

News Flash

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**Amended Tax Code of Ukraine
2015: penalties and fines**

Taxpayers' fiscal liability under the amended Tax Code of Ukraine

The applicable laws of Ukraine provide fiscal liability in the form of penalties (financial) and fines as well as administrative and criminal liability for tax noncompliance. The article presents general overview of the fines and penalties for failure to comply with or improper performance of the legislative requirements and the amended Tax Code concerning charging and paying VAT, unified social contribution and failure to provide the mandatory documentation on the performed during the year controlled operations.

Undue registration of tax invoices

On Jan 01, 2015 Article 120 of the Tax Code of Ukraine came into force which provides penalties for non-compliance with the deadlines for registration of the tax invoices that shall be rendered to the customers who are VAT payers and tax invoice adjustments in the Unified Register for Tax Invoices.

Today the term for registration of tax invoice or tax invoice adjustments to the tax invoice which shall be provided to the customers who are VAT payers is 15 calendar days following the date of the tax invoice.

From 01.02.2015 according to th p. 120.1 of the Tax Code the payer of VAT who does not manage to register tax invoices or tax invoice adjustment in due time shall pay fines in the amount:

- 10% of VAT amount indicated in the tax invoice or tax invoice adjustment – if the delay of the registration is up to 15 calendar days from the deadline for registration of the tax invoice or tax invoice adjustment in the Unified Register for Tax Invoices;
- 20% of VAT in the tax invoice or tax invoice adjustment if the delay in registration is from 16 to 30 calendar days from the deadline for registration of the tax invoice or tax invoice adjustment in the Unified Register for Tax Invoices;
- 30% of VAT amount if the delay is from 31 to 60 calendar days;
- 40% of VAT amount if the delay of registration of the tax invoice or tax invoice adjustment in the Unified Register is from 61 to 164 calendar days;

- 50 % of VAT amount if there is no evidence about tax invoice during 180 days from the invoice date.

The fine in the amount 10% shall not be imposed if the delay in registration of the tax invoice or tax invoice adjustment in the Unified Register happened in the period from Jan 01 to June 30, 2015.

Apart from the financial penalties set in the Article 120 of the Tax Code of Ukraine being imposed to VAT payers, the taxpayer's public officials shall bear administrative responsibility. In case of late registration of the tax invoice in the Unified Register, the accountant (or other responsible person) can be made accountable for improper maintaining of tax records. The amount of penalties is from 5 to 10 of tax-exemption minimums (equal to the amount from 85 to 170 UAH) if violation is committed for the first time. The second violation during the year will result in the fine from 10 to 15 tax-exemption minimums or from 170 to 225 UAH.

Penalties related to unified social contribution

From Jan 01, 2015 tax legislation of Ukraine provides fine in the amount of 10 tax-exemption minimums, namely 170 UAH, for late reporting, failure to meet the reporting requirements related to the unified social contribution.

The same actions committed by the payer of the unified social contribution being fined for this violation during the year shall be fined in the amount 60 exemption limits (1020 UAH) for every failure to submit, late filing or filing under incorrect reporting form.

In addition, according to the changes in the legislation from 2015 taxpayer shall be fined in the amount 20% of timely unpaid sums for failure to pay or late payment (undue transfer) of the unified social contribution into the state budget.

For similar violations committed before 31.12.2014 inclusive, the fiscal authorities impose penalties in the amount 10 % of timely unpaid amounts of unified social contribution regardless the date of actual payment.

Failure to submit report on controlled transactions

In 2015 under the applicable laws the liability and penalties for failure to submit the report and mandatory documentations (if requested) on the controlled transactions carried out during the year shall be more tough.

For instance, failure to submit (late submitting) of the report on the controlled transactions is fined in the amount 100 minimum wages set by the legislation as of January 1st of the fiscal (reporting) year that at present equals to 121800,00 UAH. If report does not contain information on the controlled transactions the penalties is 5% of the amount of such transactions.

The transactions, the requested information about which has not been submitted shall be fined in the amount 3% of their value but not more than 200 minimum wages for all undeclared controlled transactions and it equals to 243 600,00 UAH.

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