

News Flash

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Tax «holidays» for payers of income tax in Ukraine

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From January 1, 2017 to December 31 2021 zero percent rate will be applied for taxable income where annual income for the last annual reporting period does not exceed 3 million and the salary of each employee is no less than two minimum wages, the amount of which is set by law (from 2017 - 6400 UAH.) and that

Meet of the following criteria:

- Formed in accordance with the law after January 1, 2017;
- Acting, which for three previous consecutive years (or during all previous periods, since when they were formed less than 3 years ago and declared annual income does not exceed 3 million and whose average number of employees during that period ranged from 5 to 20 people;
- Have been recorded as a payer of a single tax in accordance with legislation till January 1, 2017 and who for the last calendar year revenues from sales of products (goods and services) amounted to three million and average number of employees amounted from 5 to 50 people.

However, if taxpayers applying a zero rate of income tax in any reporting period achieved performance on the revenue, or the average number of average wages of employees, of which at least one does not meet the criteria set out in subsection p.44 4 of section XX TCU, these taxpayers are required to tax income earned in this reporting period, at the rate established p.136.1 art.136 TCU (18 %).

Note that these «holidays» cannot be used by companies that:

- Created after January 1, 2017 through reorganization (merger, joining, separation, transformation), privatization and corporatization;
- Provide:
 - Activities in the field of entertainment as defined in Article 14 p.p.14.1.46 p.14.1 TCU;
 - Production, wholesale, export and import of excise goods;
 - Production, wholesale and retail sale of fuels and lubricants;
 - Extraction, production and manufacturing of precious metals and precious stones, including organogenic;
 - Financial and insurance activities;
 - The activities of currency exchange;
 - Production and sale of minerals of national importance;
 - Real estate transactions;
 - Postal and courier activities;
 - The activities of the organization bidding (auction) products of art, collectibles or antiques;
 - Activities to provide services in the field of television and radio under the Law "On Television and Radio";
 - Security activity;
 - FEA (except for activities in the field of information);
 - Production by tolling;

- Wholesale trade and intermediary in wholesale trade;
- Activities in the production and distribution of electricity, gas and water;
- Activities Legal and accounting;
- Activities in the field of engineering.

Taxpayers specified in paragraphs "a", "b", "c" of this paragraph PCs that carry the accrual and payment of dividends to its shareholders (owners), account for and bring the budget down payment of tax in the manner prescribed by Article p.57.11.57 computer and pay income tax at a rate of 18% tax for the reporting period in which the calculation was carried out and payment of dividends.

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