase of income of the buyer specified in this clause shall not be carried out in respect of debt (part thereof), which is redeemed by such buyer before the deadlines determined in paragraphs “a” or “b” of this sub-clause.

If in subsequent tax periods the buyer redeems the amount of acknowledged debt or part thereof (independently or according to forced collection procedure), such buyer increases costs for the amount of such debt (part thereof) according to the results of the tax period in which such redemption is exercised.

Debt pre-attributed to composition of costs or reimbursed using insurance reserve, which is acknowledged as uncollectable due to insufficiency of assets of the buyer declared bankrupt according to the established procedure, or due its writing off according to the terms of amicable agreement signed in accordance to bankruptcy legislation, shall not change tax liabilities of the buyer and the seller due to such acknowledgement.

6. To determine the list of fixed assets, other capital assets and intangible assets according to groups in accordance with clause 145.1 of Article 145 of this Code for the purpose of calculation of depreciation from the date of entry into force of section III of this Code, data of inventory carried out as of 1 April, 2011 shall apply.

Value which is depreciated for each fixed assets item, other capital assets and intangible assets shall be determined as primary (revalued) amount, taking into account capitalised costs for modernisation, modification, further construction, retrofitting, reconstruction, etc., as well as amounts of accumulated depreciation according to accounting data as of the date of entry into force of Section III of this Code.

Provisions of this sub-clause shall also apply to taxpayers in case of their transition from simplified tax system to the general tax system.

The revalued amount of fixed assets does not include the amount of increases in the value of fixed assets carried out after January 1, 2010.

If the total value of all groups of fixed assets according to accounting data is less than the total value of all groups of fixed funds according to accounting data as of the date of entry
into force of section III of this Code, then temporary difference in taxes which arises as a result of such comparison shall be depreciated as a separate item, applying straight-line basis during three years.

The useful life of items of fixed assets, other capital and intangible assets for accrual of depreciation from the date of entry into force of Section III of this Code shall be determined by the taxpayer independently taking into account the date of their putting into service, but not less than the minimum useful life specified in clause 145.1 of Article 145 of this Code.

The original amount of fixed assets shall not be increased by the value of acquisition or improvement after the date of entry into force of Section III of this Code, with regard to costs attributed to increase of net fixed assets of items before such date.

7. Income shall not be determined in respect of goods (results of works, services), shipped (rendered) after the date of entry into force of Section III of this Code with regard to value of such goods (results of work, services), paid in the form of advance payments (prepayments) before such date, including in the period of application of the simplified tax system.

Costs shall not be determined with respect to goods (results of work, services), received (rendered) after the date of entry into force of Section III of this Code, with regard to value of such goods (works, services), paid in the form of advance payments (prepayments) before such date, if such advance payments were considered by the taxpayer in composition of gross costs as of the date of their payment, as well as in the period of application of simplified tax system.

For income tax payers who carried out transition from the simplified tax system to the general tax system, along with income recognition from the sale of goods (performance of works, rendering of services), applying the general tax system, composition of costs shall include net cost of such goods, works, services, established in the period of application of the simplified tax system by such a payer, in proportion to the amount of recognised income.

Commission income (costs) and other payments related to drawing up or acquisition of credits, contributions (deposits), which were included to taxable item in accounting tax periods before the entry into force of Section III of this Code, shall not be considered when determining income and costs in accordance with this Code.

8. According to the results of activity as of December 31, 2012, insurers, who receive income from carrying out insurance activity, except for activity on execution of long-term life insurance and pension insurance agreements within the limits of non-state pension provision in accordance with the Law of Ukraine “On Non-State Pension Provision”, as well as from activity, which is not related to insurance, shall calculate and pay income tax as follows:

during the accounting tax year, insurers shall quarterly pay the tax at the rate of 3 percent of amount of insurance payments, insurance contributions, insurance premiums received (accrued) by resident insurers during the accounting period according to risk insurance, coinsurance and reinsurance agreements in Ukraine or abroad;
accroding to the results of accounting year, insurers shall calculate the amount of income tax, which is calculated based on taxable income according to the procedure established by Article 156 and sub-clause 134.1.1 of clause 134.1 of Article 134 of this Code, but shall not pay it.

For the duration of procedure for taxation of income from insurance activity stipulated by this clause, income of insurer from other activity not related to insurance activity, as well as income received by insurer-assignor in the accounting period from reinsurers under reinsurance agreements, reduced by the amount of insurance payments (insurance indemnity) made by insurer-assignor insofar as (within the shares) reinsurer is liable under reinsurance agreements signed with insurer-assignor, shall be taxed according to the procedure, within the deadlines and according to the rules specified by this Code, at the rate determined in accordance with clause 151.1 of Article 151 of this Code.

9. Reflection in accounting of corporate income tax of leasing transactions according to residential property lease-purchase agreements which were signed after Section III of this Code had entered into force, but not later than on December 31, 2020, shall be carried out according to the following procedure:

- enterprise-lessor increases the amount of income by the amount of lease payment charged to the natural person (taking into account the part of lease payment, provided against compensation of the part of leased facility cost);
- enterprise-lessor increases the amount of costs of accounting period by the part of the leased facility net cost, which relates to the total net cost of this facility as the amount of lease payment charged in this period to natural person (with regard to lease payment provided against compensation of the part of leased property cost) to the total amount of lease payments (with regard to lease payments, provided against compensation of the part of leased property cost), that will be charged for the whole lease period.

- transfer of residential property to natural person for lease-purchase shall not change tax liabilities of enterprise-lessor.
- transfer of residential property into ownership of natural person after the expiry of residential property lease-purchase agreement or before time on condition of full payment of lease payments (taking into account the part of lease payment provided against compensation of the part of cost of leased facility) shall not change tax liabilities of enterprise-lessor.

10. The following rates of corporate income tax shall be established:

- from April 1, 2011 through December 31, 2011—23 percent;
- from January 1, 2012 through December 31, 2012—21 percent;
- from January 1, 2013 through December 31, 2013—19 percent, and for software industry entities that use peculiarities of taxation, provided for in clause 15 of subsection 10 of this section — 5 percent;
Starting from January 01, 2014–18 per cent, and 5 per cent with regard to entities operating in the software industry which apply peculiarities of taxation provided for in the Clause 15 of Sub-Section 10 of this Section.

Paragraph Six excluded;

Paragraph Seven excluded;

Profit received from implementation of investment projects by economic entities that implement investment projects in priority sectors of economy, approved in accordance with the Law of Ukraine Law of Ukraine “On Promotion of Investment Activity in Priority Sectors of Economy to Create New Jobs” shall be taxed at the following rates:

from January 1 2013 through December 31 2017–0 percent;
from January 1 2018 through December 31 2022–8 percent;
from January 1, 2023–16 percent.

11. Before adoption of amendments to the pension reform law (introduction of accumulative system of mandatory state pension insurance) a taxpayer shall be entitled to include in the costs of each tax accounting period (on accrual basis) the amount of contributions for compulsory life or health insurance of employees in cases stipulated by law, as well as contributions specified in the second paragraph of clause 142.2 of Article 142 of this Code, the total amount of which does not exceed 15 percent of salary, accrued to such employee during the tax year, which accounts for such tax periods.


13. Temporarily, until January 1, 2014, the date of increase of income of enterprises of housing and utility sector from providing housing and utility services is the date of arrival of funds from consumer to the bank account or to taxpayer cash office, except if such arrival takes place against redemption of debt for housing and utility services rendered before the entry into force of Section III of this Code.

In this case enterprises of housing and utility sector shall recognise costs for purchase of goods, works, services in the amount of funds actually paid for them, as included in the net cost of sale of housing and utility services, unless such payment is settled against redemption of debt for such works, services, purchased before the date of entry into force of section III of this Code.

Net fixed assets of goods (except for the goods subject to depreciation and securities), raw materials, materials, accessories, semi-finished products, low-value items (herein—after — stocks), purchased before the date of entry into force of Section III of this Code, and paid after this date, shall be recognised as included in costs in the amount of funds actually paid for them.
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This clause shall not apply to tax payers — licensees in respect of supply of electric and/or thermal energy.

14. In 2011 a standard for fixed assets, specified in sub-clause 14.1.138 of clause 14.1 of Article 14 of this Code shall be established in the amount of 1,000 UAH.

15. Temporarily, until January 1, 2020, the following shall be exempted from taxation:

profit of biofuel manufacturers, received by them from activity on simultaneous manufacturing of electric and thermal energy using biological types of fuel and/or manufacturing of thermal energy using biological types of fuel;

profit of manufacturers of devices, equipment, machinery, specified in Article 7 of Law of Ukraine “On Alternative Fuels” for manufacturing and reconstruction of technical means and vehicles, including self-propelled agricultural machinery and power plants that consume biological types of fuel, received from the sale of the specified devices, equipment and machinery manufactured on the territory of Ukraine.

16. Temporarily, until January 1, 2020, income of enterprises received by them from business activity on extraction and use of natural gas (methane) from coal deposits, carried out in accordance with the Law of Ukraine “On Gas (Methane) from Coal Deposits” shall be exempted from taxation.

17. Temporarily, for 10 years, beginning from January 1, 2011, the following shall be exempted from taxation:

a) profit of economic entity received from rendering hotel services (group 55 of KVED DK 009:2005) in hotel of “five stars”, “four stars” and “three stars” categories, including newly constructed or reconstructed or where an overhaul or restoration of existing buildings and structures were carried out (provided that the income from sale of accommodation services by providing room for temporary accommodation is not less than 50 percent of total income of such economic entity for the relevant tax (accounting) period in which concession applies);

b) profit received from core activity of light industry enterprises (group 17 — group 19 of KVED DK 009:2005), except for the enterprises manufacturing products based on supplied raw materials.

In this case, provisions of the specified clause may apply to light industry enterprises that during entry into force of provisions of this Code have signed agreements for manufacturing of products based on supplied raw materials, deadlines for performance of which expires during the established period, during the transitional period, until January 1, 2012;

c) profit received from the core activity of enterprises of electric energy industry (class 40.11, group 40 of KVED DK 009:2005) that generate electric energy only from renewable energy sources;
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d) profit received from the core activity of enterprises of shipbuilding industry (class 35.11, group 35 of KVED DK 009:2005);

e) profit of enterprises of aircraft construction industry, received from the core activity (class 30.30, group 30.3, section 30 of KVED DK 009:2010), as well as from performing research and development and experimental design works by such enterprises (class 72.19, group 72.1, section 72 of KVED DK 009:2010), performed for needs of the aircraft construction industry;

f) profit of enterprises of machine building and agro-industrial complex (class 29.31 and 29.32, group 29.3, section 29 of KVED DK 009:2005).

18. Temporarily, until January 1, 2015, publishing houses, publishers, printing companies, received from activity on manufacturing on the territory of Ukraine of book products, other than erotic products, shall be exempted from taxation.

19. Temporarily, until January 1, 2016, amounts of funds or cost of property received by cinematography entities (producers of films) and/or animation entities (producers of animated films), and directed for production of domestic films, shall not be included in income.

20. During validity of treaties of Ukraine, consent to be bound by which is given by the Verkhovna Rada of Ukraine, for space activity on creation of space technology (including units, systems and accessories for space systems, space launch vehicles, spacecrafts and ground segments of space systems), but not later than on January 1, 2015, the tax period, for which income tax liabilities are determined, shall be equal to one calendar year for resident space activity entities which received license to perform it and participate in performance of such treaties (agreements).

If the specified treaties are deemed to be fully performed by parties until January 1, 2015, then the last tax period (including for determination of depreciation charge) shall be calculated starting from the beginning of the calendar year to the end of accounting quarter of such year in which such treaties are fully performed.

Taxpayers who are subject to this clause and carry out activities other than space activity, maintain separate tax accounting for these and other activities under the general terms and according to procedure established by clause 152.11 of Article 152 of this Code.

21. Clauses 15–19 of this sub-section shall apply taking into account the following:

amount of released funds (amounts of tax which due to application of clauses 15–19 of this section are not paid to the budget and remain in possession of taxpayer) shall be directed by such taxpayer for creation or refitting of material and technical base, increase of production output (rendering of services), introduction of new technologies and/or repayment of credits (including credits received before the entry into force of this Code) used for the specified purposes, and payment of interests on them. In this case, if a taxpayer received refinancing credit (credits) for repayment of credit, used for the specified purposes and pay-
ment of interest on it, then for purposes of this clause, only amounts paid by a payer in respect of refinancing credit (credits) shall be considered;

specified directions of the use of funds must be related to activity of taxpayer, profit (income) from which is exempted from taxation;

for tax purposes amounts of released funds shall be deemed to be income simultaneously with recognition of costs incurred using these funds, in the amount of such costs;

procedure for intended use of released funds shall be established by the Cabinet of Ministers of Ukraine;

in case of failure to use the amounts of released funds for purposes specified in this clause within 1095 days from the date of expiry of period, according to the results of which taxpayer left such funds for its possession, the taxpayer shall be obliged to increase such tax liabilities according to the results of the tax period in which deadlines for the use of amounts of released funds expire, and to pay fine charged in accordance with this Code.

For taxpayers specified in clauses 15–19 of this sub-section, during the period of validity of the relevant clause, determination of exchange differences from conversion of debt (liability) denominated in foreign currency which will be received or paid in a fixed (or defined) amount of funds or cash equivalent arising according to transactions related to activity, profit (income) from which is exempted from taxation (including creation and refitting material and technical base) shall be carried out for the amount of full or partial redemption of debt (liabilities) as of the date of such redemption. The financial result received from conversion of such debt (liabilities) shall be accounted along with the results of activity of taxpayer, profit (income) from which is exempted from taxation in accordance with clause 152.11 of Article 152 of this Code in respect of maintenance of separate accounting.

22. It shall be established that income (profit), received by UEFA according to the results of activity in Ukraine, including remuneration from sale of commercial rights, when hosting the final part of the European Football Championship 2012 in Ukraine, shall be exempted from taxation.

When determining profit for tax purposes, amounts of funds, received in the period of preparation and holding of the final part of European Football Championship 2012 in Ukraine, determined by the Law of Ukraine “On Organisation and Holding of the Final Part of the European Football Championship 2012 in Ukraine” from the state enterprise for financing infrastructure projects on non-repayable and repayable basis by legal entities, responsible for performance of tasks and measures, specified by the State Target Program on Preparation and Holding of the Final Part of European Football Championship 2012 in Ukraine, according to the Procedure for use of borrowed funds for implementation of this program, approved by the Cabinet of Ministers of Ukraine, and amounts of interests conditionally charged on the amount of received funds specified in this clause, shall not be included in the composition of income.
Separate accounting of income (profit) that is exempted from taxation, shall be carried out in accordance with clause 152.11 of Article 152 of this Code.

Temporarily, for the period of duration of state guarantees for the obligations of the state enterprise for financing infrastructure projects, positive (negative) value of exchange differences from conversion of funds, borrowed by such enterprise against state guarantees, for implementation of the State Target Program on Preparation and Holding of the Final Part of the European Football Championship 2012 in Ukraine, according to the Procedure for use of borrowed funds for implementation of this program, approved by the Cabinet of Ministers of Ukraine, shall not be included when determining taxable item.

23. Provisions of Articles 135, 159, 192 and clause 5 of sub-section 4 of Section XX of the Tax Code of Ukraine shall not apply to debt, to which writing off mechanism shall apply based on terms specified by the Law of Ukraine “On Some Issues of Indebtedness for Consumed Natural Gas and Electric Energy”.

24. Composition of taxpayer’s costs shall include amounts of funds, placed by taxpayers on accounts of members of bank-managed funds or according to pension contribution agreements, opened in accordance with the law governing issues of creation and operation of bank-managed funds, in the amount not exceeding 10 percent of income of such taxpayer for the accounting period.

25. Interest expenses, which complied with the requirements of sub-clause 5.5.1 of clause 5.5 of the Law of Ukraine “On Corporate Income Tax”, but were not attributed to composition of costs of manufacturing (circulation) in accordance with provisions of sub-clause 5.5.2 of this clause before the entry into force of Section III of this Code, shall be carried forward, taking into account limitations, specified by Article 141 of this Code.

The amount of advance contribution for corporate income tax, previously paid by taxpayer before the date of entry into force of Section III of this Code in connection with charge of dividends in accordance with sub-clause 7.8.2 of clause 7.8 of the Law of Ukraine “On Corporate Income Tax”, exceeding the amount of these tax liabilities of such taxpayer, that was formed as of the date of entry into force of Section III of this Code, shall be carried forward according to clause 153.3 of Article 153 of this Code.

26. Net fixed assets of goods (except for goods subject to depreciation and securities), raw materials, materials, accessories, semi-finished products, low-value items (hereinafter referred to as the stocks), in warehouses, work-in-progress, and remains of finished goods as of the end of accounting tax period, preceding the date of entry into force of Section III of this Code, shall be recognised as costs according to the procedure specified by Section III of this Code.

27. Profit received by contracting parties when performing contract signed for implementation of Air Express national project, shall be exempted from taxation.

28. Provisions of Articles 135, 159, 192 and clause 5 of sub-section 4 of Section XX of this Code shall not apply to debt to which writing off mechanism is applied on terms
29. When implementing investment projects in priority sectors of economy, approved in accordance with the Law of Ukraine “On Promotion of Investment Activity in Priority Sectors of Economy to Create New Jobs”, temporarily, from January 1, 2013 through December 31, 2022, corporate income tax shall be calculated, taking into account the following details:

1) when charging depreciation of fixed assets used in the period of implementation of investment project and included in group 2 (capital expenditure on land improvements, not related to construction) and 3 (buildings), book value accelerated depreciation method, specified in Section III of this Code, may apply;

2) amount of corporate income tax concessions granted to economic entity in accordance with this Section when implementing investment projects in priority sectors of economy, may not exceed the amount of investments actually made by such economic entity.

When such economic entity attains amount of income tax concessions which is equal to the amount of actually made investments, profit received in accounting periods following the accounting period in which such amount of tax concessions was attained, shall be taxed on common basis without using peculiarities stipulated by this sub-section.

Economic entity shall file information in any form of the amount of tax concessions received in accounting periods in accordance with this sub-section, along with income tax declaration;

3) shall maintain separate tax accounting of income and costs associated with obtaining profit from implementation of investment projects in priority sectors of the economy, which are exempted from taxation according to general rules in accordance with the procedure determined by clause 152.11 of Article 152 of this Code;

4) if criteria established by the Law of Ukraine “On Promotion of Investment Activity in Priority Sectors of Economy to Create New Jobs” are not attained within two years from the date of approval of investment project or in the following years, or if an economic entity refuses implementation of investment project, economic entity shall cease to be entitled to apply taxation rules, taking into accounting peculiarities stipulated by this clause, and shall be obliged to pay income tax on common basis for the whole period of implementation of investment project;

5) amounts of funds not paid to the budget as a result of granted income tax concessions, shall be used by taxpayer for purposes and according to the procedure stipulated by clause 21 of sub-section 4 of this Code;

6) procedure for monitoring of compliance with the provisions of this clause shall be established by the Cabinet of Ministers of Ukraine.
30. Transactions on assignment of claims under mortgage-backed credit agreements in favour of financial institution carrying out activity on granting financial credits using raised funds with mandatory obligation of their reassignment, shall be accounted for tax purposes as receipt of financial credit in tax accounting of taxpayer — previous creditor and as granting financial credit in tax accounting of taxpayer — new creditor in accordance with sub-clauses 153.4.1 and 153.4.2 of this Code based on accounting data, if in accordance with generally accepted accounting principles (standards), assignment of claims under mortgage-backed credit agreements does not result in derecognition of such claims in accounting of taxpayer — previous creditor and their recognition in accounting of taxpayer — new creditor.

In case of failure to comply with the condition of such reassignment, the specified transaction shall be taxed on common basis under clause 153.5 of Article 153 of this Code.

For purposes of this clause a financial institution shall mean institution with more than 50 percent of equity rights belonging to state-owned banks.

31. Negative financial result according to security, derivative, equity right transactions, which were issued in the form other than securities, established as of January 1, 2013, shall not be considered when determining financial result according to security, derivative, equity right transactions, which were issued in the form other than securities in the subsequent accounting periods.

When determining profit/loss in accordance with the procedure established by clauses 153.8 and 153.9 of Article 153 of this Code, the costs incurred (charged) by taxpayers when purchasing securities, derivatives, corporate rights issued in any form different from securities until January 1, 2013, shall be considered in their further alienation in full based on source documents confirming the costs incurred.

In this case attribution of difference between the costs specified in the second paragraph of this clause and income (profit/loss) according to transactions on further securities alienation, to profit/loss received from transactions with securities which are negotiable or non-negotiable on stock exchange, shall be carried out depending on whether the specified securities at the time of their further alienation were recognised as negotiable on stock exchange, in accordance with sub-clause 153.8.2 of clause 153.8 of Article 153 of this Code.

32. Negative financial result in securities transactions formed as of January 1, 2014 shall not be considered when determining the financial result in securities operations according to the results of accounting (tax) periods of the year 2014.

Sub-section 5. Special rules for application of excise tax and environmental tax rates

1. The following excise tax rates shall apply to alcohol distillates and alcoholic beverages received by distilling grape wine or grape marc (UCCFEA codes 2208 20 12 00 2208 20 62 00):
20 hryvnia per 1 litre of 100 percent alcohol — from the date of entry into force of this Code to 31 December 2011;

27 hryvnia per 1 litre of 100 percent alcohol — from January 1, 2012 to January 1, 2013;

29 hryvnia per 1 litre of 100 percent alcohol — from January 1 to December 31, 2013;

32 hryvnia per 1 litre of 100 percent alcohol — from January 1 to March 31, 2014;

UAH 56.42 per liter of 100% alcohol — starting from April 01 for up to August 31, 2014.

UAH 70.53 per liter of 100% alcohol — starting from September 01, 2014, the rate of excise duty established by the sub-clause 215.3.1 of the Clause 215.3 of Article 215 of this Code shall apply.

2. According to environmental tax liabilities incurred:

as of January 1, 2011 through December 31, 2012, tax rates shall be 50 percent of the rates stipulated by Articles 243, 244, 245 and 246 of this Code;

from January 1, 2013 to December 31, 2013 inclusive (for producers of electric energy at thermal plants and thermal power plants till December 31, 2015 inclusive) tax rates shall be 75 percent of the rates stipulated by Articles 243, 244, 245, 246 of this Code;

from January 1, 2014 (for producers of electric energy at thermal plants and thermal power plants from January 1, 2016) tax rates shall be 100 percent of rates stipulated by Articles 243, 244, 245 and 246 of this Code.

3. Temporarily, until August 31, 2011, excise tax rates in respect of the following goods shall be established as follows:

<table>
<thead>
<tr>
<th>Commodity (products) code according to UCCFEA</th>
<th>Commodity (products) description according to UCCFEA</th>
<th>Excise tax rate in fixed amounts per unit of sold commodity (products)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2710 11 25 00</td>
<td>other petroleum solvents:</td>
<td>EUR per 1,000 kilograms 132</td>
</tr>
<tr>
<td></td>
<td>Motor petrol:</td>
<td></td>
</tr>
<tr>
<td></td>
<td>motor petrol with a lead content of 0.013 g/l or less:</td>
<td></td>
</tr>
<tr>
<td>2710 11 41 11</td>
<td>containing at least 5% wt of bioethanol or at least 5% wt of ethyl-tert-butyl ether or their mixtures:</td>
<td>EUR per 1000 kilograms 132</td>
</tr>
<tr>
<td>2710 11 41 31</td>
<td></td>
<td></td>
</tr>
<tr>
<td>2710 11 41 91</td>
<td></td>
<td></td>
</tr>
<tr>
<td>2710 11 45 11</td>
<td></td>
<td></td>
</tr>
<tr>
<td>2710 11 49 11</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
4. Transactions on import to the customs territory of Ukraine of specialised vehicles, such as ambulances of commodity heading 8703 in accordance with UCCFEA, designed for use by health care institutions and payment for which is settled using state or local budget funds or upon order of the corresponding budget funds administrators, shall be exempted from collection of excise tax, temporarily, until December 31, 2012.

In case of misuse of the specified goods a taxpayer shall be obliged to increase tax liabilities according to the results of the tax period in which such violation occurred, by the amount of excise tax that was to be paid at the time of import of such goods, and to pay penalty in accordance with the law.

41. Renew the clause 4 of this sub-clause from December 01, 2013 to January 01, 2015.

5. Temporarily, until December 31, 2012, excise tax rates in respect of the following goods shall be established as follows:

<table>
<thead>
<tr>
<th>Commodity (products) code according to UCCFEA</th>
<th>Commodity (products) description according to UCCFEA</th>
<th>Basic rates of excise tax in fixed amounts per unit of sold commodity (products)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2710 11 11 00</td>
<td>Light distillates for specific processing procedures</td>
<td>EUR per 1,000 kilograms 182*</td>
</tr>
</tbody>
</table>

---

Transitional Provisions

<table>
<thead>
<tr>
<th>Product Code</th>
<th>Description</th>
<th>Rate</th>
</tr>
</thead>
<tbody>
<tr>
<td>2710 11 41 19</td>
<td>Other petrol</td>
<td>132</td>
</tr>
<tr>
<td>2710 11 41 39</td>
<td></td>
<td></td>
</tr>
<tr>
<td>2710 11 45 99</td>
<td></td>
<td></td>
</tr>
<tr>
<td>2710 11 49 99</td>
<td></td>
<td></td>
</tr>
<tr>
<td>2710 11 51 00</td>
<td>With a lead content of more than 0.013 g/l</td>
<td>132</td>
</tr>
<tr>
<td>2710 11 59 00</td>
<td></td>
<td></td>
</tr>
<tr>
<td>2710 11 90 00</td>
<td>Other light distillates (gas oils) containing sulphur</td>
<td>132</td>
</tr>
<tr>
<td>2710 19 31 40</td>
<td>More than 0.2% wt</td>
<td>60</td>
</tr>
<tr>
<td>2710 19 49 00</td>
<td></td>
<td></td>
</tr>
<tr>
<td>2710 19 31 30</td>
<td>More than 0.035% wt, but not more than 0.2% wt</td>
<td>39</td>
</tr>
<tr>
<td>2710 19 35 30</td>
<td></td>
<td></td>
</tr>
<tr>
<td>2710 19 41 30</td>
<td></td>
<td></td>
</tr>
<tr>
<td>2710 19 45 00</td>
<td></td>
<td></td>
</tr>
<tr>
<td>2710 19 31 20</td>
<td>More than 0.005% wt, but not more than 0.035% wt</td>
<td>32</td>
</tr>
<tr>
<td>2710 19 35 20</td>
<td></td>
<td></td>
</tr>
<tr>
<td>2710 19 41 20</td>
<td></td>
<td></td>
</tr>
<tr>
<td>2710 19 31 10</td>
<td>Not more than 0.005% wt</td>
<td>22</td>
</tr>
<tr>
<td>2710 19 35 10</td>
<td></td>
<td></td>
</tr>
<tr>
<td>2710 19 41 10</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Code</td>
<td>Description</td>
<td>Unit</td>
</tr>
<tr>
<td>--------------</td>
<td>------------------------------------------------------------------------------</td>
<td>-------------------------------</td>
</tr>
<tr>
<td>2710111500</td>
<td>for chemical transformations in processes, except for those specified in commodity subcategory 2710111100</td>
<td>-&quot;-</td>
</tr>
<tr>
<td>2710112100</td>
<td>white-spirit</td>
<td>-&quot;-</td>
</tr>
<tr>
<td>2710112500</td>
<td>other petroleum solvents</td>
<td>-&quot;-</td>
</tr>
<tr>
<td>2710113100</td>
<td>aviation petrol</td>
<td>EUR per 1,000 kilograms</td>
</tr>
<tr>
<td>2710114111</td>
<td>motor petrol with a lead content of 0.013 g/l or less</td>
<td>-&quot;-</td>
</tr>
<tr>
<td>2710114131</td>
<td>containing at least 5% wt of bioethanol or at least 5% wt of ethyl-tert-butyl ether or their mixtures:</td>
<td>-&quot;-</td>
</tr>
<tr>
<td>2710114511</td>
<td>other petrol</td>
<td>-&quot;-</td>
</tr>
<tr>
<td>2710114911</td>
<td>with a lead content of more than 0.013 g/l</td>
<td>-&quot;-</td>
</tr>
<tr>
<td>2710117000</td>
<td>jet propulsion fuel</td>
<td>-&quot;-</td>
</tr>
<tr>
<td>2710119000</td>
<td>Other light distillates</td>
<td>-&quot;-</td>
</tr>
<tr>
<td>2710191100</td>
<td>for specific processing procedures</td>
<td>-&quot;-</td>
</tr>
<tr>
<td>2710191500</td>
<td>for chemical transformations in processes, not specified in heading 2710191100</td>
<td>-&quot;-</td>
</tr>
<tr>
<td>2710192100</td>
<td>jet propulsion fuel</td>
<td>-&quot;-</td>
</tr>
<tr>
<td>2710192500</td>
<td>other kerosene</td>
<td>-&quot;-</td>
</tr>
<tr>
<td>2710192900</td>
<td>Other medium distillates</td>
<td>EUR per 1,000 kilograms</td>
</tr>
<tr>
<td>2710193140</td>
<td>more than 0.2% wt</td>
<td>-&quot;-</td>
</tr>
<tr>
<td>2710193540</td>
<td>more than 0.02% wt</td>
<td>-&quot;-</td>
</tr>
<tr>
<td>2710194900</td>
<td>more than 0.02% wt</td>
<td>-&quot;-</td>
</tr>
<tr>
<td>2710193130</td>
<td>more than 0.035% wt, but not more than 0.2% wt</td>
<td>-&quot;-</td>
</tr>
<tr>
<td>2710193530</td>
<td>more than 0.035% wt</td>
<td>-&quot;-</td>
</tr>
<tr>
<td>2710194500</td>
<td>more than 0.005% wt, but not more than 0.035% wt</td>
<td>-&quot;-</td>
</tr>
<tr>
<td>2710193120</td>
<td>more than 0.005% wt</td>
<td>-&quot;-</td>
</tr>
<tr>
<td>2710193520</td>
<td>more than 0.005% wt</td>
<td>-&quot;-</td>
</tr>
<tr>
<td>2710194120</td>
<td>not more than 0.005% wt</td>
<td>-&quot;-</td>
</tr>
<tr>
<td>2710193110</td>
<td>not more than 0.005% wt</td>
<td>-&quot;-</td>
</tr>
<tr>
<td>2710193510</td>
<td>not more than 0.005% wt</td>
<td>-&quot;-</td>
</tr>
<tr>
<td>2710194110</td>
<td>not more than 0.005% wt</td>
<td>-&quot;-</td>
</tr>
</tbody>
</table>
Transitional Provisions

<table>
<thead>
<tr>
<th>Code</th>
<th>Description</th>
<th>Value</th>
<th>Notes</th>
</tr>
</thead>
<tbody>
<tr>
<td>2710 19 6100</td>
<td>Heating oil only:</td>
<td>-“-”</td>
<td>98**</td>
</tr>
<tr>
<td>2710 19 6300</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2710 19 6500</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2710 19 6900</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2711 12 1100</td>
<td>Liquefied gas (propane or propane butane)</td>
<td>-“-”</td>
<td>44</td>
</tr>
<tr>
<td>2711 12 9300</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2711 12 9400</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2711 12 9700</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2711 13 1000</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2711 13 3000</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2711 13 9100</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2711 13 9700</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

* Adjustment amount which cannot exceed 50 percent of the rate shall be added to the rate in each subsequent ten days. The specified amount shall be calculated each ten days, depending on the average price of a barrel of Brent (DTD) oil, established at the ICE exchange for the previous ten days:

<table>
<thead>
<tr>
<th>Average price of one barrel of Brent (DTD) oil, USD per barrel</th>
<th>Value of adjustment amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>less than 105</td>
<td></td>
</tr>
<tr>
<td>105–125</td>
<td>does not apply</td>
</tr>
<tr>
<td>more than 125</td>
<td></td>
</tr>
</tbody>
</table>

** Adjustment amount which cannot exceed 50 percent of the rate shall be added to the rate in each subsequent ten days. The specified amount shall be calculated each ten days, depending on the average price of a barrel of Brent (DTD) oil, established at the ICE exchange for the previous ten days:

<table>
<thead>
<tr>
<th>Average price of one barrel of Brent (DTD) oil, USD per barrel</th>
<th>Value of adjustment amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>less than 105</td>
<td></td>
</tr>
<tr>
<td>105–125</td>
<td>does not apply</td>
</tr>
<tr>
<td>more than 125</td>
<td></td>
</tr>
</tbody>
</table>

6. The following excise tax rates and minimum excise tax liability for tobacco products shall apply to tobacco products (according to the commodity (products) code in accord-

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ance with UCCFEA 2402 20 90 10 “Non-filter cigarettes, cigarettes”, according to the commodity (products) code in accordance with UCCFEA 2402 20 90 20 “Filter cigarettes”) from January 1, 2014:

<table>
<thead>
<tr>
<th>Commodity (products) code according to UCCFEA</th>
<th>Commodity (products) description according to UCCFEA</th>
<th>Tax rates</th>
<th>Minimum excise tax liability</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>specific</td>
<td>measurement unit rate</td>
</tr>
<tr>
<td>2402 20 90 10</td>
<td>Non-filter cigarettes, cigarettes</td>
<td>UAH per 1 thousand pieces</td>
<td>77.50</td>
</tr>
<tr>
<td>2402 20 90 20</td>
<td>Filter cigarettes</td>
<td>UAH per 1 thousand pieces</td>
<td>173.20</td>
</tr>
</tbody>
</table>

7. To suspend the sub-clause “c” of sub-clause 229.1.1 of clause 229.1 of Article 229 hereof in part of collection of excise duty at the rate of 0 hryvnia per 1 liter of 100-% alcohol of ethyl denatured alcohol (industrial alcohol) sold to the business entities for the purpose of its use as raw material for production of organic synthesis products that contain no more than 0.1 percent of residual ethanol.

In 2014 the goods (products) listed herein shall be charged with the excise duty at the rate determined in Article 215 of the Tax Code of Ukraine for the goods (products) with commodity heading 2207 according to UCCFEA.

**Sub-section 6. Special rules for land tax collection**

1. During the period of validity of treaties (agreements) of Ukraine ratified by the Verkhovna Rada of Ukraine, for space activity related to creation of space technology (including units, systems and accessories for space complexes, space launch vehicles, spacecrafts and ground segments of space systems) but not later than on January 1, 2015, resident space activity entities which received license to perform it, and participate in implementation of such treaties (agreements), shall be exempted from collection of land tax for manufacturing land plots according to the list approved by the Cabinet of Ministers of Ukraine.

2. Aircraft construction entities subject to provisions of Article 2 of the Law of Ukraine “On Development of Aircraft Construction Industry”, land plots of which are di-
rectly used for manufacturing of finished products, namely: aircrafts, their hulls, engines, including sites intended for their storage (warehouses, parking shelters, staging areas) runways, as well as places where filling (refilling) points of motor aircrafts and flight control are located, shall be exempted from payment of land tax until January 1, 2016.

3. Cinematography entities (producers of national films), the list of which shall be approved by the Cabinet of Ministers of Ukraine shall be exempted from payment of land tax in respect of land plots used for ensuring production of domestic films, until January 1, 2016.

4. Aircraft construction industry entities (class 35.11, group 35 of KVED DK 009:2005) shall be exempted from payment of land tax until January 1, 2016.

5. Parties to the contract signed for implementation of Air Express national project shall be exempted from payment of land tax in respect of land plots allotted according to the established procedure for construction of facility stipulated by the project, until the date of transfer of finished project by the executor to the customer.

**Sub-section 7. Special rules for procedure for conducting trade patents**

1. Trade patents issued under the Law of Ukraine “On Patenting Some Business activities”, the validity of which had not expired at the time of entry into force of this Code, shall be returned to the regulatory authorities at the place of their purchase within three months (but within the period of their validity).

2. Economic entities shall be responsible for maintenance of procedure for use of trade patents issued in accordance with the Law of Ukraine “On Patenting Some Business Activities” and for complying with the payment deadline as specified in Chapter 11 of Section II of this Code.

**Sub-section 8. Special rules for collection of single tax and flat tax**

1. It shall be established that from January 1, 2011, until the amendments to the Section XIV of the Tax Code of Ukraine are introduced in respect of small economic entities taxation, the Decree of the President of Ukraine dated July 3, 1998, No. 727 “On the simplified system of taxation, accounting and reporting of small economic entities (as subsequently amended) and paragraphs the sixth — the eighth of clause 1 of Article 14 of Section IV of the Decree of the Cabinet of Ministers of Ukraine as of December 26, 1992, No. 13–92 “On income tax of citizens” shall apply taking into account the following details:

1) single tax payers shall not be payers of such taxes and duties as determined by the Tax Code of Ukraine:

a) corporate income tax;

b) individual income tax (for individual entrepreneurs);
SECTION XX.

c) value added tax on transactions on supply of goods and services, provided on the customs territory of Ukraine, except for the value added tax paid by legal entities which chose 6 percent tax rate;

d) land tax, except for land tax on land plots which are not used for carrying out entrepreneurial activity;

e) fee for subsoil use;

f) duty on the special use of water;

g) duty on the special use of forest resources;

h) duty on carrying out some entrepreneurial activities;

2) charge, calculation and payment of single contribution to compulsory state social insurance shall be carried out by small economic entities that pay a single tax in accordance with the Decree of the President of Ukraine dated July 3, 1998, No. 727 “On the simplified system of taxation, accounting and reporting of small economic entities” (as subsequently amended) or flat tax in accordance with the sixth — the twenty-eighth paragraphs of clause 1 of Section IV of Decree of the Cabinet of Ministers of Ukraine, dated December 26, 1992, No. 13–92 “On income tax of citizens” according to the procedure established the Law of Ukraine “On Collection and Accounting of Single Contribution to Compulsory State Social Insurance”;

3) single tax or flat tax shall be paid to the account of the relevant budget of in the amount of part of single tax or flat tax to be transferred to these budgets in accordance with the Decree of the President of Ukraine, dated July 3, 1998, No. 727 “On the simplified system of taxation, accounting and reporting of small economic entities” (as subsequently amended) and the Law of Ukraine “On Introduction of Amendments to the Decree of the Cabinet of Ministers of Ukraine “On income tax of citizens” (Bulletin of the Verkhovna Rada of Ukraine, 1998, No. 30–31, Article 195) (except for single tax paid in January 2011 for the last accounting (tax) period of 2010). In this case, distribution of funds of single tax or flat tax for compulsory state social insurance and/or to the Pension Fund of Ukraine shall not be carried out by the State Treasury of Ukraine;

4) crediting of single tax paid in January, 2011 for the last accounting (tax) period of 2010, to budgets and funds of compulsory state social insurance (including pension insurance), shall be carried out according to the procedure and on terms in effect until January 1, 2011;

5) repayment of amounts of single tax and flat tax, which had been paid wrongly or in excess until January 1, 2011, as well as crediting amounts of redeemed tax debt, formed as of December 31, 2010, shall be carried out according to the established procedure, taking into account this sub-section;
6) in case of repayment of advance payments (other payments) received in the period of application of the simplified tax system by a tax payer, from which single tax was paid, the amount of proceeds from sale of products (goods, works, services) shall be adjusted for the amount of such repayment in accordance with adjustment of amount of single tax according to the procedure established by this Code.

2. It shall be established that provisions of sub-clause 2 of clause 293.4 of Article 293 and sub-clause 7 of sub-clause 298.2.3 of clause 298.2 of Article 298 of this Code shall not apply in 2012.

3. Tax debt of individual entrepreneur in respect of single and flat taxes, which was incurred according to the results of accounting in regulatory authorities in February, 2011, as well as tax debt incurred from single tax for January, 2012, on the day of submission of application for use of simplified tax system, shall not be the ground for making decision on refusal to issue a single tax payer certificate to such individual entrepreneur by the regulatory authority in 2012.

Sub-section 9. Special rules for repayment of amounts of tax from owners of vehicles and other self-propelled machinery and machines, duty on environmental pollution, as well as local taxes and duties

1. Repayment of amounts of tax from owners of vehicles and other self-propelled machinery and machines, duty on environmental pollution, as well as local taxes and duties paid wrongly or in excess before January 1, 2011, crediting of such taxes and duties paid in the first quarter of 2011 for the last accounting (tax) period of 2010, to budgets, and amounts paid against tax debt redemption, drawn up on December 31, 2010, shall be carried out according to the procedure and on terms in effect before January 1, 2011.

2. Natural persons which are owners of vehicles that in accordance with the law shall be inspected once every two years, when passing such inspection in 2011 or deregistration of vehicles, shall be obliged to submit to bodies carrying out deregistration or inspection of vehicles, receipts or payment orders about payment of tax from owners of vehicles and other self-propelled machinery and machines for 2010, according to the rates in effect before January 1, 2011, and natural persons which were exempted from its payment in 2010 — document entitling use of such concessions. In case of failure to submit such documents, inspection and deregistration of vehicles shall not be carried out.

Sub-section 10. Other transitional provisions

1. It shall be established that redemption of overdue indebtedness of economic entity to the state (Autonomous Republic of Crimea or territorial community of the city) in respect of credit (loan), raised by the state (Autonomous Republic of Crimea or territorial community of the city), or against the state or local guarantee, as well as in respect of budgetary credit (including fee for use of such credits (loans) and fine) shall be carried out as established by Chapter 8, Section II of this Code.
2. Ceased to be in force.

2¹. The following shall be written off:

tax debt as of January 1, 2011 of the National Joint-Stock Company “Naftogaz of Ukraine” (except for value added tax debt during customs clearance of natural gas imported to the customs territory of Ukraine in previous periods) and its subsidiary enterprises SC “Gas of Ukraine”, SC “Ukrtransgas”, SC “Ukrgasvydobuvannya”, SJSC “Chornomornaftogaz”, economic entities carrying out supply of natural gas at regulated tariffs, to the budget (including tax debt, incurred in connection with violation of tax, currency and customs legislation), as well as money liabilities that arise in connection with the use of write-off mechanism in accordance with Article 2 of the Law of Ukraine “On Some Issues of Indebtedness for Consumed Natural Gas and Electric Energy”;

restructured amounts of taxes and duties, on conditions specified by the Law of Ukraine, as of June 23, 2005, No. 2711-IV “On Measures Aimed at Ensuring the Continued Operation of Enterprises of Fuel and Energy Complex”, for enterprises manufacturing electric energy, which have license to carry out entrepreneurial activity on manufacturing of electric energy, as well as money liabilities that will be incurred in connection with the use of write-off mechanism in accordance with Article 2 of the Law of Ukraine “On Some Issues of Indebtedness for Natural Gas and Electric Energy”;

tax debt of economic entities carrying out supply of electric energy at regulated tariff, to the budget, which was incurred as a result of determination by regulatory authorities of tax liability of economic entity due to imbalance of technological electric energy consumption (excessive electric energy consumption) related to periods before January 1, 2011;

uncoordinated money liabilities and fines, determined by the regulatory authorities as of January 1, 2011, of the National Joint-Stock Company “Naftogaz of Ukraine” (except for value added tax liabilities during customs clearance of natural gas imported to the customs territory of Ukraine in previous period) and its subsidiary enterprises SC “Gas of Ukraine”, SC “Ukrtransgas”, SC “Ukrgasvydobuvannya”, SJSC “Chornomornaftogaz” and SE “Energorynok”, which are being disputed in administrative or judicial proceedings;

uncoordinated money liabilities and fines, determined by the regulatory authorities, of economic entities carrying out supply of electric energy at regulated tariff, due to imbalance of technological electric energy consumption (excessive electric energy consumption) related to periods before January 1, 2011, which are being disputed in administrative or judicial proceedings;

instalment tax liabilities for the National Joint-Stock Company “Naftogaz of Ukraine” (taking into account interests charged on such instalment amounts) in respect of income tax and value added tax.

Amounts written off in accordance with the provisions of this clause and the Law of Ukraine “On Some Issues of Indebtedness for Consumed Natural Gas and Electric Energy” shall not be included in gross income and gross costs of participants of writing off procedure.
Relevant decisions on writing off of the specified amounts shall be made by the regulatory authorities within their competence, according to the procedure stipulated for writing off of uncollectable tax debt, within ten working days from the day of submission of taxpayer’s application. If the regulatory authority refuses to carry out writing off in accordance with this clause, taxpayers may appeal such acts according to the procedure established by Chapter 4 of this Code.

According to the provisions of this clause, outstanding amounts as of the first day of the month in which the Law of Ukraine “On Some Issues of Indebtedness for Consumed Natural Gas and Electric Energy” shall be written off.

Punitive penalties and fines, specified by this Code, shall not be charged on amounts written off in accordance with this clause.

2. Tax debt (including determined by court decisions and restructured debt), which is not paid as of the date of entry into force of this Law, of taxpayers — enterprises of military and industrial complex, which are incorporated in Ukroboronprom State Concern (hereinafter referred to as the enterprises of military and industrial complex) to the budget (including tax debt incurred in connection with violation of tax, currency and customs legislation), as well as money liabilities that will arise in connection with the use of writing off mechanism in accordance with Article 2 of the Law of Ukraine “On Some Issues of Indebtedness of Enterprises of Military and Industrial Complex — Members of Ukroboronprom State Concern” and Ensuring their Sustainable Development”, shall be written off as of July 1, 2012.

Tax debt in respect of value added tax of the State Reserve Agency of Ukraine, which was incurred due to transfer of indebtedness of the National Joint-Stock Company “Naftogaz of Ukraine”, enterprises of fuel and energy complex, to the State Reserve Agency of Ukraine, which is written off in accordance to Article 2 of the Law of Ukraine “On Some Issues of Indebtedness of Enterprises of Military and Industrial Complex — Members of Ukroboronprom State Concern and Ensuring their Sustainable Development”, shall be written off.

Amounts written off in accordance with the provisions of this clause and the Law of Ukraine “On Some Issues of Indebtedness of Enterprises of Military and Industrial Complex — Members of Ukroboronprom State Concern and Ensuring their Sustainable Development” shall not be included in income and costs of participants of writing off procedure.

Regulatory authorities shall write off the specified amounts within ten working days from the day of submission of application of taxpayer, within their competence according to the procedure stipulated for writing off of uncollectable tax debt.

Fine, punitive penalties established by this Code shall not be charged on amounts written off in accordance with the provisions of this clause.

3. It shall be established that if legislative acts stipulate other rules of collecting taxes, duties regulated by this Code, rules of this Code shall apply.
4. It shall be established that until January 1, 2015, duty on development of viticulture, horticulture and hop production shall be collected in accordance with the Law of Ukraine “On Duty on Development of Viticulture, Horticulture and Hop Production”.

5. In connection with entry into force of this Code, punitive penalties that may be imposed on taxpayers for violating regulations of the Cabinet of Ministers of Ukraine, the central regulatory authority, provisions expressly provided by this Code, shall apply to such taxpayers based on the results of the tax period following the tax period in which such acts were enacted.

6. Financial penalties shall not apply to corporate income tax payers and taxpayers which carried out transition to the general tax system, for violation of tax legislation based on the results of activity in the second — the fourth calendar quarters of 2011.

7. Punitive penalties for violation of tax legislation for the period from January 1 to June 30, 2011 shall apply in the amount not exceeding 1 hryvnia for each violation:

   Punitive penalties shall not apply to single tax payers for violation in 2012 of the procedure for calculation, proper execution of tax declarations of single tax payer and full payment of amounts of single tax by payers.

8. In cases specified in this Code, before the entry into force of Article 39 of this Code, clause 1.20 of Article 1 of the Law of Ukraine “On Collection of Corporate Income Tax” shall apply.

   Provisions of sub-clause 1.20.10 of clause 1.20 of Article 1 of the Law of Ukraine “On Collection of Corporate Income Tax” in respect of additional charge of tax liabilities to taxpayer by the regulatory authority due to determination of regular prices according to the procedure established by the law for charging tax liabilities according to indirect methods, shall not apply.

9. Temporarily, before development and putting into operation of automated system “Single window for electronic reporting” in accordance with clause 49.17 of Article 49 of this Code, Procedure for preparation and filing tax documents in electronic form by telecommunication means, approved by the Order of the State Tax Administration of Ukraine, dated April 10, 2008, No. 223 and registered with the Ministry of Justice of Ukraine on April 16, 2008, No. 320/15011, shall be effective.

10. Laws and regulations of the Cabinet of Ministers of Ukraine, the State Tax Administration of Ukraine and other central executive authorities, adopted before the entry into force of this Code, pursuant to taxation laws, and laws and regulations used when applying provisions of taxation laws (including legislative acts of USSR), shall apply insofar as they are consistent with this Code, before adoption of the corresponding acts in accordance with the requirements of this Code.

11. Punitive (financial) penalties (fines) based on the results of inspections carried out by the regulatory authorities, shall apply in amounts stipulated by the law in effect as of
the day of making decisions on application of such punitive (financial) penalties (taking into account provisions of clause 7 of this sub-section).

12. Provisions of Article 69 of this Code shall not apply to custodians in the period of opening securities accounts when carrying out securities dematerialisation in accordance with the law. Liabilities stipulated by Article 69 must be fulfilled by the custodian at the end of securities dematerialisation period established by legislation, if the natural person specified hereinin addresses him/her for opening such accounts and when opening new accounts.

13. In tax (accounting) periods of 2012, calculation of adjusting factor, established by the first paragraph of clause 259.1 of Article 259 of this Code, shall be carried out by dividing the average price of a barrel of Urals oil, established at the time of closing of oil trading on the London Stock Exchange during the current accounting (tax) period, by the base price of oil. The base price of oil shall be the price equal to 100 US dollars per barrel.

14. It shall be established that until January 1, 2016 punitive penalties shall not apply for failure to submit or violation of deadlines for submission by natural persons to the regulatory authorities of information on data change, which are entered into the State Register of Natural Persons-Taxpayers.

15. Special rules for taxation of software industry entities

1.1. Temporarily, from January 1, 2013 until January 1, 2023, the taxpayer who conforms to the criteria set forth in sub-clause 1.4 of this clause (hereinafter referred to as the “software industry entity”), shall be entitled to use special rules for taxation stipulated by this clause.

1.2. According to the special rules for taxation, income tax from carrying out business activities specified in sub-clause 1.5 of this clause, shall be charged by software industry entity at the rate established by clause 151.1 of Article 151 of this Code.

1.3. Taxpayers shall maintain separate accounting of income and costs associated with obtaining profit from carrying out business activities specified in sub-clause 1.5 of this clause.

In this case:

composition of costs of such taxpayers associated with obtaining profit taxed at the rate specified in sub-clause 1.2 of this clause, does not include the costs associated with obtaining profit from other activity specified in sub-clause 1.5 of this clause;

amount of depreciation costs charged on fixed assets used for obtaining profit taxed at the rate specified in sub-clause 1.2 of this clause shall not be considered in the costs associated with obtaining profit from activity other than specified in sub-clause 1.5 of this clause.

If fixed assets are used simultaneously for obtaining profit taxed at the rate specified in sub-clause 1.2 of this clause, and profit from other activity, costs of taxpayer associated
with obtaining profit taxed at the rate specified in sub-clause 1.2 of this clause shall be increased by the share of the total amount of charged depreciation costs, which relates to the total amount of charged depreciation costs of accounting tax period as amount of income from business activities specified in sub-clause 1.5 of this clause relates to income from all business activities of such taxpayer.

Similarly, costs associated with obtaining profit taxed at the rate specified in sub-clause 1.2 of this clause and obtaining profit from other activity at the same time, are distributed.

1.4. Software industry entity shall be deemed to be an economic entity that during previous four consecutive accounting (tax) quarters satisfies all of the following criteria at the same time:

1) the share of income of the entity from carrying out business activities specified in sub-clause 1.5 of this clause is at least 70 percent of income from all business activities on sale of goods, performance of works and rendering of services;

2) initial cost of fixed assets and/or intangible assets of the entity exceeds 50 times the amount of minimum salary established by law as of January 1 of the accounting (tax) year;

3) entity has no tax debt;

4) no court decision was adopted on declaring a debtor bankrupt in accordance with the Law of Ukraine “On Restoring Debtor Solvency or Declaring a Debtor Bankrupt” in respect of the entity.

For the newly created software industry entities which have been carrying out activity for at least two complete accounting (tax) quarters before the date of submission of registration statement according to the procedure stipulated by sub-clause 1.6. of this clause, when determining whether such entity conforms to criteria established in this clause, it is allowed to apply economic performance indicators for the period of actual activity of the entity, subject to compliance with all of the specified criteria in the actual number of accounting (tax) quarters.

After the end of two complete accounting (tax) quarters from the date of registration of a new software industry entity as entity which applies peculiarities of taxation, the regulatory authority shall conduct unscheduled field audit of the payer regarding the compliance of its activity with the criteria established by this clause.

In case of non-conformity of the entity’s activity with the criteria established by this clause, such taxpayer must charge taxes and carry out acts in accordance with the procedure and the rules stipulated by sub-clause 1.7 of this clause, and the regulatory authority shall make decision on cancellation of certificate of registration of software industry entity as entity which applies special rules of taxation according to the procedure stipulated by sub-clause 1.8 of this clause.
For purposes of this clause, economic entities created after the entry into force of the Law of Ukraine “On Introduction of Amendments to Section XX “Transitional Provisions” of the Tax Code of Ukraine in respect of Special Rules For Taxation of Software Industry Entities” by reorganisation (accession, merger, split-up, spin-off, transformation), privatisation and corporatisation, shall not be deemed to be newly created.

1.5. Business activities on the sale of goods, performance of works and rendering of services in the software industry in order to determine the eligibility of software industry entity to use special rules of taxation are:

1) software publishing, including publishing and sale (sale, rental and/or granting licenses) of system software packages, service and game programs, publication of ready (non-system) software, including translation or adaptation of non-system software for particular market for own account: operating systems, business and other applications, issue of computer games for all platforms;

2) computer programming and all activities on writing, modifying, testing, and providing technical support, documentation of software (including use of commercial or freely distributed modules), including development of structure and content and/or writing system commands necessary for creation and execution of: system software (including recovery), applications (including recovery), databases, websites (including their audio-visual elements); tuning software, that is, configuration and modification of existing applications, so that it works within the customer information system, development of individual software (customised) and adaptation of software packages to the needs of users; writing software accompanying instructions for users;

3) advising on information, including planning and development of computer systems that integrate accessory equipment, software, and communication technologies, advising on the type and configuration of computer hardware and software technology use: analysis of information needs of users and search for optimal solutions, advising on creation of software products and providing assistance regarding technical aspects of computer systems, advising on maintenance of software and information;

4) activity on computer facility management, including rendering services for local management and operation of computer systems of customers, as well as data processing and other related services, long-term (permanent) operation of data processing facilities belonging to other users;

5) creation and implementation of information and technical complexes, systems and networks for: designing and building of complexes, systems and networks based on information technology, data transmission and storage systems, assembly and installation of electronic computing machines and other information processing equipment; maintenance and follow-up of complexes, systems and networks, built on the basis of information technology; software installation for fee, including sale, installation, introduction, integration with other systems, support (setup, advising on the development and operation, modification and completion, error correction), development of cryptographic information protection means,
granting the right to use the software, including the transfer of title to intellectual property in respect of software (computer programs);

6) data processing, publication of information on websites and related activity, including activities related to databases: provision of data in a particular order or sequence by selecting them online or direct access to operational data, sorted by request for wide or limited range of users (computerised management), processing, preparation and input of data using customer’s software or proprietary software.

1.6. To obtain certificate of registration as entity which applies special rules of taxation, software industry entity shall submit registration statement to the regulatory authority at its location.

Registration statement of registration of software industry entity as entity which applies special rules of taxation, shall be submitted by the head or the representative of legal entity — taxpayer (with documentation of person and powers) to the corresponding regulatory authority not later than 30 calendar days prior to the beginning of accounting (tax) quarter, beginning from which the specified entity envisages to be entitled to apply peculiarities of taxation.

The registration statement shall state the grounds for registration of software industry entity as entity which applies special rules of taxation.

Software industry entity along with registration statement shall file financial statements, copies of source documents (certified by signature of taxpayer or its officer and sealed (if available) or in electronic form in compliance with the condition for registration of electronic signature of accountable persons, if such documents are created by it in electronic form), confirming the right to use special rules of taxation.

To confirm the right of software industry entity to use special rules of taxation, the regulatory authority shall be entitled to carry out unscheduled field audit of payer to establish validity of documents submitted by the payer. Such audit may be carried out within 10 working days following the day of receipt of registration statement.

The regulatory authority reasonably refuses to register software industry entity as entity which applies special rules of taxation, if according to the results of consideration of registration statement, submitted documents or carried out unscheduled field audit it is established, that the specified entity does not correspond to the criteria established in sub-clause 1.4 of this clause.

Decision on such refusal must be sent to the taxpayer in accordance with the procedure established by Article 42 of this Code, within 15 working days, following the day of receipt of registration statement.

Decision on refusal of registration does not limit the possibility of repeated appeal of software industry entity to the regulatory authority with the aim of registration as entity which applies special rules of taxation.
In case of absence of reasons for refusal of registration of software industry entity as entity which applies special rules of taxation, the regulatory authority shall within 15 working days from the date of receipt of registration statement, include such a payer in the register of entities which apply special rules of taxation of activity in software industry, and shall issue to it or send by letter with advice of delivery, registration certificate of such entity as entity which applies special rules of taxation.

Software industry entity shall be entitled to use special rules of taxation from the first day of the month of the calendar quarter following the month in which such entity was included in the register of entities which apply special rules of taxation of activity in software industry. For violation of deadlines for inclusion of the payer in the register of entities which apply special rules of taxation of activity in software industry and/or issue to it of the relevant certificate, officers of the regulatory authorities shall be liable in accordance with legislation.

Forms of registration statement, registration cancellation statement, registration certificate and procedure for maintenance of register of entities which apply special rules of taxation of activity in software industry, shall be approved by the executive authority responsible for the formation and implementation of national tax and customs policy, agreed by the central executive authority for science, innovations and information of Ukraine.

The central executive authority responsible for the formation and implementation of national tax and customs policy, shall maintain register of entities which apply special rules of taxation of activity in software industry and shall publish it on its website each month.

In the case of failure to approve forms specified in this clause by the central executive authority responsible for the formation and implementation of national tax and customs policy, taxpayers shall submit registration statements in any form.

1.7. If entity which applies special rules of taxation fails to satisfy the criteria established in sub-clause 1.4 of this clause:

1) special rules of taxation established by this clause shall not apply to such entity. Such entity shall be obliged to determine tax liability in respect of taxes, determined by special rules of taxation, according to the results of the accounting (tax) quarter, in which such non-conformity occurred, and shall pay tax to the budget on common basis and pay fine in the amount of increased tax for the period, beginning from the first day of the accounting (tax) quarter in which such non-conformity occurred, according to the procedure established by this Code;

2) such entity shall cease to be entitled to apply special rules of taxation during four consecutive accounting (tax) quarters, following the accounting (tax) quarter in which such non-conformity occurred;

3) such entity shall be deemed to be the payer of respective taxes on common basis from the first day of the accounting (tax) quarter in which such non-conformity occurred.
At the end of four consecutive accounting (tax) quarters, following the accounting (tax) quarter in which non-conformity of entity which uses special rules of taxation to the criteria established in sub-clause 1.4 of this clause, occurred, software industry entity may receive registration certificate of registration as entity which applies special rules of taxation according to the procedure established by sub-clause 1.6 of this clause.

1.8. Registration certificate of software industry entity which applies special rules of taxation shall be cancelled if the specified entity:

1) submits statement for cancellation of registration as entity which applies special rules of taxation;

2) fails to correspond to criteria established in sub-clause 1.4 of this clause;

3) ceases to carry out business activities that entitled it to use special rules of taxation due to liquidation or reorganisation.

In the following cases:

software industry entity as an entity which applies special rules of taxation, shall be obliged to return registration certificate of registration as entity which applies special rules of taxation to the regulatory authority;

regulatory authority shall cancel registration certificate of software industry entity as entity which applies special rules of taxation, and shall exclude it from the register of entities which apply special rules of taxation of activity in software industry.

The decision of the regulatory authority may be appealed by the taxpayer according to the procedure established by Article 56 of this Code.

16. Temporarily, until January 1, 2018, duty on development of viticulture, horticulture and hop production shall be established.

1.1. Duty payers are economic entities regardless of ownership and subordination forms which sell alcoholic beverages and beer in wholesale and retail network and public catering network.

Manufacturers of alcoholic beverages and beer are duty payers provided they sell these products in retail trade directly to consumers. In case of supply of such products to wholesale and retail trade entities, they are not payers of duty on development of viticulture, horticulture and hop production.

1.2. Special rules of duty collection by economic entities which apply simplified system of taxation, accounting and reporting, shall be established by Chapter 1 of section XIV of this Code.
1.3. Taxable item in respect of the duty is a revenue-turnover obtained in all stages of the sale of alcoholic beverages and beer in wholesale and retail network and public catering network, including according to transactions which do not stipulate payment in specie.

1.4. Duty rate shall be one and a half percent of taxable item specified in sub-clause 1.3 of this clause.

1.5. Duty shall be paid to the special account of the central executive authority responsible for treasury servicing of budget funds, monthly, within the deadlines established by this Code for monthly accounting period.

  (the effect of the paragraph one of the sub-clause 1.5 of the Clause 16 of the Sub-section 10 of the Section XX has been suspended for the year of 2014 in accordance with the Law of Ukraine No. 719-VII of 16.01.2014)

The fine and penalties shall be collected for late payment of duty, according to the procedure established by this Code.

1.6. Charged amounts of duty shall remain on the special account of the central executive authority responsible for treasury servicing of budget funds. Chief administrator of these funds is the central executive authority responsible for implementation of state policy in the sphere of viticulture, horticulture and hop production. Amounts of the duty shall be distributed as follows: eighty per cent — for development of viniculture and horticulture, fifteen percent — for development of hop production.

  (the effect of the sub-clause 1.6 of the Clause 16 of the Sub-section 10 of the Section XX has been suspended for the year of 2014 in accordance with the Law of Ukraine No. 719-VII of 16.01.2014)

1.7. Misuse of the specified funds shall be prohibited.

  (the effect of the sub-clause 1.7 of the Clause 16 of the Sub-section 10 of the Section XX has been suspended for the year of 2014 in accordance with the Law of Ukraine No. 719-VII of 16.01.2014)

1.8. Mechanism for collection of duty and procedure for use of these funds shall be approved by the Cabinet of Ministers of Ukraine.

17. Electronic verifications stipulated by this Code shall be conducted in respect of the following taxpayers:

which apply the simplified system of taxation, accounting and reporting — from January 1, 2014;

economic entities of micro, macro and medium business— from January 1, 2015;

other taxpayers — from January 1, 2016.
18. In order to form register of immovable property tax payers, other than land plot, and ensure registration of such taxpayers by the corresponding regulatory authorities, it shall be established that in the first basic tax (accounting) period (2013), Article 265 of this Code for natural entities shall apply, taking into account of the following special rules:

1) the corresponding regulatory authorities shall send notice to owners of immovable property at the place of their residence (registration) about revise of the number of immovable property items owned by them and size of dwelling space of such items, until July 1, 2013, taking into account provisions of Article 42 of this Code;

2) owners of residential property items may carry out such revise until December 31, 2013 (inclusive) based on original documents of ownership of residential property items and dwelling space of such items.

3) regulatory authorities at the place of residence (registration) of taxpayers, shall provide the corresponding regulatory authorities at location of residential property items with information, according to the procedure established by the central executive authority responsible for the formation and implementation of national tax and customs policy, within ten days after the end of revise;

4) the regulatory authorities do not charge tax on immovable property, other than land plot, to natural persons — taxpayers, and such tax shall not be paid by natural persons in 2013;

19. It shall be established that until January 1, 2014, authorities responsible for treasury servicing of budget funds, in accordance with the Law of Ukraine “On the State Budget of Ukraine for 2013”, based on the conclusion received from the corresponding regulatory authority, specifying the amount of the value added tax to be reimbursed from the budget, shall issue to the taxpayer which submitted to such regulatory authority application for election of method of budget refund of the amount of the value added tax by receipt of the financial treasury bill, amount of budget refund specified in the conclusion by issue within the timelines specified in clause 200.13 of Article 200 of this Code of the financial treasury bills with circulation period up to five years with return of 5 percent per annum.

Amount of the value added tax to be reimbursed from the budget by issuing financial treasury bills shall be divided in equal parts, for each of which separate financial treasury bill with payment period of one, two, three, four and five years, is issued.

Issue of the financial treasury bill is equated with issue to the taxpayer of amount of budget refund by transferring funds from the budget account to taxpayer's account.

According to the application of taxpayer submitted to the authority responsible for treasury servicing of budget funds, the date of presentation of the bill for payment may be transferred to the other date, following the date of presentation of the bill for payment, within the calendar year on which the due date of the bill falls.
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Taxpayers shall be entitled to settle any agreed pecuniary obligation, paid to the State Budget of Ukraine by presentation for payment (not before the due date specified in the bill) of the financial treasury bill issued in accordance with this clause, to the authority responsible for treasury servicing of budget funds. Such presentation is equated with payment of agreed pecuniary obligation by transferring funds from taxpayer’s account to the budget account.

The amount of positive value of difference between the amount of any agreed pecuniary obligation paid to the State Budget of Ukraine and the amount of financial treasury bills presented for payment against such pecuniary obligations paid by the taxpayer to the budget in specie according to the procedure established by this Code.

The amount of negative value of difference between the amount of any agreed pecuniary obligation paid to the State Budget of Ukraine, and the amount of financial treasury bills presented for payment against agreed pecuniary obligation, at will of taxpayer, based on corresponding application submitted by it, may be either reimbursed to it from budget in specie according to the procedure established by this clause, or for such amount new financial treasury bills can be issued, in which the date of presentation of the bill for payment may be transferred to any other date, following the date of presentation of the bill for payment, within the calendar year on which the bill due date falls.

Payment of income in respect of financial treasury bills shall be carried out at the time of their presentation for payment to the authority responsible for treasury servicing of budget funds.

Procedure for issue, circulation, accounting and payment in respect of financial treasury bills issued according to this clause shall be approved by the Cabinet of Ministers of Ukraine according to the law.

20. Punitive penalties for violation of provision of Article 39 of this Code, which occurred in the period from September 1, 2013 until September 1, 2014, shall apply in amount of 1 hryvnia for each violation.

This provision shall not apply to punitive penalties stipulated by clause 120.3 of Article 120 of this Code.

21. Temporarily, until January 1, 2018, for tax purposes in respect of transactions on import/export of commodity headings according to codes 1001–1008, 1501–1522, 2601–2621, 2701–2716, 2801–2853, 2901–2942, 7201–7229, 7301–7326 in accordance with UC-CFEA, with persons specified in sub-clause 39.2.1.2 of clause 39.2 of Article 39 of this Code, regular price for goods according to the decision of taxpayer may be determined in accordance with the rules established by this clause, pursuant to one of the following methods:

1) for each commodity heading at the level of price:

reduced by not more than 5 percent — in case of sale of goods;

increased by not more than 5 percent — in case of acquisition of goods;
2) according to exchange quotations — if the goods are listed on the stock exchange, and according to reference prices published in information sources (specialised commercial publications) — if the goods are not listed on the stock exchange.

If these information sources contain information on price range/interval, for determination of regular price, maximum value of range/interval — in case of acquisition of goods and/or minimum value of range/interval — in case of sale of goods.

The Cabinet of Ministers of Ukraine shall determine the percentage range of price separately for each commodity heading (within the limits specified in this clause), the list of specialised commercial publications, and shall be entitled to extend the list of UCCFEA commodity headings, specified in the first paragraph of this clause;

3) if in the regulated transaction the price of commodity headings is lower than the regular price (in case of sale of goods), and/or higher than the regular price (in the case of acquisition of goods), determined in accordance with this clause, the taxpayer shall be entitled to carry out one of the following acts:

   to independently (not later than on May 1 of the year, following the accounting year) determine and pay the tax liability on the basis of the regular price, determined in accordance with the terms of this clause, and to provide the central executive authority responsible for the formation and implementation of national tax and customs policy with copies of source documents confirming carrying out of the regulated transaction, in particular contract, specifications, cargo customs declarations, consignment notes, invoice, document confirming shipment and/or receipt of the goods, as well as source of information about the correctness of determination of regular price in accordance with sub-clause 39.5.3 of clause 39.5 Article 39 of this Code. In this case such payer shall be exempted from payment of punitive (financial) penalties and/or fine;

   to apply the provisions of Article 39 of this Code using any of the methods stipulated by it to justify the applied price and to additionally provide copies of contracts (agreements) between such counterparty and subsequent recipient of the goods (if such recipient is not a related party of counterparty of the regulated transaction and/or the taxpayer).

Based on the documents submitted, the central executive authority responsible for the formation and implementation of national tax and customs policy shall conduct monitoring according to the procedure defined in Article 39 of this Code.

If a taxpayer failed to independently determine tax liability, the territorial authority of the central executive authority responsible for the formation and implementation of national tax and customs policy shall be entitled to determine it independently.

22. Unified state registration web-portal of legal entities and sole proprietors shall be constructed in accordance with the law. Prior to publication in this web-portal the information from the registers of registration of business entities as payers of taxes and duties, their registration as value added tax payers (including as special tax regime subjects) and single tax payers shall be made public at the official web-site of the central executive authority respon-
23. To establish that the authorities responsible for the treasury servicing of budgetary funds according to the law of Ukraine “On the State Budget of Ukraine for the year of 2014” based on inventory registers of tax payers and findings with the indication of the amount of value added tax subject to reimbursement out of the budget, obtained from a relevant regulatory authority, are to effect the payment to tax payers, who filed an application on the execution of the refund of amounts of value added tax in the form of domestic government bonds, of the amount of budgetary refund specified in registers and findings by means of issuance within the terms specified in the Clause 200.13 of Article 200 of this Code, of domestic government bonds with maturity of five years.

The execution of the refund of amounts of value added tax in the form of domestic government bonds is equal to the payment to a tax payer of the amount of budgetary refund by means of transferring funds from budgetary account to a tax payer’s account.

The procedure of issuance, maturity, retirement of domestic government bonds for the refund of the amounts of value added tax, as well as the general conditions of the issue thereof is approved by the Cabinet of Ministers of Ukraine.

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