

2021

TAXES
IN UKRAINE



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CORPORATE INCOME TAX

1



Taxpayers

Corporate Income Tax (CIT) is paid by the resident companies, which receive income in Ukraine as well as abroad. CIT is also paid by the non-resident companies, which receive income from Ukrainian sources or conduct their business through permanent representative offices in Ukraine, or by other non-residents who are required to pay CIT in Ukraine.

Rate

Currently, a flat rate of 18% is established for all CIT taxpayers.

However, for some activities a separate rate is applicable. These include:

- 3% of the tax base for insurance contracts;
- 0% rate for insurance activities regarding the long-term life insurance, voluntary medical insurance and non-state pension schemes;
- 0%, 4% and 12% for non-resident insurers based on insurance agreement (depending on the insurance accident case);
- 5% for income in the form of interest on loans or financial loans granted to residents;
- 6% for a freight amount paid by a resident or a non-resident who conducts his/her business through a permanent representative office to a non-resident under freight contracts;
- 15% for a resident or a non-resident who conducts his/her business through a permanent representative office in Ukraine, which make

payments to non-residents from the income derived from Ukrainian sources of origin;

- 20% for residents, which make payments to non-residents for production and distribution of advertising.

Temporarily, i.e. until January 1st, 2035, a large investor with significant investments (more than EUR 20 million), acting as a party to a special investment contract, is exempt from paying CIT. The exemption from CIT is applicable after the commissioning of an investment project object during 5 years within the special investment contract term. The exemption may be applied if the large investor has fulfilled its obligations under the special investment contract.

Tax base

The CIT base is the income derived from Ukrainian sources of origin and abroad. The amount of tax is determined by adjustment of financial result (profit or loss) before tax, as calculated in accordance with the Ukrainian accounting standards or IFRS.

Peculiarities of taxation

Adjustment of financial results

Adjustment of financial results is possible by way of:

1) Amortization

The financial result before tax is increased by:

- the amount of the accrued depreciation of fixed assets or intangible assets pursuant to the Ukrainian accounting standards or IFRS;
- the amount of write-off and impairment of fixed assets and/or intangible assets, included in the expenses of the reporting period in accordance with the Ukrainian accounting standards or IFRS;
- the amount of residual value of a separate item of fixed assets and/or intangible assets defined by the Ukrainian accounting standards or IFRS, in the event of liquidation or sale of such asset;
- the amount of residual value of a separate item of non-production fixed assets and/or non-production intangible assets defined by the Ukrainian accounting standards or IFRS, in the event of facility liquidation or sale;
- the amount of expenses for repairs, reconstruction, modernization or other improvements of non-production fixed assets and/or non-production intangible assets, related to costs in accordance with the Ukrainian accounting standards or IFRS.

The financial result before tax is decreased by:

- the amount of the depreciation of fixed assets and/or intangible assets;
- the amount of residual value of a separate item of fixed assets and/or intangible assets, defined by tax accounting in the event of liquidation or sale of such asset;

- the amount of revaluation of fixed assets and/or intangible assets within previously attributed to the cost of reduction in accordance with the Ukrainian accounting standards or IFRS;
- the amount of benefits from restoring utility of fixed assets and/or intangible assets within previously attributed to the cost of losses from impairment of fixed assets or intangible assets in accordance with the Ukrainian accounting standards or IFRS;
- the amount of the original cost of acquisition or manufacture of individual object of the non-production fixed assets and/or intangible assets and non-production costs for repair, renovation, modernization or other improvements, including the costs referred to in conformity with the Ukrainian accounting standards or IFRS, in case of sale of the facility of non-productive fixed assets or intangible assets, but not more than the amount of income (revenue) received from such sale.

2) Reimbursement for future expenses

The financial result before tax is increased by:

- the amount of expenses on creation of provisions (reserves) to compensate for next (future) expenses (excluding provisions (reserves) for costs of employee vacations and other payments related to salaries, and expenses for payment of the single social contribution that is charged on such payments) according to the Ukrainian accounting standards or IFRS.

The financial result before tax is decreased by:

- the amount of created provisions use (excluding provisions (reserves) for costs of employee’s vacation, other payments related to salaries, and expenses for payment of the single social contribution that is charged on such payments) according to the Ukrainian accounting standards or IFRS;
- the amount of the adjustment (decrease) in provisions (reserves) to compensate for next (future) expenses (excluding provisions (reserves) for costs of employee vacations and other payments related to salaries, and expenses for payment of the single social contribution that is charged on such payments), which increased the financial result before taxation according to the Ukrainian accounting standards or IFRS.

3) Doubtful debts

The financial result before tax is increased by:

- the amount of doubtful debts or a reserve for expected credit losses (decreased assets usability) accrued according to the Ukrainian accounting standards or IFRS;
- the amount of costs from the cancellation of accounts receivable more than the sum of the reserve for doubtful debts or expected credit losses (decreased assets usability).

The financial result before tax is decreased by:

- the amount of the adjustment (decrease) in reserve for doubtful

debts or expected credit losses (decreased assets usability), which increased the financial result before taxation according to the Ukrainian accounting standards or IFRS;

- the amount of cancelled accounts receivable (including created reserve for doubtful debts or expected credit losses (decreased assets usability)).

Taxation of non-residents

The income of non-resident legal entities derived from Ukrainian sources of origin is taxed by CIT at the rate of 15%. The CIT tax base is the income from interests, dividends, royalties, freight, as well as the proceeds of engineering, leasing and rent, profits from sale of real estate, investment assets (securities and corporate rights), and the proceeds of joint activities and entertainment activities.

In relation to the income from Ukrainian sources of origin, the following rates apply:

Dividends	15%
Interest	15%
Royalty	15%
Freight	6%
Other profits from Ukrainian sources of origin	15%

Dividends are a payment made by a legal entity (including issuers of company rights, investment certificates, or other securities in favour of their holder) in connection with a part of its profit distribution, calculated following accounting rules;

The following amounts are also considered dividends for tax purposes:

- payment in cash or in-kind made by a legal entity for the benefit of its founder and / or member (participant) due to the distribution of net profit (its part);
- amount of income in the form of payments for securities (company rights) paid to a non-resident in controlled operations and over the amount corresponding to the arm's length principle;
- value of goods (works, services), except for securities and derivatives purchased from a non-resident, over the amount corresponding to the arm's length principle;
- the amount of undervaluation of goods (works, services) sold in controlled operations to a non-resident compared to the amount corresponding to the arm's length principle;
- payment in cash or in-kind made by a legal entity in favour of its founder and/or non-resident member in connection with the reduction of the authorized capital, the withdrawal of corporate rights by the legal entity in its own share capital, the resignation of a company's member or other similar operation between a legal entity and its member, in the amount that reduces the undistributed profit of the legal entity.

In certain cases, the lower tax rate might apply under the double

taxation agreements. Ukraine has valid double taxation agreements with approximately 75 countries (see Schedule 1). It should also be noted that double taxation agreements with specific countries may provide for more favourable taxation arrangements.

Tax benefits in the form of a tax exemption or the application of a reduced tax rate provided for by a double taxation agreement are not granted for the mentioned type of income or profit if the main purpose or the overriding purpose of the relevant business operation of a non-resident with a resident of Ukraine was getting direct or indirect benefits in the form of a tax exemption or the application of a reduced tax rate.

Taxation of the activity through permanent representative offices

Incomes of non-residents operating in Ukraine through a permanent representative office are taxable on general terms. For the purposes of taxation, such a permanent representative office is equated to a taxpayer performing its business independently of a respective non-resident.

A permanent representative office determines the amount of its taxable income received during a reporting (tax) period, following the arm's length principle. The taxable income of the permanent representative office must correspond to the income of an independent company carrying on the same or a similar activity under the same or similar conditions and operating in complete independence from the non-resident, for which it serves as the permanent representative office.

According to tax law, the term «permanent representative office» includes:

- a) Construction site, a construction, assembly, or installation facility, or related supervisory activity. The total working period must exceed twelve (12) months;
- b) Provision of services by a non-resident (excluding HR services) with the total duration exceeding 183 days within any twelve (12) months;
- c) Persons who exercise the authority in the interests, at the expense and/or for the benefit of a non-resident, to negotiate the essential terms of legal transactions and/or enter into agreements/contracts on behalf of a non-resident;
- d) Persons from whose warehouse the supply of stocks (goods) on behalf of a non-resident is carried out, except for non-residents acting as holders of temporary storage or customs warehouses.

The business activity of a non-resident through a resident intermediary is not treated as a permanent representative office if the agency services of the resident intermediary are provided within the scope of the resident's main (ordinary) business activity and under normal conditions. Maintaining a permanent place of business only for preparatory or ancillary activities to a non-resident is not a permanent representative office.

Non-residents operating in Ukraine through separate divisions, including permanent representative offices, are required to register with the competent regulatory authorities. Simultaneously with the registration of a non-resident, his/her separate division (permanent representative office) is registered as well.

Performance of business operations without tax registration by a non-

resident through a separate division, including a permanent representative office, entails a fine of UAH 100,000 for the non-resident.

Transfer pricing

For the purposes of correct CIT taxation, the control has been established over related-party transactions (it concerns the persons who, among other things, have at least 25% of corporate rights in a legal entity); foreign commercial transactions for the sale and/or purchase of goods and/or services by non-resident commission agents; commercial transactions with non-residents not paying corporate income tax on foreign income; as well as over commercial transactions between a non-resident and his/her permanent representative office. In addition, such control is also exercised over transactions with non-residents in low-tax jurisdictions. The list of such countries is specified by the Cabinet of Ministers of Ukraine and provided in Schedule 2.

Low-tax jurisdictions are determined on the basis of the following criteria:

- the general corporate tax rate in such countries is five or more percentage points lower than in Ukraine, or preferential taxation regimes are provided to business entities, or certain features of the taxable amount calculation actually allow business entities to pay no corporate tax in such countries or to pay corporate tax at a rate which is five or more percentage points lower than in Ukraine;
- Ukraine does not have any agreements on information exchange with such countries;

- countries, the competent authorities of which do not provide timely and complete exchange of tax and financial information.

The transfer pricing control is exercised over transactions, where:

- the taxpayer's revenue exceeds UAH 150 million* for the tax year;
- the annual volume of the transactions with each counterparty (related person) exceeds UAH 10 million.

Business transactions between a non-resident company and its permanent representative office in Ukraine are considered to be controlled if the volume of such business transactions, determined in accordance with the accounting rules, exceeds UAH 10 million (net of indirect taxes) in the relevant tax (reporting) year.

Fines for failure to submit a report on the controlled transactions and respective documentation on transfer pricing and similar duty failures are as follows:

- 300 amounts of subsistence minimum** for failure to submit the report on controlled transactions;
- 3% of the amount of transactions in respect of which transfer pricing documentation was not submitted, but no more than 200 amounts of subsistence minimum;
- 300 amounts of subsistence minimum for failure to submit complete documentation on transfer pricing (master file);

- 1000 amounts of subsistence minimum for failure to submit reports on the countries of the international group of companies;
- 50 amounts of subsistence minimum for failure to submit notification on membership in an international group of companies.

Thin capitalization rules

In order to prevent tax base erosion and profit outflow from the country, there are the thin capitalization rules effective in Ukraine.

Under the thin capitalization rules, expenses of the resident in the current tax period include the amount of interest paid on loans, which does not exceed 30% of profits, expenses on repayment of interests. It should be noted that the amount of taxpayer's liabilities with a non-resident exceeds the equity ratio by more than 3.5 times.

* As of 1 February 2021 the National Bank of Ukraine established its official currency exchange rate at UAH 34.157 per euro.

** Currently, one amount of subsistence minimum in Ukraine amounts to UAH 2,189. The subsistence minimum is specified each year in the state budget of Ukraine.

VALUE-ADDED
TAX

2



Taxpayers

The taxpayer is obliged to register as a VAT payer if the aggregate value of supplied goods or services exceeds UAH 1 million for the last 12 months. However, if the value of taxable transactions does not exceed UAH 1 million, the voluntary registration as a VAT payer is available.

Rate

The value-added tax (VAT) rate is 20% (standard tax rate).

14% VAT rate is applied to the import and supply of certain agricultural products.

7% VAT rate is applicable for the following:

- pharmaceutical products;
- theatrical, concert performances and other cultural and artistic events;
- exhibitions of original musical works, demonstration of exhibition projects;
- distribution and showing of films adapted in the Ukrainian version for people with visual and hearing impairments;
- provision of temporary accommodation (stay) provided by hotels and similar facilities.

It should be noted that 0% VAT rate is applied to export of goods in the

customs regime from the territory of Ukraine.

Besides, 0% VAT rate is applicable also for the following:

- supply of goods for refuelling of ships, aircraft, spacecraft;
- international transportation of passenger and freights;
- services related to work with movable property previously imported into the customs territory of Ukraine to perform such work.

Temporarily, until 1 January 2035, importation transactions of equipment to be imported into the customs territory of Ukraine for the implementation of an investment project with significant investments under a special investment contract will be exempt from VAT. The equipment must be new and manufactured not earlier than three (3) years before the registration date of an investment project with significant investments. The list and volume of equipment must be defined by the Government of Ukraine with a conclusion of a special investment contract.

Tax base

VAT is applied to transactions on supply of goods and services on the custom territory of Ukraine, as well as to transactions related to import and export of goods in Ukraine. In addition, services on international transportation of passengers, luggage and freights by sea, river and air transport are also subject to VAT.

The following transactions are not subject to VAT, i.e., are exempt from VAT:

- issue of securities by business entities;
- transfer of property for storage (safekeeping), concession and leasing (rent), except for transfer to financial leasing;
- provision of insurance services by the licensed organizations;
- provision of services of payment systems related to transfer of funds, encashment, cash management services, attraction, placement and refund under loans, deposit and securities management agreements, management and assignment of claims to financial institutions;
- payment of salary in cash;
- provision of educational services;
- provision of administrative services;
- provision of banking services in the process of managing bank management funds, real estate funds, mortgage funds, for payments on mortgage certificates;
- import and export of goods to the amount less than EUR 150;
- payment under lease or concession agreements;
- reorganization (merger, accession, division, separation and transformation) of legal entities.

Peculiarities of taxation

VAT refund

Ukraine has a single public Register of applications for refund of budget VAT reimbursement amount.

For case of budget VAT reimbursement, the following requirements were set:

- the amount of VAT which taxpayer wishes to reimburse from the state budget must be actually paid to the taxpayer's current account or budget (for payment of the other monetary obligations or cancellation of another tax liability of the taxpayer) in previous or current reporting period;
- the right for VAT refund occurs if the tax credit amount exceeds the tax liability amount for a reporting (tax) period (a negative value of VAT occurs); a taxpayer who is entitled to a refund and has decided to claim reimbursement must submit a tax return and a refund request to the competent supervisory authority;
- the taxpayer receives a refund after the approval of the supervisory authority based on a desk or documentary audit. If the taxpayer has a tax liability, the declared amount of tax is subject to refund, reduced by the amount of that tax liability.

SIMPLIFIED TAX SYSTEM

3



With the aim of facilitation and easement of small and medium business accounting, Ukraine introduced special taxation terms for such businesses. The taxpayers, both private entrepreneurs and legal entities, may choose to apply for a simplified taxation system in one of the following categories:

	I group	II group	III group	IV group
Taxpayer	Private entrepreneur	Private entrepreneur	Private entrepreneur / legal entity	Private entrepreneur / legal entity
Number of employees	0	from 0 to 10	No restrictions	Depending on the taxpayer
Max. profit per one calendar year	167 minimum wages (UAH 1,002,000 / approx. EUR 29.5 thousand)	834 minimum wages (UAH 5,004,000 / approx. EUR 146.5 thousand)	1167 minimum wages (UAH 7,002,000 / approx. EUR 205 thousand)	—
Tax rate	Up to 10% of subsistence minimum	Up to 20% of minimum wage*	3% of income (VAT excluded); 5% of income (VAT included).	Depending on the category (type) of land, its location and amounts (in per cent of the tax base): <ul style="list-style-type: none"> • for arable land, hayfields and pastures – 0.95; • for arable land, hayfields and pastures located in mountainous areas and marshy woodland areas – 0.57; • for perennial plantations – 0.57; • for perennial plantations located in mountainous areas and marshy woodland areas – 0.19; • for lands of water fund – 2.43; • for arable land, hayfields and pastures on closed soil – 6.33.
Type of activities	Retail sale of goods at market places, provision of consumer services to citizens.	Provision of services (including consumer services) to the single tax payers and citizens; manufacturing and sale of goods; restaurant activities.	All types of business activities permitted under single tax rules.	Agriculture producers (legal entities) with the share of agricultural commodity production in the previous tax year at least 75%. Agriculture producers (private entrepreneurs) who carry out activities exclusively within the farm, subject to compliance with the requirements of the Law of Ukraine «On Farming».

* Currently, the minimum wage in Ukraine is UAH 6,000. The minimum wage is specified each year in the state budget of Ukraine.

Peculiarities of taxation

Agricultural producers

Legal persons have the right to choose the fourth group of the single tax provided that their share of agricultural commodity production in the previous year amounted to at least 75%. This is applicable to:

- all entities separately, which carry out merger or accession. In this case, it is possible to become a single tax payer in the year of creation, if the share of agricultural commodity production for the previous tax year by all commodity producers involved in their creation equals to or exceeds 75%;
- each individual entity created by split-up or spin-off. In this case, it is possible to become a single tax payer from the next year, if the share of

agricultural commodity production for the previous tax year equals to or exceeds 75%;

- an entity created by transformation. In this case, it is possible to become a single tax payer in the year of transformation, if the share of agricultural commodity obtained for the previous tax year equals to or exceeds 75%.

Newly created agricultural commodity producers (legal entities) may be single tax payers from the next year, if share of agricultural commodity production obtained for the previous tax year equals to or exceeds 75%.

As for the agricultural commodity producers (private entrepreneurs), they may be single tax payers from the year of state registration.

PERSONAL INCOME TAX

4



Taxpayers

The personal income tax (PIT) is paid by resident and non-resident individuals and tax agents.

Rate

PIT rate is 18%, while PIT rate for dividend payments is 5%. However, for income in the form of dividends on shares and/or investment certificates, corporate rights owned by non-residents, collective investment institutions and companies that do not pay corporate income tax, the tax rate is 9%.

Tax base

PIT is applied to:

Residents		Non-residents	
Monthly (annual) taxable income	Income from Ukrainian sources of origin, taxable at the time of its accrual (payments, compensation)	Income from foreign sources of origin	Monthly (annual) taxable income from Ukrainian sources of origin
			Income from Ukrainian sources of origin, taxable at the time of its accrual (payments, compensation)

Some types of profit are not included in the monthly (annual) taxable income of the taxpayer.

These include:

- the income from the interest accrued on securities of the Ministry of Finance of Ukraine and the NBU's debt obligations;
- the income received by non-residents as the interest accrued on government securities or municipal bonds or debt securities guaranteed by the state;
- the alimony received in accordance with the court ruling or voluntary arrangement of the parties as provided by the Family Code of Ukraine;
- insurance payments, pension payments, etc., received under the long-term life insurance agreement, namely from a non-state pension scheme;
- dividends in the form of shares (shares, capital shares), which have been issued by a resident legal entity and accrued to the taxpayer, provided that such an accrual does not change in any way the proportions (shares) of the participation interest of all shareholders (owners) in the share capital of the issuer, thereby increasing the issuer's share capital by the total nominal value of the accrued dividends;
- the principal amount of the deposit deposited by the taxpayer in the bank or in a non-bank financial institution, which is repaid to him/her, the amount received by the taxpayer as a result of the sale of his/her right to claim the deposit, and the principal amount of the loan received by the taxpayer (during the contract period);

- the principal amount of repayable financial aid provided by a taxpayer to other persons, which is repaid to him/her;
- the principal amount of repayable financial aid received by a taxpayer;
- the income of a private entrepreneur, which is subject to single tax;
- the amount of the taxpayer's property and non-property contributions to the charter capital of the legal entity – the issuer of corporate rights in relation to such rights;
- investment profit from operations with debt obligations of the NBU and with state securities issued by the Ministry of Finance of Ukraine;
- the funds provided by an international financial organization or by another financial organization or foundation in connection with the implementation of energy efficiency and energy-saving projects in Ukraine.

SINGLE SOCIAL CONTRIBUTION

5

Taxpayers

The single social contribution is paid by the employers, private entrepreneurs, self-employed citizens.

Rate

The single social contribution rate is established at 22% (for employees with disabilities – 8.41%). However, the maximum taxable amount of the single social contribution shall not exceed 15 minimum wages. The minimal single social contribution is 22% of the minimum wage (which since 01.01.2021 amounts to UAH 1,320, approx. EUR 40).

Tax base

The single social contribution is paid from the salaries and bonuses of employees and from the income of private entrepreneurs or those who carry out an independent professional activity.

MILITARY DUTY

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6. MILITARY DUTY

Taxpayers

The military duty is paid by residents and non-residents or by tax agents.

Rate

The military duty amounts to 1.5%.

Tax base

The military duty is paid from wages, other incentive and compensation payments or benefits, which are paid to the taxpayer on the basis of his/her employment relations or civil agreements. These include:

	Residents		Non-residents	
Overall monthly (annual) taxable income	Income from Ukrainian sources of origin taxable at the time of its accrual (payments, compensation)	Income from foreign sources of origin	Overall monthly (annual) taxable income from Ukrainian sources of origin	Income from Ukrainian sources of origin taxable at the time of its accrual (payments, compensation)

EXCISE TAX

7. EXCISE TAX

Taxpayers

Excise tax is paid by individuals and legal entities, which:

- manufacture excise goods on the customs territory of Ukraine, including from tolling raw materials;
- import excise goods to the customs territory of Ukraine;
- distribute excise goods or transfer them into ownership or use.

Rate

Excise tax rates are specified in the Tax Code of Ukraine for each type of excise goods.

Tax base

The excise tax is levied upon excise goods, which include:

- ethyl alcohol and other distillates, alcoholic drinks, beer;
- tobacco products, tobacco and manufactured tobacco substitutes;
- cigarettes and cigarillos;
- liquids for electronic cigarettes;
- fuel;
- cars intended for the transportation of people, trailers and semi-trailers, body thereto, trailers, motorcycles, vehicles for transportation of ten (10) persons or more, vehicles for transportation of goods;
- electricity, except for the distribution of electricity generated by qualified cogeneration units and / or renewable energy sources, or electricity produced by a company for internal consumption.

REAL
ESTATE TAX

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Buildings

Taxpayers

The real estate tax is paid by individuals and legal entities, including non-residents who are the owners of real estate objects.

Rate

The amount of real estate tax on buildings is determined by the municipal authorities. However, the tax rate shall not exceed 1.5% of the minimum wage per 1 sq. m. of residential and non-residential property.

The additional tax rate in the amount of UAH 25,000 is applied for each apartment (or its part) of more than 300 square meters and each house (or its part) of more than 500 square meters.

Tax base

The real estate tax is paid per each sq. m. of residential and non-residential property. Owners of apartments of less than 60 sq. m. and houses less than 120 sq. m. (or houses and apartments or their parts with a total area of 180 sq. m.) are exempt from tax.

Land plots

Taxpayers

The real estate tax on land plots is paid by individuals and legal entities, including non-residents, which own or use such land plots.

Rate

The amount of real estate tax on land plots is determined by the municipal authorities. The rate shall not exceed 3% of the normative evaluation of a land plot (or 5% of the normative evaluation of an arable land unit in the region, if monetary valuation is not available) and 1% for agricultural land plots and land plots of general use. The minimal tax rate for agricultural land plots must not be less than 0.3% (the tax rate for agricultural land plots must range from 0.3 to 5% of the normative evaluation of an arable land unit in the region if monetary valuation is not available). For forest areas, the tax rate must not exceed 0.3% of the monetary valuation or the normative evaluation of the land plot. For land plots, which are under permanent use by business entities, the rate shall not exceed 12% of the normative evaluation.

Temporarily, until 1 January 2035, Ukrainian local governments will have the right to reduce tax rates for large investors or exempt them from paying such taxes altogether for land plots used within the frame of investment projects of large investors with significant investments.

Tax base

The tax base is land plots in ownership or use.

TRANSPORT TAX

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9. TRANSPORT TAX

Taxpayers

The transport tax is paid by individuals and legal entities, including non-residents, who own vehicles that are registered in Ukraine.

Rate

The rate of transport tax is established in the amount of UAH 25,000 per year per each vehicle.

Tax base

The transport tax is paid per each vehicle, which has been used for up to five years from the date of its manufacture with the average market price of more than 375 minimum wages (which on 01.01.2021 amounts to UAH 2,250,000, - the equivalent of approx. EUR 66,000).

ENVIRONMENTAL TAX

10

10. ENVIRONMENTAL TAX

25

Taxpayers

The environmental tax is paid by business entities, legal entities, not engaged in business activity, as well as non-resident permanent representative offices associated with the following results of their activities in Ukraine:

- Pollutant emissions into the atmosphere from stationary pollution sources;
- Discharge of pollutants directly into water objects;
- Waste disposal (excluding the disposal of certain types (classes) of waste as secondary raw materials, which are disposed of by companies in their own territories (objects));
- Formation of radioactive waste (including already accumulated);
- Temporary storage of radioactive waste by their producers beyond the period specified by the special license conditions.

Rate

Rates of environmental tax are provided in the Tax Code of Ukraine for each type of substances.

Tax base

The environmental tax is based on the amount and type of polluted substances that are released into the air or water objects in Ukraine during operational activities of legal entities.

RENT PAYMENTS

11

11. RENT PAYMENTS

26

Taxpayers

Rent payments are paid by legal entities and private entrepreneurs, which conduct certain activities on the territory of Ukraine.

Rate

The amount of rent payments is specified in the Tax Code of Ukraine for each type of resource and its use.

Tax base

Rent payments are required for:

- the use of subsoil;
- the use of subsoil for the purposes not connected with mining;
- the use of radiofrequency in Ukraine;
- the special use of water;
- the special use of forest resources;
- transportation of oil and oil products via trunk lines and oil pipelines, transit pipeline transportation of ammonia on the territory of Ukraine.

DUTIES

12

12. DUTIES

In addition to the abovementioned taxes, the Tax Code of Ukraine provides for the following duties to be applied in Ukraine:

customs duty, which includes:

- import duty (the rates are defined or changed by the custom duty of Ukraine);
The equipment imported by the large investor for the implementation of an investment project is exempt from paying customs duties. The list and volume of duty-free goods will be defined by the Cabinet of Ministers of Ukraine simultaneously with the conclusion of a special investment contract.
- export duty;
- seasonal duty (for certain goods for a period of 60 to 120 consecutive calendar days);
- specific custom duties, such as special, anti-dumping and compensation duty, additional import tax;

tourist duty (a local fee: for domestic tourism – up to 0.5% of the minimum wage per person for one day of temporary accommodation and up to 5% – for inbound tourism);

vehicle parking place duty (a local fee of up to 0.075% of the minimum wage for 1 sq.m of land provided for such activity).

We also note that further to duties provided in the Tax Code of Ukraine, the state duty is charged in case of certain actions to be performed by the state authorities and their officials, such as for acts of public notary offices, public registration of civil acts, submission of legal claims, etc.

SCHEDULES



LIST OF DOUBLE TAXATION AGREEMENTS OF UKRAINE

Country	Date of agreement	Effective date	Dividends (%)	Interest (%)	Royalty (literary/industrial,%)
Algeria	14.12.2002	01.07.2004	5*/15	10	10/10
Armenia	14.05.1996	19.11.1996	5*/15	10	0/0
Austria	16.10.1997	20.05.1999	5*/10	2/5	5/0
Azerbaijan	30.07.1999	03.07.2000	10	10	10/10
Belarus	24.12.1993	30.01.1995	15	10	15/15
Belgium	20.05.1996	25.02.1999	5*/15	2/5	5/0
Brazil	16.01.2002	26.04.2006	10*/15	15	15/15
Bulgaria	20.11.1995	03.10.1997	5*/15	10	10/10
Canada	04.03.1996	22.08.1996	5*/15	10	0(10)/10
China	04.12.1995	18.10.1996	5*/10	10	10/10
Croatia	10.09.1996	01.06.1999	5*/10	10	10/10
Cyprus	08.11.2012, 11.12.2015 Protocol of amendments	01.01.2014, 28.11.2019 Protocol of amendments	5*/10	5	10/5
Cuba	27.03.2003	20.11.2003	5/15	10	0/5
Czech Republic	30.06.1997, 21.10.2013 Protocol of amendments	20.04.1999, 09.12.2015 Protocol of amendments	5*/15	5/0	10
Denmark	05.03.1996	21.08.1996	5*/15	10	10/10
Egypt	29.03.1997	27.02.2002	12	12	12/12
Estonia	10.05.1996	24.12.1996	5*/15	10	10/10
Finland	14.10.1994	14.02.1998	5*/15	5/10	10/5
France	30.01.1997	01.11.1998	5*/15	2/10	10/0
Georgia	14.02.1997	01.04.1999	5*/10	10	10/10
Germany	03.07.1995	04.10.1996	5*/10	2/5	5/0
Greece	06.11.2000	26.09.2003	5*/10	10	10/10
Hungary	19.05.1995	24.06.1996	5*/15	10	5/5

Country	Date of agreement	Effective date	Dividends (%)	Interest (%)	Royalty (literary/industrial,%)
Iceland	08.11.2006	09.10.2008	5*/15	10	10/10
India	07.04.1999	31.10.2001	10*/15	10	10/10
Indonesia	11.04.1996	09.11.1998	10*/15	10	10/10
Iran	22.05.1996	21.07.2001	10	10	10/10
Ireland	19.04.2013	17.08.2015	5*/15	5/10	5/10
Israel	26.11.2003	20.04.2006	5*/10*/15	5/10	10/10
Italy	26.02.1997	25.02.2003	5*/15	10	7/7
Japan	18.01.1986	27.11.1986	15	10	0/10
Jordan	30.11.2005	23.10.2008	10*/15	10	10/10
Kazakhstan	09.07.1996	14.04.1997	5*/15	10	10/10
Korea	29.09.1999	19.03.2002	5*/15	5	5/5
Kuwait	20.01.2003	22.02.2004	5	0	10/10
Kyrgyzstan	16.10.1997	01.05.1999	5*/15	10	10/10
Latvia	21.11.1995	21.11.1996	5*/15	10	10/10
Libya	04.11.2008	31.01.2010	5*/15	10	10/10
Lebanon	22.04.2002	06.09.2003	5*/15	10	10/10
Lithuania	23.09.1996	25.12.1997	5*/15	10	10/10
Luxembourg	06.09.1997, 30.09.2016 Protocol of amendments	18.04.2017	5*/15	5/10	5/10
Malta	04.09.2013	28.08.2017	5*/15	10	10
Macedonia	02.03.1998	23.11.1998	5*/15	10	10/10
Malaysia	04.08.2016	30.10.2019	5*/15	10	8
Mexico	23.01.2012	01.01.2013	5*/15	10	10/10
Moldova	29.08.1995	27.05.1996	5*/15	10	10/10
Mongolia	01.07.2002	03.11.2006	10	10	10/10
Morocco	13.07.2007	30.03.2009	10	10	10/10

Country	Date of agreement	Effective date	Dividends (%)	Interest (%)	Royalty (literary/industrial,%)
Norway	07.03.1996	18.09.1996	5*/15	10	10/5
Pakistan	23.12.2008	30.06.2011	10*/15	10	10/10
Poland	12.01.1993	11.03.1994	5*/15	10	10/10
Portugal	09.02.2000	11.03.2002	10*/15	10	10/10
Republic of South Africa	28.08.2003	23.12.2004	5*/15	10	10/10
Romania	29.03.1996	17.11.1997	10*/15	10	15/10
Russia	08.02.1995	03.08.1999	5/15	10	10/10
Saudi Arabia	02.09.2011	01.12.2012	5*/15	10	10/10
Singapore	26.01.2007	18.12.2009	5*/15	10	7.5/7.5
Slovakia	23.01.1996	22.11.1996	10	10	10/10
Slovenia	23.04.2003	25.04.2007	5*/15	5	10/5
Spain	01.03.1985	07.08.1986	18	0	0/5
Sweden	15.08.1995	04.06.1996	5*/10	10	10/10
Switzerland	30.10.2000, 24.01.2019 Protocol of amendments	26.02.2002, 16.10.2020 Protocol of amendments	5*/15/0	5/0	5
Syria	05.06.2003	04.05.2004	10	10	18/18
Tajikistan	07.09.2002	01.06.2003	10	10	10/10
Thailand	10.03.2004	24.11.2004	10*/15	10/15	15/15
Turkey	27.11.1996, 09.10.2017 Protocol of amendments	29.04.1998, 30.11.2020 Protocol of amendments	10*/15	10/0	10
Turkmenistan	29.01.1998	21.10.1999	10	10	10/10
The Netherlands	24.10.1995, 12.03.2018 Protocol of amendments	02.11.1996, Protocol of amendments not yet ratified	5*/15	2/10	10/0
The United Arab Emirates	22.01.2003	09.03.2004	5*	3	10/0
The United Kingdom of Great Britain and Northern Ireland	10.02.1993, 09.10.2017 Protocol of amendments	11.08.1993, 05.12.2019 Protocol of amendments	5*/15/0	5/0	0/5

Country	Date of agreement	Effective date	Dividends (%)	Interest (%)	Royalty (literary/industrial,%)
The USA	04.03.1994	05.06.2000	5*/15	0	10/10
Uzbekistan	10.11.1994	25.07.1995	10	10	10/10
Vietnam	08.04.1996	19.11.1996	10	10	10/10
Yugoslavia (Serbia and Montenegro)	22.03.2001	29.11.2001	5*/10	10	10/10

* reduced rate is applicable to qualified ownership rights in a Ukrainian company by a foreign shareholder

LIST OF OFFSHORE JURISDICTIONS

Guernsey	Isle of Man	Jersey	Island of Alderney	Panama	Belize
Andorra	Gibraltar	Monaco	Anguilla	Antigua and Barbuda	Aruba
Bahamas	Barbados	Bermuda	British Virgin Islands	Virgin Islands (US)	Grenada
Cayman Islands	Montserrat	Netherlands Antilles	Puerto Rico	Saint Vincent and the Grenadines	Saint Kitts and Nevis
St Lucia	Commonwealth of Dominica	Turks and Caicos	Liberia	Seychelles	Vanuatu
Marshall Islands	Nauru	Niue	Cook Islands	Samoa	Maldives
Trinidad and Tobago	Namibia	Guam	Palau	American Samoa	Fiji



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