

Tax & Fiscal Alert

January, 2014

Legislative „news“ affecting Ukraine in 2014

Starting January 1, 2014 Ukrainian legislation has been changed and not all news are good ones :

The following changes to the Tax Code of Ukraine came into effect:

- VAT and income tax rate will not be decreased as expected. VAT rate in 2014 remains the same - 20 %. And only starting from January 01, 2015 it will decrease to 17 %. Income tax rate in 2014 will be 18 %, in 2015 - 17 %, and only in 2016 has to be decreased to the previously planned 16 %.
- Starting from January, 2014 one has to fill in and file new forms of VAT returns and Declaration of income and assets to the authorities of the Ministry of Revenue of Ukraine. Together with VAT return a new form of Register of issued and received tax invoices came into force.

The structure of VAT returns and Register of issued and received tax invoices was not changed. The Declaration of income and assets also did not go through significant changes, however new form shall be filled in showing hryvnas and copecks (previously only hryvnas were displayed).

- Starting from January 1, 2014 the Ministry of Revenue of Ukraine will not issue Certificate of single taxpayer.

According to the Ministry of Revenue cancellation of the said procedure will significantly reduce the scope of paper work between the tax payer and the authorities of the Ministry of Revenue as well as help to save budget funds allocated for production of blanks (as reference: in 2013 Ukraine spent more than 3 million UAH on the said blanks).

- Henceforth, one can find comprehensive information on incorporated and unincorporated businesses being single taxpayers on the webpage of the Ministry of Revenue and Duties of Ukraine.
- A new Tax benefits manual came into force and though it hasn't introduced significant changes one shall report on the sums of the received tax benefits considering this new Manual.
- In 2014 we have new procedure of personal data base processing.

Due to the adoption of the Law № 383-VII of 03.07.2013 starting from Jan.1, 2014 the registration of personal data bases (PD) is replaced by the notification procedure of the PD owners to the Human Rights Commissioner of the Verkhovna Rada of Ukraine (Ombudsman) on the PD processing that represent extra risk to the rights and liberties

of business entities and individuals. Types of such personal data and categories of entities covered by the notification requirements, as well as the notification procedure must be determined by the Ombudsman and published on the official website: <http://www.ombudsman.gov.ua> in section "Protection of personal data".

Notably, it was specified that personal data which is of particular risk to the rights and liberties of the entities and on which processing it is necessary to notify the Ombudsman are the data on: racial, ethnic and national origin; political, religious or philosophical beliefs; membership in political parties and / or organizations, trade unions, religious organizations or public associations of ideological orientation; health state; sexual life; biometric data; genetic data; imposition of administrative sanctions or prececutation; putting under restraint within prejudicial inquiry; measures stipulated by the Law № 2135-XII on Enforcement Operations Act of 18.02.92 person liable to; different types of violence against person; location and/or migration of person.

Personal data owner do not need to notify the Ombudsman on the processing of the said data if :

- the sole purpose of processing is keeping register to provide information to the population being open to the public in general;
- data processing is made by public associations, political parties and / or organizations, trade unions, employers' associations, religious organizations, public organizations of ideological orientation, provided that processing concerns exclusively the personla data of the members of these associations and shall not be transmitted without their consent;
- processing is necessary for the execution of the rights and responsibilities of the data owner in labor relations.

Ukraine's State Budget 2014

On January 16, 2014 the Verkhovna Rada of Ukraine adopted the Law on the State Budget of Ukraine 2014.

According to the Law the minimum wage and minimum cost of subsistence in Ukraine will be: from January 1 to June 30, 2014 remains at the rate of December 2013 (in particular, employable people - 1 218 UAH), and than will increase on July 1, 2014 and on October 1, 2014 and will amount to employable people 1 250 UAH and 1 301 UAH respectively.

In particular tha Law on the Sate budget 2014 stipulates :

- State budget revenue in the amount 392.404.327,7 thousand UAH, including revenue of the general fund in the amount 347.515.815 thous. UAH and revenues of special fund in the amount 44.888.512,7 thous. UAH;
- State budget expenditures in the amount 447.294.687,9 thous. UAH, including expenditures of the general fund in the amount 401.113.217 thous. UAH and expenditures of special fund in the amount 46.181.470,9 thous. UAH;
- Repayment of loans to the State budget in the amount 4.390.745,1 thous. UAH, including loan repayment to the general fund in the amount 1.410.091,2 thous. UAH and loan repayment to special fund in the amount 2.980.653,9 thous. UAH;
- extension of state budget credits in the amount 9.047.619,9 thous.

UAH, including extension from general fund in the amount 1.361.341,5 thous. UAH and extension from special fund in the amount 7.686.278,4 thous. UAH;

- maximum level of state budget deficit in the amount 59.547.235 thous. UAH, including maximum size of general fund deficit in the amount 53.548.652,3 thous. UAH and maximum size of special fund deficit in the amount 5.998.582,7 thous. UAH.

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