

News Flash

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**Personal income tax rates
in Ukraine for 2015**

Since January 1, 2015 Ukrainian legislation provides new personal income tax rates

PIT rates 2015 in Ukraine

Currently personal income tax rates are as follows:

- 15% - for monthly amount of income not exceeding 10 minimum salaries, namely UAH 12 180;
- 20% - for income that exceeds 10 minimum salaries (i.e. UAH 12 180).

Till December 31, 2014 personal income tax rate for the income exceeding UAH 12 180 was 17%.

Tax rate for passive income of individuals, namely interests, investment income, royalty has been increased from 15% to 20%.

Military tax and standard tax social privilege

In 2015 current limitation for standard tax social privilege will remain in the amount 50% of subsistence level for able-bodied people (per month), set by the law as of January 1, 2015 of the fiscal year, i.e. UAH 609.

In 2015 the employees will pay military tax in the amount 1,5% which is imposed mostly to all payments, namely: the very salary, bonuses, leave allowances and sick leave payments.

Charge and payment of unified social tax

Apart from the above mentioned, personal income is also the subject to unified social tax being paid both by employers and employees. The unified social contribution is subtracted from the employees' salary in the amount 3,6%.

Since January 1, 2015 and till the end of the year decreasing coefficient 0,4 can be applied to the current rate of the unified social contribution paid by the employers resulting in decrease of unified social contribution rate to 16%. However, the decreased rate can be used only by the companies meeting the demands as follows:

1. tax base amount for such companies shall 2,5 times exceed the average charge index of unified social contribution for 2014;
2. the average salary at the company shall be minimum 30% higher in comparison to 2014;
3. the average payment per one insured employee after the coefficient is applied shall be at least UAH 700;
4. the average salary shall be at least three minimum wages, i.e. UAH 3 654..

Such criteria sift the companies which till 31.12.2014 effectively paid salary and provide stimulus only for those ones which are coming out from shady business. In 2016 the decreasing coefficient to the current rate of the unified social contribution will be 0,6. From January 1, 2017 it will increase to 1,0. The unified social contribution is charged on payroll at the rates depending of risk class. The maximum salary that is the subject to unified social contribution is 17 subsistence levels and as of January 1, 2015 is amounting to UAH 20 706, 00.

If employee's salary is not calculated at the primary place of employment, the unified social

contribution shall be charged and paid based on the amount of the statutory minimum subsistence level per able-bodied person.

Accruals and deductions from the employees' wages shall be made on the day of advance and salary payment.

If payroll advance payment and salary are not paid then contribution shall be settled not later than 20th day of the following month.

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