TAX CODE OF UKRAINE

SECTION I. GENERAL PROVISIONS

Article 1. Application Area of the Tax Code of Ukraine

1.1. The Tax Code of Ukraine governs the relations that arise in the area of charging taxes and duties, for instance, establishes an exhaustive list of taxes and duties charged in Ukraine and the procedure of the administration thereof, the payers of taxes and duties, their rights and responsibilities, the competence of control agencies and the powers and responsibilities of their officials in the course of the exercise of the tax control, as well as the liability for the violations of the tax legislation.

1.2. Rules of taxation of commodities or services that move across the customs border of Ukraine shall be determined by this Code, except for the taxation by means of import tax or export tax, which shall be determined by the Customs Code of Ukraine and other customs laws.

1.3. This Code shall not govern the issues of tax liabilities repayment or collection of the tax debt from the persons, to whom the court procedures apply, which are determined by the Law of Ukraine “On Re-establishing Debtor Solvency or Declaring It Bankrupt”, from the banks, to which the norms of Section V of the Law of Ukraine “On Banks and Banking Activities” apply, and repayment of the unified obligatory national pension insurance fee.

Article 2. Amendment of the Tax Code of Ukraine

2.1. Amendment of the provisions of this Code may be effected only by way of the amendment of this Code.

Article 3. Tax Legislation of Ukraine

3.1. The tax legislation of Ukraine shall consist of the Constitution of Ukraine; this Code; the Customs Code of Ukraine and other customs laws in the part of regulating legal relations arising in connection with the taxation by import or export duty of commodities moved across the customs border of Ukraine (hereinafter referred to as the “customs laws”); effective international treaties on taxation accepted as binding by the Verkhovna Rada of Ukraine; regulatory acts adopted on the basis and in pursuance of this Code and customs laws; decisions of the Verkhovna Rada (Parliament) of the Autonomous Republic of Crimea, local self-government bodies concerning the issues of local taxes and duties, made in line with the rules specified by this Code.
3.2. If an international treaty accepted as binding by the Verkhovna Rada (Parliament) of Ukraine specifies rules other than those prescribed by this Code, the rules of the international treaty shall apply.

Article 4. Major Fundamental Principles of the Tax Legislation of Ukraine

4.1. The tax legislation of Ukraine is based upon the following principles:

4.1.1. general nature of taxation – each person shall be obliged to pay the taxes and duties established by this Code, by customs laws, for whose purposes this person is taxable under the provisions of this Code;

4.1.2. equality of all taxable persons before the law, prevention of any occurrences of tax discrimination – facilitation of equal treatment of all taxable persons independently of social, racial, national, religious affiliation, form of ownership of legal entity, citizenship of individual, place of capital origin;

4.1.3. unavoidable responsibility as stipulated by the law in case of violation of the tax legislation;

4.1.4. presumption of legality of the decisions of a taxable person if any provision or other regulatory act issued in pursuance of the law, or if the provisions of different laws or different regulatory acts allow for the controversial (multiple) understanding of the rights and responsibilities of the taxable persons or control agencies, which results in the possibility to take a decision to the benefit both of the taxable person and the control agency;

4.1.5. fiscal sufficiency – taxes and duties shall be established with regard to the necessity of reaching the balance of budget expenses and obtainments;

4.1.6. social justice - taxes and duties shall be established on the basis of financial solvency of the taxable persons;

4.1.7. economic efficiency of taxation - establishment of taxes and duties, the budget obtainments from the payment whereof considerably exceed the expenses on their administration;

4.1.8. neutral nature of taxation - taxes and duties shall be established in the way that shall not influence the increase or decrease of the competitive ability of a taxable person;

4.1.9. stability – changes to any elements of taxes and duties must be made no later than six months before the beginning of the new budget period, in which the new rules and rates shall be effective. Taxes and duties, their rates, as well as tax breaks may not be changed during a budget year;

4.1.10. equal distribution and ease of payment - the deadlines for the payment of taxes and duties shall be established based on needs to secure the timely obtainment of funds to the budgets for the purpose of budget expenses and the ease of their payment by the taxable persons;

4.1.11. unified approach to the establishment of taxes and duties - all the necessary elements of taxation shall be determined at the legislative level.
4.2. National and local taxes and duties not stipulated for collection by this Code shall not be subject to payment.

4.3. Taxable periods and deadlines for payment of taxes and duties shall be established based on needs to secure the timely obtainment of funds to the budgets with regard to the ease of their payment by the taxable person and decrease of expenses for the administration of taxes and duties.

4.4. Taxes and duties, as well as breaks for taxable persons shall be instituted and repealed in line with this Code by the Verkhovna Rada of Ukraine, the Verkhovna Rada of the Autonomous Republic of Crimea, and village, town and city councils within the scope of their powers, stipulated by the Constitution of Ukraine and the laws of Ukraine.

**Article 5. Relationship between Tax Legislation and Other Legislative Acts**

5.1. Notions, rules and provisions established by this Code and customs laws shall be applied solely to regulate the relations stipulated by Article 1 of this Code.

5.2. If notions, terms, rules and provisions of other acts contradict the notions, terms, rules and provisions of this Code, the notions, terms, rules and provisions of this Code shall be applied to regulate taxation relations.

5.3. Other terms used and not defined in this Code shall be used in the meaning established by other laws.

**Article 6. Notion of Tax and Duty**

6.1. A tax is a compulsory, unconditional payment to the appropriate budget charged from taxable persons in accordance with this Code.

6.2. A duty (payment, contribution) is a compulsory payment to the appropriate budget charged from payers of dues on condition they obtain special benefit, particularly as a result of the performance of actions with the legal effect to their benefit by state authorities, local self-government bodies, other authorised bodies and parties.

6.3. The aggregate of national and local taxes and duties levied as per the procedure established by this Code shall constitute the tax system of Ukraine.

**Article 7. General Principles of Tax and Duty Assessment**

7.1. The following elements must be defined while instituting a tax:

7.1.1. taxable persons;
7.1.2. taxation object;
7.1.3. taxable amount;
7.1.4. tax rate;
7.1.5. tax calculation procedure;
7.1.6. tax period;
7.1.7. time frames and procedure of the tax payment;
7.1.8. time frames and submission procedures for the tax calculation and payment reports.

7.2. Tax breaks and the procedure of their application may be provided for while instituting a tax.

7.3. Any taxation issues shall be regulated by this Code and may not be instituted or changed by other laws of Ukraine, except for the laws that contain solely provisions on amending this Code and/or provisions instituting responsibility for the violation of tax law provisions.

7.4. Elements of tax determined in item 7.1 of this article, grounds for the provision of tax breaks and procedure of their application shall be regulated solely by this Code.

Article 8. Types of Taxes and Duties
8.1. National and local taxes and duties shall be established in Ukraine.

8.2. Taxes and duties instituted by this Code and being obligatory for the payment on the whole territory of Ukraine, except for cases covered by this Code, shall be deemed national.

8.3. Taxes and duties instituted in accordance with the list and within the scope of ultimate rates determined by this Code, decisions of village, town and city councils made within the scope of their powers and being obligatory for the payment on the territory of relevant territorial communities shall be deemed local.

Article 9. National Taxes and Duties
9.1. The following taxes and duties shall be national:
9.1.1. the corporate profit tax;
9.1.2. the individual income tax;
9.1.3. the value-added tax;
9.1.4. the excise tax;
9.1.5. the vehicle first registration fee;
9.1.6. the environmental tax;
9.1.7. the rental fee for the transportation of oil and oil products with main pipelines and oil product pipelines, the transit of the natural gas and ammonia with pipelines across the territory of Ukraine;
9.1.8. the rent for the use of oil, natural gas and gas condensate produced in Ukraine;
9.1.9. the rent for the use of subsurface resources;
9.1.10. the land fee;
9.1.11. the duty for the use of the radiofrequency resource of Ukraine;
9.1.12. the special water resource use duty;
9.1.13. the special forest resource use duty;
9.1.14. the fixed agricultural tax;
9.1.15. the duty for the development of viniculture, horticulture and hopgrowing;
9.1.16. the duty;
9.1.17. the duty in the form of a special-purpose supplement to the applicable electrical and thermal energy tariff, except for the electrical energy produced by the qualifying cogeneration facilities;
9.1.18. the duty in the form of a special-purpose supplement to the applicable natural gas tariff for the consumers of all forms of ownership.

9.2. Relations associated with the institution and the collection of the duty shall be governed by the customs legislation, unless this Code provides otherwise.

9.3. Crediting of the national taxes and duties into the State Budget of Ukraine and local budgets shall be performed in accordance with the Budget Code of Ukraine.

9.4. It shall be prohibited to institute national taxes and duties not envisaged by this Code.

Article 10. Local Taxes and Duties

10.1. The following taxes shall be local:
10.1.1. the real estate tax for property other than land plots;
10.1.2. the universal tax.

10.2. The following duties shall be local:
10.2.1. the duty for the exercise of some business activities;
10.2.2. the duty for vehicle parking places;
10.2.3. the tourism duty.

10.3. Local councils shall be required to institute the real estate tax for property other than land plots, the universal tax and the duty for the exercise of some business activities.

10.4. Local councils, within the scope of their powers determined by this Code, shall solve on their own in line with requirements of this Code the issues of the introduction of the duty for vehicle parking places, the tourism duty.

10.5. It shall be prohibited to institute local taxes and duties not envisaged by this Code.

10.6. Crediting of the local taxes and duties into appropriate local budgets shall be performed in accordance with the Budget Code of Ukraine.

Article 11. Special Tax Arrangements

11.1. Special tax arrangements shall be instituted and applied in cases and according to the procedure determined solely by this Code.
11.2. Special tax arrangement is a system of measures that determines the special procedure of taxation towards certain economic agent categories.

11.3. Special tax arrangement may provide for the special procedure of tax and duty elements determination, exemption from payment of certain taxes and duties.

11.4. Tax arrangements not defined as special tax arrangements by this Code shall not be recognized as such.

**Article 12. Powers of the Verkhovna Rada of Ukraine, the Verkhovna Rada of the Autonomous Republic of Crimea, Village, Town and City Councils in Respect of Taxes and Duties**

12.1. The Verkhovna Rada of Ukraine shall establish national taxes and duties on the territory of Ukraine and determine:

12.1.1. the list of national taxes and duties;

12.1.2. the list of local taxes and duties whose institution falls within the competence of village, town and city councils;

12.1.3. the provisions indicated in items 7.1, 7.2 of Article 7 of this Code in respect of national taxes and duties;

12.1.4. the provisions indicated in items 7.1, 7.2 of Article 7 of this Code in respect of local taxes and duties.

12.2. Powers of the Verkhovna Rada of the Autonomous Republic of Crimea shall include:

12.2.1. the institution on the territory of the Autonomous Republic of Crimea of the national duty listed in sub-item 9.1.9 of item 9.1 of Article 9 of this Code (except for the rent for the use of subsurface resources for retrieving mineral resources of national value) within the scope of its ultimate rates defined by this Code;

12.2.2. the medication of rates of the duty listed in sub-item 12.2.1 of item 12.2 of this article within the scope of its ultimate rates defined by this Code, according to the procedure established by this Code;

12.2.3. the specification of the amount and provision of additional tax and duty breaks within the scope of amounts credited to the budget of the Autonomous Republic of Crimea under Article 69 of the Budget Code of Ukraine.

12.3. Village, town and city councils, within the scope of their authorities, shall make decisions to institute local taxes and duties.

12.3.1. Institution of local taxes and duties shall be performed according to the procedure defined by this Code.

12.3.2. At taking a decision to institute local taxes and duties, it is necessary to define the taxation object, taxable person, tax rate, tax period, and other essential elements defined by Article 7 of this Code subject to the criteria determined by Section XII of this Code for the appropriate local tax or duty.
12.3.3. A copy of the decision to institute local taxes and duties shall be sent within ten days from the day of publishing to the state tax service agency, where the payers of appropriate local taxes and duties are entered into records.

12.3.4. The decision to institute local taxes and duties shall be officially published by the appropriate local self-government body till July 15 of the year prior to the budget period, within which it is planned to apply the instituted local taxes and duties or changes thereof (planning period). Otherwise, the provisions of the appropriate decisions shall be applied no earlier than the beginning of the budget period following the planning period.

12.3.5. If a village, town or city council has not approved a Decision to institute relevant local taxes and duties, which must be instituted under the provisions of this Code, the said taxes and duties shall be charged on the basis of provisions of this Code with the application of the minimum local tax and duty rate.

12.3.6. The central agency of the state tax service shall approve forms of local tax and duty declarations (calculations) under the procedure prescribed by this Code and, if necessary, provides methodological recommendations on the completion of the said calculations.

12.3.7. Village, town or city councils shall be prohibited to set individual preferential rates of local taxes and duties for specific legal entities or individuals — entrepreneurs and individuals, or to exempt them from the payment thereof.

12.4. The powers of the village, town or city councils in respect of taxes and duties shall include:

12.4.1. establishment of the universal tax rates within the scope of rates established by legislative acts;

12.4.2. establishment of the list of tax agents under Article 268 of this Code;

12.4.3. before the beginning of the following budget period, to take the decision on the establishment of local taxes and duties, change to the rates thereof, to the taxation object, procedures of instituting and extending tax breaks, resulting in the change of tax liabilities of the taxable persons and coming into effect since the beginning of the new budget period.

12.5. The officially published decision of instituting local taxes and duties shall be deemed a regulatory act on the issues of taxation by local taxes and duties, which shall become effective with the consideration of terms prescribed by sub-item 12.3.4 of this article.

Article 13. Elimination of Double Taxation

13.1. Revenues obtained by a resident of Ukraine (except for individuals) from sources outside Ukraine shall be taken into account while determining its taxation object and/or taxable amount in full.

13.2. In case of the ascertainment of the taxation object and/or taxable amount, the expenses incurred by a resident of Ukraine (except for individuals) in connection
with the obtainment of revenues from sources outside Ukraine shall be taken into account according to the procedure and in amounts specified by this Code.

13.3. Income received from sources outside Ukraine by resident individuals shall be included into the aggregate annual taxable income, except for the revenues not subject to taxation in Ukraine according to the provisions of this Code or an international treaty accepted as binding by the Verkhovna Rada of Ukraine.

13.4. Amounts of taxes and duties paid outside Ukraine shall be taken into account while calculating taxes and duties in Ukraine according to the rules specified by this Code.

13.5. In order to become eligible for netting of taxes paid outside Ukraine, a taxable person must obtain a certificate for the amount of the collected tax and the base and/or object of its accrual from the state authority of the country, where the income (profit) in question is obtained, authorized to charge the said tax. The said certificate must be legalized by a relevant consular institution of Ukraine in the relevant country, unless effective international treaties of Ukraine provide otherwise.

**Article 14. Definition of Terms**

14.1. Terms shall have the following meanings herein:

14.1.1. “Aval” shall be understood as bank guarantee of a promissory note, under which the bank takes an obligation before the holder of the promissory note that the maker of the promissory note shall execute payment of the tax receipt, which shall be effected by the bank’s per aval inscription on each copy of the tax receipt;

14.1.2. “Assets” shall be understood according to the meaning established in the Law of Ukraine “On Accounting and Financial Reporting in Ukraine”;

14.1.3. “Depreciation” shall be understood as a systematic division of value of fixed assets, other capital and intangible assets to be depreciated during the term of their value-added use (handling);

14.1.4. “The excise tax” shall be understood as an indirect tax on the consumption of particular commodities (produce) defined by this Code as excisable, which shall be included into the price of such commodities (produce);

14.1.5. “Alcoholic beverages” shall be understood as commodities obtained by means of alcoholic fermentation of sacchariferous materials or produced with potable alcohol with ethyl alcohol content exceeding 1.2 percent of volume units specified in the commodity positions 2204, 2205, 2206, 2208 under the Ukrainian Classification of Commodities for Foreign Economic Activity (UKT ZED);

14.1.6. “The excise warehouse” shall be understood as the specially equipped buildings on the limited area (hereinafter referred to as the “buildings”) located on the customs territory of Ukraine, where the disposer of the excise warehouse performs its business activity by way of the manufacture, the treatment (the processing), the blending, the bottling, the packaging, the filling, the storage, the receipt or the issue of
ethyl alcohol, vodka and alcoholic beverages under the control of permanent representatives of the state tax service agency;

14.1.7. “Disputing decisions of the control agencies” shall be understood as disputing by the taxable person of the tax notice — a decision on establishing the amounts of monetary liability of the taxable person or any decision of the the control agency in accordance with the terms and conditions established by this Code following the administrative dispute procedures, or following the court procedure;

14.1.8. “Auction” (public sale) shall be understood as a public method of the sale of assets for the obtainment of the maximum proceeds from the sale of assets at the specific time in a certain venue;

14.1.9. “Book value of fixed assets, other capital and intangible assets” shall be understood as the amount of the residual value of the said instruments and assets defined as the difference between the initial value with consideration of overrating and the sum of the accumulated depreciation;

14.1.10. “Barter (commodity-exchange) transaction” shall be understood as a business transaction that provides for the settlement for commodities (work, services) in non-pecuniary form within the scope of one contract;

14.1.11. “Bad debt” shall be understood as the debt that has any of the following features:

a) the debt under liabilities for which the limitation period has passed;

b) the overdue debt that is not repaid due to the insufficiency of the property of the individual, provided that the actions of the creditor aimed at the forced collection of the property of the borrower have not resulted in the full repayment of the debt;

c) the debt remaining not repaid due to the insufficiency of the property of:

business entities declared bankrupt under the procedure prescribed by law or, in case of the liquidation thereof, withdrawn from the registration as a business entity;

d) the debt remaining not repaid due to the insufficiency of funds derived from the sale of the property of the borrower granted as pledge to secure the debt from a public auction or otherwise as provided for by the pledge contract, provided that other legal actions of the creditor aimed at the forced collection of other property of the borrower have not resulted in the repayment of the debt in full;

e) the debt that cannot be collected due to circumstances of force majeure or a natural disaster confirmed according to the procedure prescribed by the legislation;

f) the overdue debt of deceased individuals, as well as individuals declared by court to be missing, deceased or legally incapable, as well as the overdue debt of individuals convicted for the imprisonment;

14.1.12. “Base freight rate” shall be understood as freight amount, including cargo loading, unloading, reloading and storage (safekeeping) expenses, multiplied by the amount of voyage expenses or any other vehicle trip expenses, which the freighter shall pay (reimburse) under the concluded freight contract;

14.1.13. “Commodities, work and services provided on a gratis basis” shall be understood as:
a) commodities granted under contracts of donation, other contracts that do not provide for the pecuniary or other compensation for the value of such commodities or the return thereof, or without the conclusion of such contracts;
b) work (services) performed (provided) without putting forward demands for the compensation for the value thereof;
c) commodities handed over into the custody of a legal entity or individual, and used thereby;

14.1.14. “Bioethanol” shall be understood as dehydrated ethyl alcohol produced out of biomass for use as biofuel and specified in the commodity position UKT ZED 2207;

14.1.15. “Buildings” shall be understood as land improvements consisting of load-bearing and fencing or combined (load-bearing and fencing) structures that create ground-based or underground rooms intended for the permanent or temporary stay of people therein, the placement of the property objects, animals, plants, safekeeping of other material valuables, performance of business activities;

14.1.16. “Budget manufacture subsidy” shall be understood as the non-repayable financial aid of the state granted to a business entity to improve its financial and economic situation and/or to ensure the manufacture of commodities, the performance of work, the provision of services;

14.1.17. “Budget-funded institution” shall be understood in the meaning established in the Budget Code of Ukraine;

14.1.18. “Budget reimbursement” shall be understood as the reimbursement of the negative value of the value-added tax on the basis of confirmed legitimacy of the amounts of budget reimbursement of the value-added tax by the results of the inspection of a taxable person, including automatic budget reimbursement in accordance with the procedure and the criteria determined in Section V of this Code;

14.1.19. “Depreciated value of fixed assets, other capital and intangible assets” shall be understood as initial or recalculated value of fixed assets, other capital and intangible assets excluding their liquidated value;

14.1.20. “Depreciated value of low-value capital material assets” shall be understood as initial or recalculated value of low-value capital material assets;

14.1.21. “Cargo for the purposes of Section IX” shall be understood as natural gas, oil and oil products (petroleum products), as well as ammonia;

14.1.22. “The maker of the promissory note for the purposes of Section VI” shall be understood as a business entity — manufacturer, which receives petroleum products from the refining venture or imports them onto the customs territory of Ukraine for their use as raw material for the manufacture of produce specified in Article 229 of this Code;

14.1.23. “The holder of the promissory note for the purposes of Section VI” shall be understood as the state tax service agency by the registration place of the maker of the promissory note;
14.1.24. “Major taxable person” shall be understood as a legal entity, whose amount of revenues from all activities during the latest four continuous tax (reporting) quarters exceeds UAH five hundred million, or whose total amount of taxes paid to the State Budget of Ukraine on payments controlled by the state tax service agencies during the same time period exceeds UAH twelve million;

14.1.25. “ Manufacture for the purposes of Section X of this Code” shall be understood as the technological process of extraction of hydrocarbon raw materials from subsurface objects to the surface, in particular during the geological study;

14.1.26. “Wine-making products” shall be understood as natural grape wines, natural fortified wines, champagnes, sparkling, carbonated wines, vermouth, brandies, grape juice and other wine materials, cognacs, other alcoholic beverages made of grapes, fermented fruit and berry beverages;

14.1.27. “Expenses” shall be understood as the amount of any expenses of a taxable person in the pecuniary, tangible or intangible forms incurred for the performance of business activity of the taxable person, which result in the decrease of economic benefits in the form of disposal of assets or increase of liabilities followed by the decrease in the proprietary capital (except for the changes to the capital through its withdrawal or division by owner);

14.1.28. “Finished products” shall be understood as the total volume of products produced in accordance with the product sharing agreement and delivered to the measurement station;

14.1.29. “Renewable energy sources” shall be understood as sources of wind, solar, geothermal energy, wave and tide energy, hydro energy, energy of biomass, gas from non-organic waste, gas of the sewage treatment stations, biogases;

14.1.30. “Separated units” shall be understood in the meaning established in the Civil Code of Ukraine;

14.1.31. “Disposal of assets” shall be understood as any taxable person's actions that result in the forfeiture by the taxable person of its ownership of assets belonging to such taxable person subject to the procedure stipulated by the law, or of its right of use, in particular, of natural resources granted for its use under the due legislative procedure;

14.1.32. “Custody” shall be understood as a business transaction of a taxable person that provides for the conveyance of material valuables under custody contracts for the storage to another individual or legal entity without the right to use the same in the business of the said party with the subsequent return of the said material valuables to the taxable person without the modification of qualitative or quantitative features;

14.1.33. “Relevant route” shall be understood as the way the cargo shall be transported (moved), based on the type of transportation services during its transit with pipelines, in particular:

between the border receiver (departure) and destination points or transfer complex for the cargo arriving from the territory of foreign states and intended for the consumption outside Ukraine;
with main pipelines, which includes provision of services of temporary storage or processing of cargo on the territory of Ukraine, to be further moved outside its territory;

14.1.34. “Land owners” shall be understood as legal entities and individuals (resident and non-resident) that have acquired the ownership of land in Ukraine in accordance with the legislation of Ukraine, as well as the territorial communities and the state in relation to the state and community owned lands respectively;

14.1.35. “Hydrocarbon raw materials” shall be understood as shall be understood as oil, natural gas (including oil (associated) gas), gas condensate that is categorized as marketable product;

14.1.36. “Business activity” shall be understood as the activity of a party related to the manufacture (production) and/or sale of commodities, the performance of work, the provision of services, that is focused on the obtainment of the income and is exercised thereby on its own and/or via its separated units, as well as via any other person acting to the benefit of the first person, for instance, under commission, entrustment and agency contracts;

14.1.37. “Business activity of mining enterprises for the production of mineral resources for the purposes of Section XI of this Code” shall be understood as the activity of a mining enterprise involving the processes of mining and initial treatment of mineral resources;

14.1.38. “Taxable person's monetary liability in international legal relations” shall be understood as the sum of money that is payable by such a taxable person to the foreign state budget as the tax liability in accordance with the terms and procedures established by the legislation of the said foreign state;

14.1.39. “Taxable person's monetary liability” shall be understood as the sum of money that is payable by such a taxable person to the appropriate budget as the tax liability and/or penalty (financial) sanction, including sanctions for violations in the field of foreign economic activities;

14.1.40. “Goodwill (business reputation value)” shall be understood as an intangible asset whose value is defined as the difference between the market value and book value of assets of the enterprise as an integral property complex arising as a result of the use of the best management qualities, the dominating positions on the market of commodities, services, novel technologies, etc. The goodwill value shall not be depreciated and shall be disregarded for the purposes of the recognition of expenses of a taxable person, in relation of the assets whereof the said goodwill has arisen;

14.1.41. “Principal-provided raw materials” shall be understood as raw materials, materials, semi-finished products, complementary items, energy sources being the property of one legal entity (Customer) and transferred to another legal entity (Producer) for the manufacture of finished products, which are to be further transferred or returned wholly or in part to their owner or to another party by its commission.
Transactions with the customer-provided raw materials in foreign economic relations shall be performed in accordance with the procedure stipulated by the Law of Ukraine “On transactions with the customer-provided raw materials in foreign economic relations”;

14.1.42. “The state land cadastre data” shall be understood as an aggregate of data and documents on the location and legal regime of land plots, evaluation thereof, classification of lands, quantitative and qualitative characteristics, division among the land owners and land users, drawn up in accordance with the law;

14.1.43. “Debtor” shall be understood as a party that owes certain amounts of funds, the equivalent thereof or other assets to another party as a result of past events;

14.1.44. “Usual deposit” shall be understood as funds granted by legal entities or individuals to a resident determined by a financial organization subject to the legislation of Ukraine or to a non-resident for operation for a fixed term or on demand basis and with an interest rate, under the condition of payment thereof on first demand or return by the end of term stipulated by the contract. Attraction of deposits may be effected in the form of issuance (emission) of savings (deposit) certificates. The rules of performing deposit transactions shall be established: for bank deposits — by the National Bank of Ukraine subject to the legislation; for deposits to other financial institutions — by a state authority, stipulated by the law;

14.1.45. “Derivative” shall be understood as a standard document that certifies the right and/or undertaking to acquire or sell securities, tangibles or intangibles, as well as funds in the future on conditions specified therein. The standard (typical) form of derivatives, and the procedure of the issue and the circulation thereof shall be prescribed by the legislation.

Derivatives include:

14.1.45.1. “Swap” shall be understood as the civil-law contract of performing an exchange of the flows of payments (cash or non-cash) or other assets, calculated basing on the price (quotation) of basic assets within the scope of the price affixed by the contract for the particular date of payments (date of settlement) during the effective term of the contract;

14.1.45.2. “Option” shall be understood as the civil-law contract, whereby one contracting party shall obtain the right to purchase (sell) the basic asset, and the other party shall take an unconditional liability to sell (purchase) the basic asset in future during the effective term of the option or by the established date (date of performance) at the price of the basic asset affixed at the time of concluding the said contract. Under the conditions of the option, the Buyer pays to the Seller the option premium;

14.1.45.3. “Forward contract” shall be understood as the civil-law contract, whereby the Seller obliges to transfer the basic asset to the ownership of the Buyer in future by the established time under specified conditions, and the Buyer obliges to receive the basic asset by the established time and to pay the price affixed by the said contract.
All the conditions of the forward shall be established by the parties to a contract at the time of concluding thereof.

Arrangement of forwards and their circulation shall be performed out of the scope of the organizer of trade with standardized term contracts;

14.1.45.4. “Futures contract/long-term contract (future)” shall be understood as a standardized term contract, whereby the Seller obliges to transfer the basic asset to the ownership of the Buyer in future by the established time (date of performance of futures contract liabilities) under the conditions determined by the specification, and the Buyer obliges to receive the basic asset and to pay the price affixed by the parties to the said contract by the date of concluding thereof.

Futures contract shall be fulfilled in accordance with the specification thereof through the provision of the basic asset and payment thereof with funds or by conducting between the parties to a contract of cash payments without the provision of the basic asset.

Fulfilment of futures liabilities shall be secured through the creation of the appropriate conditions by the organizer of trade with standardized term contracts;

14.1.46. “Entertainment business” shall be understood as business activity of legal entities and individual entrepreneurs, which comprises conducting lotteries, as well as entertaining games, the participants whereof shall not receive any pecuniary or property prizes (payoffs), in particular, pool, skittle-alley, bowling, table games, children’s video games, etc.;

14.1.47. “Additional benefits” shall be understood as funds, tangibles or non-tangibles, services, other types of income disbursed (provided) to a taxable person by a tax agent, if such income is not a salary, or is not related to the performance of the hired labour duties, or is not an emolument under civil-law contracts (agreements) concluded with such a taxable person (except for instances, directly stipulated by the provisions of Section IV of this Code);

14.1.48. “Salary for the purposes of Section IV of this Code” — main and complementary salary, other perquisites and compensations disbursed (provided) to a taxable person in relation with the performance of the hired labour duties in accordance with the law;

14.1.49. “Dividend” shall be understood as a payment made by a legal entity being an issuer of corporate rights or investment certificates to the benefit of an owner of such corporate rights, investment certificates and other securities that confirm the title of the investor to an interest (unit) in the estate (assets) of the issuer in connection with the allocation of a part of its profit calculated according to the accounting rules.

Of equal value to dividends shall be a payment made by a state-owned unitary, commercial, government-owned or community-owned enterprise to the benefit of the state or the local self-government body respectively in connection with the allocation of a part of the profit of such an enterprise, the payment made to the holder of a certificate of a real estate transaction fund as a result of the allocation of the income of the real estate transaction fund. At that, the positive or negative value of the taxation
object calculated under Section III of this Code shall not affect the dividend accrual procedure;

14.1.50. “Bioethanol-based additives” shall be understood as the biocomponents of motor fuel obtained through synthesis using Bioethanol or by blending Bioethanol with organic compounds and fuel procured from hydrocarbon raw materials, which are categorized as biofuel and the content of Bioethanol wherein fulfils the requirements of regulatory documents;

14.1.51. “Production of mineral resources” shall be understood as an aggregate of technological operations of extraction, in particular, from the deposits of water pool beds, and moving, including temporary storage, to the surface of portions of subsurface layers (geological materials, crude ore, etc.), which contain mineral resources;

14.1.52. “Long-term life insurance contract” shall be understood as a life insurance contract for five and more years that provides for a single insurance payment or payment in the form of annuity in case of the attainment of the expiry of the term of the insurance contract by the insured party or an event specified in the insurance contract, or the attainment of the age specified in the contract. The said contract may not provide for partial disbursements during the first five years of its validity, except for those in case of insured accidents associated with the death or illness of the insured individual or an accident that has resulted in the Group I or Group II disability of the insured party or disability of a party under 18 years of age. At that, the taxable person being an employer may not be the beneficiary under such life insurance contracts;

14.1.53. “Foreign state document, whereupon collection of the tax debt amount is performed in international legal relations” shall be understood as the decision of the competent foreign state agency of charging a tax debt to the budget of such state, which is to be effected on the territory of Ukraine by the demand of the said competent body subject to the international treaty of Ukraine;

14.1.54. “Income (profit) sourced from Ukraine” shall be understood as any income received by residents or non-residents from any form of their activities on the territory of Ukraine (including compensation payment (accruals) by foreign employers) and its continental shelf, its exclusive (maritime) economic zone, including without exception the income in the form of:

a) the interest, the dividends, the royalties and any other passive (investment) income paid by residents of Ukraine;

b) the income from granting property located in Ukraine, including the rolling stock registered with ports located in Ukraine, on lease to residents and non-residents;

c) the income from the sale of the movable property and real estate located in Ukraine, the income from the alienation of corporate rights, securities, including the shares of Ukrainian issuers;

d) the income in the form of risk insurance and re-insurance contributions and premiums on the territory of Ukraine;
e) the income of resident insurers from insuring risks of resident insured parties outside Ukraine;

f) other income from business activities, in particular, related to any full or partial transfer of rights and obligations under product division agreements, on the customs territory of Ukraine or the territories being under the control by customs services of Ukraine (in customs control zones, specialised bonded customs warehouses, etc.);

g) inheritance, gifts, winnings, prizes;

h) salary, other payments and awards paid in accordance with the conditions of labour and civil-right contract;

i) the income from entrepreneurial and independent professional activities;

14.1.55. “Income (profit) sourced outside Ukraine” shall be understood as any income received by residents from any forms of their activity outside the customs territory of Ukraine, including the interest, the dividends, the royalties and any other forms of passive income, inheritance, gifts, winnings, prizes; the income from the performance of work (the provision of services) under the conditions of civil-right and labour contracts; the income from granting the property located outside Ukraine, including the rolling stock registered with ports located outside Ukraine, on lease (for use) to the residents; the income from the sales of the property located outside Ukraine; the income from the alienation of investment assets, including corporate rights, securities, etc.; other income from any business activities outside the customs territory of Ukraine or on the territories not controlled by the customs service of Ukraine;

14.1.56. “Income” shall be understood as the overall amount of any revenues of a taxable person resulting from all types of activities accrued (received) over the reporting period in pecuniary, tangible or intangible form on the territory of Ukraine, its continental shelf, including (maritime) economic zone, and outside their borders;

14.1.57. “Environmental tax” shall be understood as a national-level statutory fee payable on the actual volumes of the emissions of contaminants into the atmosphere, the discharges of contaminants into water pools, the placement of the waste, the actual amount of radioactive waste temporarily stored by their producers, the actual amount of produced radioactive waste, and the actual amount of radioactive waste amassed by April 1, 2009;

14.1.58. “Issuance income” shall be understood as the amount of the exceeding of proceeds of the issuer from the emission (issue) of own shares (other corporate rights) and investment certificates over the par value of such shares (other corporate rights) and investment certificates (in case of the initial public offering (placement) thereof) or over the repurchase price in case of the repeated placement of investment certificates and shares of investment funds;

14.1.59. “The housing maintenance and utilities board” shall be understood as the legal entities that directly produce, create and/or provide housing maintenance and utilities services (shall be applicable to Section XVI of this Code);
14.1.60. “The Universal Tax Receipt Register” shall be understood as the register of data concerning tax receipts and adjustment calculations, which shall be filled in by the central state tax agency in electronic format in accordance with the electronic documents submitted by the payers of the value added tax;

14.1.61. “Non-tariff regulating measures”:
1 — licensing and quotation of foreign economic activities;
2 — application of special measures in relation of the import of commodities into Ukraine;
3 — registration procedure of foreign economic contracts;
4 — procedure of granting licenses for import, export right in relation of alcohol, alcoholic beverages and tobaccos;
5 — authorization system of export control service;
6 — certification of commodities imported into Ukraine;
7 — authorization system of state authorities performing sanitary-epidemiological, veterinary, phytosanitary, environmental, and other types of control;
8 — registration of drugs, medical products, immunobiological drugs, nutritional supplements;
9 — application of state assay control;

14.1.62. “The duty, taxation, payer of duty” shall be understood as the duty for the use of the radiofrequency resource of Ukraine, taxation by the duty for the use of the radiofrequency resource of Ukraine, payer of duty for the use of the radiofrequency resource of Ukraine (applied to Section XV of this Code);

14.1.63. “The duty, taxation, payer of duty” shall be understood as the special water use duty, payer of the special water use duty (applied to Section XVI of this Code);

14.1.64. “The duty, taxation, payer of duty” shall be understood as the special forest resource use duty, taxation by the special forest resource use duty, payer of the special forest resource use duty (applied to Section XVII of this Code);

14.1.65. “Special forest resource use duty” shall be understood as the national duty charged as payment for the special forest resource use (applied to Section XVII of this Code);

14.1.66. “The duty for the use of the radiofrequency resource of Ukraine” shall be understood as the national duty charged as payment for the use of the radiofrequency resource of Ukraine (applied to Section XV of this Code);

14.1.67. “The special water use duty” shall be understood as the national duty (applied to Section XVI of this Code) charged for the special:
   a) use of water from water pools;
   b) use of water received from other water users;
   c) use of water without its extraction from water pools for the needs of hydro energetic and water transport;
   d) use of water for the needs of fishing;
14.1.68. “The payment for the exercise of some business activities for the purposes of Section XII of this Code” shall be understood as the amount of funds to be paid for the purchase and use of trade patent;

14.1.69. “Usual deposit (savings) interest rate” shall be understood as the interest rate set for each type of a deposit (savings) for all depositors on standard conditions determined under internal rules of a financial institution, which shall be officially published by the date of signing a deposit contract;

14.1.70. “Usual credit (loan) interest rate” shall be understood as the level of the income of a financial institution in the form of the interest rate on a credit (loan), which is ascertained depending on the credit (loan) type within the limits of the minimum and maximum interest rate levels and tariffs for such services under such a credit (loan) type for all borrowers on the basis of standard conditions defined by internal rules of a financial institution;

14.1.71. “Usual price” shall be understood as the price for commodities (work or service results) determined by parties to a contract, unless this Code provides otherwise. Unless the opposite is proven, it shall be deemed that the said usual price matches the level of fair market prices;

14.1.72. “Land tax” shall be understood as a statutory fee charged from individual owners of land plots and land lots (shares), as well as permanent land users (hereinafter referred to as the “tax for the purpose of Section XIII of this Code”);

14.1.73. “Land users” shall be understood as legal entities and individuals (resident and non-resident), to which the state and community owned land plots have been provided for use in accordance with the legislation of Ukraine, for instance, on lease conditions;

14.1.74. “Land plot” shall be understood as a part of the land surface with specific boundaries, certain location, the designated (business) use and specified rights related thereto;

14.1.75. “Land improvement” shall be understood as the results of any measures leading to the changes of the qualitative characteristics of a land plot and its value. Land improvements include tangible objects, which are located within the boundaries of a land plot and cannot be moved without the loss of value thereof and change of their designated use, as well as the results of business activities or performance of specific types of work (change of relief, enrichment of soils, placement of seeds, perennial plantings, engineering infrastructure, etc.);

14.1.76. “Agricultural grounds” shall be understood as the grounds allocated for the production of agricultural products, performance of agricultural scientific-research and study activities, placement of corresponding production infrastructure, including the infrastructure of wholesale markets of agricultural products, or designated for the said purposes;

14.1.77. “Agricultural grounds for the purpose of Chapter 2 of Section XIV of this Code” shall be understood as the grounds allocated for the production of agricultural products;
14.1.78. “The lands for residential and public developments” shall be understood as the land plots within the boundaries of population centres used for placement of residential developments, public buildings and structures, other objects of public use;

14.1.79. “Considerable subsurface reserves” shall be understood as subsurface reserves, the amount whereof exceeds the inconsiderable subsurface reserves;

14.1.80. “Identical commodities (work, services)” shall be understood as the commodities (work, services) that have the same major specific features. At that, identical commodities shall be understood as the commodities possessing the features identical to the features of evaluated commodities, in particular the following:

- the physical features;
- the quality and the market reputation;
- the country of manufacture (origin);
- the manufacturer;

14.1.81. “Investments” shall be understood as business transactions that provide for the acquisition of fixed assets, intangible assets, corporate rights and/or securities in exchange for funds or property. Investments shall be categorised into the following:

a) “Capital investments” shall be understood as business transactions that provide for the acquisition of buildings, structures, other real estate objects, other fixed assets and intangibles to be depreciated in accordance with the provisions of this Code;

b) “Financial investments” shall be understood as business transactions that provide for the acquisition of corporate rights, securities, derivatives and/or other financial instruments. Financial investments shall be categorised into the following:

“Direct investments” shall be understood as business transactions that provide for the contribution of funds or property into the authorised fund of a legal entity in exchange of corporate rights issued by such a legal entity;

“Portfolio investments” shall be understood as business transactions that provide for the purchase of securities, derivatives and other financial assets for monies on the stock or commodity market;

c) “Reinvestments” shall be understood as business transactions that provide for the capital or financial investments at the expense of the income (profit) obtained from investment transactions;

14.1.82. “Investment component” shall be understood as the funds envisaged in the licensee’s fee for the production, transmission and supply of electric power, production, transmission and supply of heat power, and production, transmission and supply of natural gas as part of the profit left at the disposal of the business entity to cover expenses for designated purposes related to the renovation, reconstruction, upgrading of fixed assets (including measures towards safety improvement and fulfilment of environmental norms) and the construction of new enterprise facilities of fuel and energy complex, with the list of such enterprises to be established by the Cabinet of Ministers (Government) of Ukraine;
14.1.83. “Investor for the taxation purposes of Section XVIII of this Code” shall be understood as a legal entity or individual that has the appropriate material, technical and economic potential or the appropriate qualification for the use of subsurface resources as confirmed with documents issued in accordance with laws (procedures) of the investor’s country, and searches for, prospects and produces hydrocarbon raw materials under the terms and conditions of the product sharing agreement;

14.1.84. Other terms for the purposes of Section III shall be used in the meanings defined by the Law of Ukraine “On Accounting and Financial Reporting in Ukraine” and in the national and international provisions (standards) of financial reporting, provisions (standards) of accounting;

14.1.85. “Engineering” shall be understood as the provision of services (the performance of work) on the composition of terms of reference, design proposals, conducting scientific research, technical and economic surveys, the performance of the engineering prospecting work for the construction of objects, the development of technical documents, the design and development of technical and technology objects, tutorial and author’s supervision in the course of the installation and commissioning work, as well as the consultancy of economic, financial or other nature related to such services (work);

14.1.86. “Joint investment institutions” (hereinafter referred to as “JII”) shall be understood as investment funds and joint funds of investment companies, corporate investment funds and share investment funds instituted subject to the legislation of Ukraine;

14.1.87. “Mortgage housing loan” shall be understood as a financial loan granted to an individual by a bank or other financial institution according to the law for a period of at least five full calendar years for financing expenses related to the acquisition of an apartment (room) or a residential house (a part thereof), or the construction of a residential house (a part thereof) that are conveyed into the ownership of the borrower subject to the acceptance of such housing (the land under such a residential house, including the house-related land plot) as pledge by the creditor;

14.1.88. “Mortgage certificate (including mortgage participation certificate and mortgage certificate with fixed incomings) shall be understood as a mortgage security secured by mortgage assets or mortgages subject to the law;

14.1.89. “Consolidated mortgage debt” shall be understood as a liability under mortgage credit contracts reformed by the creditor subject to the law;

14.1.90. “Corporate rights” shall be understood as the rights of the party with the established share in the authorised fund (capital) of a legal entity or an interest (unit) therein, including the rights to participate in the management of such a legal entity, to obtain an appropriate portion of the profit (dividends) of such a legal entity, as well as the assets in case of the liquidation thereof in accordance with the legislation, and other rights stipulated by the law and the statutory documents;
14.1.91. “Mineral resources” shall be understood as natural subsurface mineral formations of organic and non-organic origin, including any underground waters, as well as industrial mineral formations in the localities of production waste placement and losses of the products of mineral raw material treatment, which may be used in the sphere of material production and consumption directly or after initial processing;

14.1.92. “Short term trade patent for the purposes of Section XII of this Code” shall be understood as the trade patent for trading activities, the effective term whereof shall not exceed 15 calendar days;

14.1.93. “Funds” shall be understood as Ukrainian Hryvnya (UAH) or foreign currency;

14.1.94. “Compensating products” shall be understood as a portion of the finished products conveyed into the ownership of the investor by way of the compensation for its expenses;

14.1.95. “Creditor” shall be understood as a legal entity or an individual that has properly documented claims in respect of monetary liabilities to the debtor, in particular, in respect of the payment of the salary debt to employees of the debtor, and control agencies in respect of taxes;

14.1.96. “Bodies used for vehicles specified in the commodity position UKT ZED 8703” shall be understood as the bodies that have already been installed on vehicles or have been manufactured more than one year ago;

14.1.97. “Leasing (lease) transaction” shall be understood as a business transaction (other than freighting (chartering) seagoing vessels and other vehicles) of an individual or a legal entity (lessor) that envisages the provision of fixed assets to other individuals or legal entities (lessees) for use against payment and for a specific term.

The leasing (lease) transactions shall be carried out in the form of the operational leasing (lease), financial leasing (lease), reverse leasing (lease), the lease of land plots and the lease of buildings, including residential premises.

The leasing transactions shall be categorised into:

a) “Operational leasing (lease)” shall be understood as a business transaction of a legal entity or an individual that envisages the conveyance of a fixed asset acquired or manufactured by the lessor to the lessee on conditions other than those of the financial leasing (lease);

b) “Financial leasing (lease)” shall be understood as a business transaction carried out by an individual or a legal entity that envisages the conveyance of the property acquired or manufactured by the lessor and covered with the definition of a fixed asset hereunder to the lessee, together with all risks and benefits associated with the right to use and possess the leasing object.

The leasing (lease) shall be deemed financial, if the leasing (lease) contract contains one of the following conditions:

the leasing object is conveyed for a term, during which at least 75 percent of its initial value are depreciated, and the lessee is required to acquire the ownership of the
leasing object during the validity period of the leasing contract, or on its expiry at a price specified in the said leasing contract;

the book (residual) value of the leasing object as of expiry of the leasing contract amounts to not more than 25 percent of the initial value of the said leasing object as of the beginning of the leasing contract validity period;

the sum of leasing (lease) payments since the beginning of the term of the lease equals or exceeds the initial value of the leasing object;

the leasing conveyed on a financial leasing basis is manufactured to an order of the leasing recipient (lessee) and cannot be used by other parties that the leasing recipient (lessee) due to the technological and quality characteristics after the expiry of the leasing contract.

The term “financial leasing period (term)” shall be understood as a term starting with the date of the transfer or risks associated with the storage or the use of the property, or the right to the obtainment of any benefits or emoluments related to the use thereof, or any other rights arising from the right to possess, use or administer the said property to the leasing recipient (lessee), and finish with the expiry date of the leasing contract, including any period, during which the leasing recipient has the right to make a unilateral decision on the extension of the leasing period in accordance with terms and conditions of the contract.

Regardless of the business transaction’s being regulated by the provisions hereof, the parties to the contract shall have the right to identify the transaction in question as an operational leasing transaction while concluding the agreement (contract) without the right to subsequently change the status of such a transaction before the expiry date of the relevant contract;

c) “Reverse leasing (lease)” shall be understood as a business transaction carried out by an individual or a legal entity that envisages the sale of fixed assets to a financial organisation with the simultaneous reverse obtainment of the said fixed assets by such an individual or a legal entity into the operational or financial leasing;

d) “Residential lease” shall be understood as the transaction that provides for the conveyance of a residential house, apartment or their part by the owner thereof to the lessee for use for a defined term for a certain designated purpose and against a rental fee;

e) “Residential lease with repurchase” shall be understood as a business transaction carried out by a legal entity that envisages under the residential lease with repurchase contract the transfer to the other party being an individual (lessee) of the ownership rights for the real estate in the process of construction and/or residential premises against a rental fee for a long term (up to 30 years), after or before the end of which term the residential premises shall be transferred to the ownership of the lessee on condition of full lease payments and absence of other burdens and limitations on such premises. Residential lease with repurchase may envisage cession of the right of debt claim under the residential lease with repurchase contract;

14.1.98. “Wooded lands” shall be understood as land plots with wooded areas;
14.1.99. “License” shall be understood as defined in the Economic Code of Ukraine;

14.1.100. “Pawnbroker transaction” shall be understood as a transaction performed by an individual or a legal entity in the form of the obtainment of funds from a legal entity qualified as a financial institution according to the legislation of Ukraine on security of commodities or foreign currency valuables, Pawnbroker transactions shall be a form of a collateralised loan;

14.1.101. “Lottery” shall be understood as a large-scale game regardless of its name, which involves the drawing of the prize (winning) fund among the lottery players, the prize (winning) that is of random character, and which is held on the territory not limited to one premises (building). Lottery business shall be governed by a special law. The games held on a free of charge basis by legal entities and individual sole traders and intended for advertising the commodities (paid service) and enhancing the sales (service provision) of the latter shall not be categorized as a lottery, on condition that the organizers of such lotteries hold the games at the expense of their own profit (income);

14.1.102. “Duty-free shop” shall be understood as an establishment for the trade of commodities placed under the customs regime of a duty-free shop subject to Chapter 37 of the Customs Code of Ukraine;

14.1.103. “Parent companies” shall be understood as legal entities, which own other legal entities or exercises control over such legal entities as related parties;

14.1.104. “Paid parking sites” shall be understood as the territory (land) area belonging by the ownership rights to the territorial community or state, where paid parking of vehicles is performed under the decision of a self-government body;

14.1.105. “Property” shall be used in the meaning defined in the Civil Code of Ukraine;

14.1.106. “Maximum retail prices” shall be understood as the prices inclusive of all types of taxes (duties), at which the excisable commodities (products) are sold on a retail basis. The maximum retail prices for excisable commodities (products) shall be set by manufacturers or importers of such commodities (products) by declaring them in accordance with the procedure prescribed by this Code;

14.1.107. “Excise tax stamp” shall be understood as a special sign for marking alcoholic beverages and tobaccos categorised as a document subject to strict accounting procedures that confirms the payment of the excise tax, the legality of the importation and the sales of such products on the territory of Ukraine;

14.1.108. “Marketing services (marketing)” shall be understood as the services facilitating the activities of a taxable person in the sphere of market research, commodities (work, services) sales enhancement, price policy, organization and management of commodities (work, services) movement to the consumer, and post-sales servicing of the consumer within the scope of business activities of such a taxable person. Marketing services include without limitation: the services of product placement of the taxable person’s commodities in the points of sale; services of study,
research and analysis of the consumer demand; entering the commodities (work, services) of a taxable person into the sales databases; services of collection and distribution of information about the commodities (work, services);

14.1.109. “Alcoholic beverage and tobacco product marking” shall be understood as the attachment of an excise tax stamp to a bottle (package) of an alcoholic beverage or a pack (package) of a tobacco product in accordance with the procedure prescribed by the Cabinet of Ministers of Ukraine for the manufacture, storage and sale of excise tax stamps;

14.1.110. “Transportation route for the purposes of Section IX of this Code” shall be understood as the way the cargo shall be transported (moved) between the receiver (departure) and destination points, which shall be determined by the parties in the effective conditions of the transportation service provision contract;

14.1.111. “Tangible assets” shall be understood as the fixed assets and working assets in any form (including the electrical, thermal and other energy, gas, water), which are not categorized as funds, securities, derivatives and intangibles;

14.1.112. “Mineral raw materials” shall be understood as marketable commodities of a mining enterprise, which are the result of its business activities of mineral resource production, in particular, through the execution of economic contracts for services with the customer-provided raw materials, and which comply by their qualitative characteristics with the requirements of standards established by legislation or contract requirements.

Substances formed as a result of physical and chemical processing of the produced mineral resource or of the products of its initial treatment shall not be categorized as mineral raw materials;

14.1.113. “The customs fee” shall be understood as the taxes to be charged at the time the commodities are moved across the customs border of Ukraine or in relation thereto subject to this Code or the customs legislation, and control over the charging of such taxes shall be exercised by the customs agencies;

14.1.114. “Minimum excise tax liability” shall be understood as the minimum value of the tax liability related to the payment of the excise tax on cigarettes expressed as a fixed amount per 1000 pcs of cigarettes of the same name sold (transferred) on the customs territory of Ukraine or imported into the customs territory of Ukraine;

14.1.115. “Excessively Paid Monetary Liabilities” shall be understood as the amounts of funds credited to the relevant budget by the certain date in excess of the charged amounts of monetary liabilities, the deadline for the payment whereof has arrived on such a date;

14.1.116. “Non-state pension provision” shall be understood as the provision of pensions by non-state pension funds, insurance organisations and banks under the Law of Ukraine “On Non-state Pension Provision”;

14.1.117. “Independent playing places for the purposes of Section XII of this Code” shall be understood as:
places at the same playing table that enable several players to simultaneously participate in games not related to each other and do not affect results of other players;

places at the same playing machine equipped with separate monitors, coin, token or note receptacles, keyboards or other machine control facilities that make it possible for several players to play simultaneously. In this case, the game situation of one player does not depend on situations on the part of other players;

14.1.118. “Inconsiderable mineral resources” shall be understood as subsurface reserves determined on the basis of criteria set by the Cabinet of Ministers of Ukraine;

14.1.119. “Non-forest grounds” shall be understood as the grounds covered with shrubbery, service lines, agricultural land plots, waters and swamps, low-productivity land, etc.;

14.1.120. “Intangibles” shall be understood as the title to the results of intellectual activities, including the industrial property, and other similar rights recognised as the title to an object (intellectual property), the right for the use of property and property rights of a taxable person in accordance with the procedure prescribed by the legislation, in particular, the rights for the use of natural resources, property and property rights acquired in accordance with the procedure prescribed by the legislation;

14.1.121. “Not-for-profit enterprises, institutions and organisations shall be understood as the enterprises, institutions and organisations, the major purpose of the activities whereof lies not in obtaining profits, but in conducting charity activities, arts patronage, and other activities envisaged by the legislation;

14.1.122. “Non-residents” shall be understood as:

   a) foreign companies and organizations established in accordance with the legislation of another state, branches, representative offices or other separated units thereof, located on the territory of Ukraine that are registered (accredited or legalized) in accordance with the legislation of Ukraine;

   b) diplomatic missions, consular institutions and other official missions of foreign states and international organisations in Ukraine;

   c) individuals who are not residents of Ukraine;

14.1.123. “Non-agricultural land plots” shall be understood as proprietary ways and drives, field-protection forest belts and other protective plantations, except for those categorized as forestry land plots, land plots occupied by auxiliary buildings and yards, by the infrastructure of wholesale markets of agricultural products, temporarily conserved lands, etc.;

14.1.124. “New vehicle” shall be understood as a vehicle having no state registration protocol issued by the authorised Ukrainian or foreign state authorities to permit the operation thereof;

14.1.125. “Target ratio-based monetary land plot valuation for the purposes of Section XIII, Chapter 2 of Section XIV of this Code” shall be understood as the
capitalised rental income from a land plot determined in line with the legislation by the central executive agency in charge of land resources;

14.1.126. “Volume of the produced hydrocarbon raw materials” shall be understood as the volumes of oil, natural gas (including oil (associated) gas), gas condensate in the meaning defined in sub-item 14.1.128 of this article;

14.1.127. “Cargo volume” shall be understood as the volume stipulated by the contract between the transporter and the cargo forwarder to be transported (moved) by means of pipeline transportation under the essential conditions (volumes, terms and appropriate routes) of the respective contract of transportation service provision;

14.1.128. “Volume of the produced the mineral resources (raw materials)” shall be understood as the volume of marketable commodities of a mining enterprise, which, subject to Accounting provision (standard) 9 “Resources”, are accounted for by the enterprise as resources/assets, the value whereof may be credibly established, which provide the possibility for the owner thereof being a business entity to obtain economic benefit from the use thereof, and which are composed of: raw materials designated for administrative needs and for production servicing, in particular, through the execution of economic contracts for services with the customer-provided raw materials; finished products produced at a mining enterprise, in particular, through the execution of economic contracts for services with the customer-provided raw materials, which are designated for sale and comply with the qualitative and technical requirements of standards established by the contract or other regulatory act;

14.1.129. “Objects of residential real estate” shall be understood as buildings categorized as housing fund objects in accordance with the legislation, dacha and garden houses. Objects of residential real estate shall be divided into the following types:

a) “Residential house” shall be understood as a permanent building constructed in conformity with requirements of the law and other regulatory acts, and intended for the permanent residence therein.

Residential houses shall be grouped into standalone houses and multilevel apartment houses;

b) “Standalone house” shall be understood as a residential house located on a separate land plot and consisting of residential and ancillary (non-residential) rooms;

c) “Annex to a residential house” shall be understood as a part of a building located outside its main outer walls and has one (or more) common main walls with the main part of the building;

d) “Apartment” shall be understood as the isolated space in a residential house intended and suitable for the permanent residence therein;

e) “Cottage” shall be understood as a one-, one-and-a-half-storey building with small residential area intended for permanent or temporary residence and with a house-related land plot;

f) “Rooms in multi-family (communal) apartments” shall be understood as an apartment inhabited by two or more tenants;
g) “Garden house” shall be understood as a house intended for the use in summer (seasonal use), which does not comply with the standards established for residential houses in regard of the issues of regulation of building area, outdoor constructions and engineering equipment;

h) “Dacha house” shall be understood as a residential house intended for the use during a year for the purposes of the recreation out of cities;

14.1.130. “Taxed land plot area unit” shall be understood as:
within boundaries of a populated area — one (1) square metre;
outside boundaries of a populated area — one (1) hectare (ha);

14.1.131. “Similar commodities (work, services)” shall be understood as the commodities (work, services) not being identical, but have similar features and consist of similar components that makes it possible for them to perform the same functions compared to the commodities evaluated as and considered to be mutually replaceable. The following characteristics shall be taken into account while determining the similarity of the commodities (work, services):
quality and business reputation on the market;
possession of the brand / trade mark;
the country of manufacture (origin);
the manufacturer;
the year of manufacture;
new or used condition;
expiration date;

14.1.132. “Separate playing place for the purposes of Section XII of this Code” shall be understood as a playing machine, a playing/pool table, other table intended for conducting entertainment games, a bowling alley and a skittle alley. A separate playing place may contain independent playing places;

14.1.133. “Operating (banking) day” shall be understood as the part of the business day when documents for the transfer are accepted and for the withdrawal thereof, and if the operation capabilities allow, the processing, transfer and execution of such documents is performed;

14.1.134. “Operation with customer-provided raw materials” shall be understood as processing (treatment, enrichment or use) of customer-provided raw materials (independently of the number of customers and performers, and of stages (operations)) with the purpose of receiving finished products at the appropriate charge. Operations with customer-provided raw materials include the operations, where the raw materials of the customer at a certain stage of their processing make up no less than 20 percent of the total value of the finished products;

14.1.135. “Taxation for the purposes of Section IX of this Code” shall be understood as the taxation with the rental fee for the transit of the natural gas with pipelines across the territory of Ukraine, the taxation with the rental fee for the transportation of oil with main pipelines across the territory of Ukraine, the taxation with the rental fee for the transportation of oil products with oil product pipelines
across the territory of Ukraine, the taxation with the rental fee for the ammonia transit with ammonia pipelines across the territory of Ukraine;

14.1.136. “State and community owned land plot rental fee” shall be understood as a compulsory payment made by the lessee to the lessor for the use of a land plot (hereinafter in Section XIII referred to as the “rental fee”);

14.1.137. “Collection agency” shall be understood as the state agency that is authorized to take measures related to the tax debt repayment within the scope of competence specified in this Code and other Ukrainian laws;

14.1.138. “Fixed assets” shall be understood as tangible assets, including the subsurface reserves of the subsurface resource sections granted for use (except for the value of the land, non-completed capital investments, public motor roads, library and archive funds, tangible assets with the value under UAH 2500, non-productive fixed assets and intangible assets) designated by the taxable person for the use in the business of the taxable person, whose value exceeds UAH 2500 and is gradually reduced in connection with the wear and tear, or the obsolescence, and whose expected useful life (operation term) since the commissioning date exceeds one year (or one operating cycle if it is longer than one year);

14.1.139. “The party for the purposes of Section V of this Code” shall be understood as any of the persons designated below:

“business entity” shall be understood as a legal entity, including an enterprise with foreign investments, independently of the form and time that such investments have been made;

other legal entity that is not a business entity;

an individual (citizen of Ukraine, foreign citizen and stateless individual) that leads activities, which are categorized under the legislation as business (except for individuals on the simplified taxation, accounting and reporting system for small business subject to the legislation), and/or imports commodities into the customs territory of Ukraine;

representative office of a non-resident that does not have legal entity status.

For the purposes of taxation, two or more parties performing joint business without forming a legal entity shall be categorized as a separate party within the scope of such business.

The results of the joint business shall be accounted for by a taxable person authorised by other parties in accordance with the conditions of the contract separately from the accounting for results of business activities of such a taxable person.

For the purposes of taxation, business relations between the participants of joint business shall be treated as relations on the basis of separate civil-right contracts.

The procedure for tax accounting and reporting on the results of joint business shall be established by the central state tax service agency;

14.1.140. “Official exchange rate (exchange rate)” shall be used in the meaning defined in the Law of Ukraine “On the National Bank of Ukraine”;
14.1.141. “Blended motor fuel” shall be understood as fuel types obtained from blending of fuel produced from oil raw materials, containing Bioethanol and Bioethanol-based additives, biodiesel or other biocomponents, the content level whereof complies with the requirements of the regulatory documents on blended motor fuel;

14.1.142. “Moving source of pollution” shall be understood as the vehicle, which moves with the emission of contaminants into the atmosphere;

14.1.143. “Transmission facilities” shall be understood as land improvements, created for the performance of special functions of the transmission of energy, matter, signal, information, etc. of any origin and type at a distance (electric power transmitting lines, pipes, water pipes, heat and gas networks, communication lines, etc.);

14.1.144. “Beer” shall be understood as a foamy beverage rich in carbon dioxide, produced through the fermentation of malt with brewers yeast, and specified in the commodity position UKT ZED 2203;

14.1.145. “Excisable commodities (products)” shall be understood as the commodities specified in the commodity positions under UKT ZED, for which the excise tax rates are established by this Code;

14.1.146. “Privileged trade patent for the purposes of Section XII of this Code” shall be understood as a trade patent for the exercise of trade business with certain product types, specified in Article 267 of this Code;

14.1.147. “Land fee” is the national-level tax charged in the form of a land tax and a rental fee for the state and community-owned land plots;

14.1.148. “Excise tax stamp fee” shall be understood as the payment to be made by domestic manufacturers and importers of alcoholic beverages and tobaccos to cover the expenses related to the manufacture, the storage and the sale of excise tax stamps. The amount of the excise tax stamp fee shall be set by the Cabinet of Ministers of Ukraine;

14.1.149. “Rental fee payer for the purposes of Section IX of this Code” shall be understood as the payer of the rental fee for the transit of the natural gas with pipelines across the territory of Ukraine, the payer of the rental fee for the transportation of oil with main pipelines across the territory of Ukraine, the payer of the rental fee for the transportation of oil products with main oil product pipelines across the territory of Ukraine, the payer of the rental fee for the ammonia transit with ammonia pipelines across the territory of Ukraine;

14.1.150. “Initial processing (enrichment) of mineral raw materials” as a type of business activity of a mining enterprise includes an aggregate of the operations of collection, ragging or grinding, drying, classification (sorting), preforming, agglomeration, except for the agglomeration of ores with thermal treatment, and enrichment through physical and chemical methods (without the qualitative change of the mineral forms of mineral resources, their phase (aggregate) state, crystal and chemical structure), and may also include processing technologies being special work
types of retrieving mineral resources (underground gasification and smelting, chemical and bacteriological desalinization, dredging and hydraulic mining of placer deposits, hydraulic transport of bedrock deposits of water pools);

14.1.151. “Paid services for the purposes of Section XII of this Code shall be understood as business related to the provision of consumer services to satisfy the personal needs of a customer for cash, as well as using other forms of payment, including payment cards. The list of paid services, the provision whereof demands obtaining a trade patent, shall be established by the Cabinet of Ministers of Ukraine;

14.1.152. “Tax debt repayment” shall be understood as the reduction in the absolute tax debt value as supported with an appropriate document;

14.1.153. “Tax claim” shall be understood as a state tax service agency's written claim to a taxable person for the repayment of a sum of the tax debt;

14.1.154. “Tax debt in international legal relations” shall be understood as a monetary liability inclusive of the pecuniary sanctions, the fine in case of imposing thereof, and the expenses in relation to its collection, which remains unpaid by the established period, and by virtue of the relevant foreign state document is the subject matter of a pledge that may be enforced pursuant to the international treaty of Ukraine;

14.1.155. “Tax pledge” shall be understood as the manner of ensuring that a taxable person pays their monetary liability and fine that remain unpaid by such taxable person within the time frame set forth in this Code. Tax pledge shall on the grounds described herein.

If the monetary liability secured by the tax pledge is not discharged by the taxable person, a collection agency shall satisfy its claims out of the pledged property of such taxable person under the procedure prescribed by this Code;

14.1.156. “Tax liability” shall be understood as the sum of money that a taxable person, including the tax agent, must pay to the relevant budget as tax or duty on the grounds, under the procedure and within the time frames prescribed by the tax legislation (including the sum of money specified by the taxable person in the tax receipt and not repaid within the time frames prescribed by the law);

14.1.157. “Tax notice/decision” shall be understood as the control agency’s written notice (decision) of the taxable person’s obligation to pay the amount of the monetary liability as specified by the control agency in cases stipulated by this Code and other legislative acts, the control over the execution whereof is vested upon the control agencies, or to make respective changes to the tax reports;

14.1.158. “Tax notice in international legal relations” shall be understood as the control agency’s written notice of the taxable person’s obligation to pay the amount of tax liability as specified in the foreign state document under which that tax liability amount is repaid subject to the international treaty of Ukraine;

14.1.159. “Related parties” shall be legal entities and/or individuals whose mutual relations may affect the conditions or economic performance results of their
activity or the activity of the entities they represent and who meet any of the following criteria:

- a legal entity, exercising control over a taxable person or being controlled by such taxable person or being under joint control with such a taxable person;
- an individual or his family members who exercise control over a taxable person;
- an official of a taxable person authorized on behalf of such taxable person to perform legal actions aimed at establishing, change or suspension of legal relations as well as family members of such official;
- taxable persons being participants to association of enterprises regardless of its type and form of incorporation, doing business by way of creating such association per the procedure established by the law.

The control over the business of a taxable person shall be understood as follows:

a) the ownership of an interest (unit, block of shares) in the authorised fund of a taxable person equivalent to at least 20 per cent of the authorised fund of the taxable person either directly or via related individuals and/or legal entities;

b) the influence on the business of the business entity either directly, or via related individuals and/or legal entities due to:

   the right that secures crucial impact on setting up the membership, voting results and decisions of the taxable person’s management bodies;

   the occupation of over a half of positions in supervisory board, board of management, other supervisory or executive bodies of a taxable person by the persons already occupy one or several above-mentioned positions in another business entity;

   the occupation of the position of a chair, deputy chair of the supervisory board, board of management, other supervisory or executive bodies of a taxable person by a person who already occupies one or several above-mentioned positions in the other business entities;

   the right to conclude agreements and contracts that make possible to establish conditions of business, to make binding instructions or exercise delegated powers and functions of the taxable person’s managing body.

In case of an individual, the total amount of the ownership of an interest in the authorised fund of a taxable person (the number of votes in the managing body) shall be defined as the total amount of corporate rights owned by such an individual, family members of such an individual, and legal entities controlled by such an individual or members of his family;

14.1.160. “Pension contribution” shall be understood as the funds lodged to a non-state pension fund, an insurance organisation or a pension deposit account with a bank within the scope of the non-state pension provision or paid to the Universal State Pension Insurance Accumulative Pension Fund (hereinafter referred to as “Accumulative Fund”) in accordance with the law. The pension contribution shall not be the universal state pension insurance fee for the purposes of taxation;
14.1.161. “Pension deposit” shall be understood as the funds lodged to a pension deposit account opened with a bank on the basis of a pension deposit contract according to the law;

14.1.162. “Fine” shall be understood as the amount of funds in the form of interest rates charged on the amounts of monetary liabilities not repaid within the time frames prescribed by the legislation;

14.1.163. “Initial vehicle registration in Ukraine” shall be understood as the registration of a vehicle by authorised state authorities of Ukraine for the first time with regard to the vehicle in question;

14.1.164. “Plan/schedule of on-site documentary inspections” shall be understood as the list of taxable persons subject to the scheduled inspection by the control agencies during the respective period of the calendar year;

14.1.165. “Tax, taxable person, taxation, taxable profit for the purposes of Section III of this Code” shall be understood as the corporate profit tax, the taxable person for corporate profit tax purposes, the taxation with the corporate profit tax, taxable profit;

14.1.166. “Tax, taxable person, taxation, taxable income for the purposes of Section IV of this Code” shall be understood as the individual income tax, the taxable person for individual income tax purposes, the taxation with the individual income tax, taxable income of an individual;

14.1.167. deleted;

14.1.168. “Tax, taxable person, taxation, tax rate for the purposes of Chapter 2 of Section XIV of this Code” shall be understood as the fixed agricultural tax, the taxable person for the fixed agricultural tax purposes, the taxation with the fixed agricultural tax, the rate of the fixed agricultural tax;

14.1.169. “The vehicle first registration fee” shall be understood as the national fee charged for the first registration in Ukraine of vehicles specified by Section VІІ of this Code;

14.1.170. “Tax discount for individuals not being business entities” shall be understood as the documented sum (value) of expenses incurred by a resident taxable person in connection with the acquisition of commodities (work, services) from the resident individuals or legal entities during the reporting year, by whose amount it is allowed to reduce the amount of his total annual taxable income received by the results of such a reporting tax year in the form of salary in cases specified by this Code;

14.1.171. “Tax information” shall be used in the meaning defined by the Law of Ukraine “On Information”;

14.1.172. “Tax advice” shall be understood as assistance of a control agency to a particular taxable person in regard of the practical application of the specific provision or regulatory act on the administration of such taxes or duties, the charging whereof such control agencies are responsible to supervise;

14.1.173. deleted;
14.1.174. “Tax surety” shall mean a guarantee of the repayment of the tax debt of a taxable person provided by a bank. The tax surety shall guarantee the repayment of the monetary liability being a part of the tax debt, if the accrual of such a monetary liability is disputed by the taxable person under the administrative or judicial procedure.

If a taxable person fails to repay the tax debt guaranteed with the tax surety within 10 calendar days of the completion of the appeal procedure, the said debt shall be deemed to be the tax debt of the bank that has provided the tax surety, and the bank in question shall be subjected to all the procedures envisaged by the tax legislation for the tax debt recovery.

The bank that has repaid the tax debt of a taxable person shall have the right to reimburse itself for the losses incurred by the bank at the expense of such a taxable person.

The tax surety may not be revoked by the bank or the taxable person.

The tax surety shall be registered with the state tax service agency, where the taxable person with the tax debt is registered. The tax surety shall not be effective and shall not create legal consequences until the registration.

The procedure of the provision of the tax surety shall be specified with a decision of the National Bank of Ukraine, and the procedure of the registration thereof shall be specified with a decision of the central state tax service agency;

14.1.175. “Tax debt” shall be understood as the amount of tax liability (including penalties, if applicable), which was personally finalized by the taxable person or finalized by way of appeal, but not repaid within the time frame specified by this Code, as well as the fine charged against the amount of such tax liability;

14.1.176. “Bank-avalised promissory note (tax IOU)” (hereinafter referred to as “tax promissory note for the purposes of Section VI of this Code”) shall be understood as a bank-avalised promissory note made by its maker: prior to receiving ethyl alcohol from an excise warehouse, prior to receiving oil products from an oil-processing enterprise, or prior to the import of oil products into the customs territory of Ukraine, in order to secure the performance of its undertaking to pay the excise tax amount within the time frame specified in Articles 225, 229 of this Code;

14.1.177. “Tax post” shall be understood as a post to be set up on the premises of enterprises that manufacture products using excisable commodities with zero tax rate defined in Article 230 of this Code. Representatives of an agency of the state tax service of Ukraine in the location of the tax post shall perform permanent direct control at the tax post;

14.1.178. “The value-added tax” shall be understood as indirect tax charged and paid subject to the provisions of Section V of this Code;

14.1.179. “Tax liability for the purposes of Section V of this Code” shall be understood as the total amount of value-added tax received (accrued) by a taxable person in the reporting (tax) period;
14.1.180. “Tax agent in regard to the individual income tax” shall be understood as a legal entity (a branch, outlet or other separated unit thereof), an individual sole trader, or a non-resident representative office, which, regardless of their organisational/legal status, the method of taxation with other taxes, and/or the form of tax accrual (payment, provision) (in pecuniary or non-pecuniary form), must accrue, withhold and pay the tax envisaged by Section IV of this Code to the budget in the name and at the expense of the individual from the income paid to such an individual, keep tax accounts, submit tax reports to the state tax service agencies, as well as be liable for the violation of the provisions of this Code under the procedure envisaged by Article 18 and Section IV of this Code;

14.1.181. “Tax credit” shall be understood as the amount, by which a value-added tax payer is eligible to decrease its tax liability of the reporting (tax) period, and which shall be determined subject to Section V of this Code;

14.1.182. “Erroneously Paid Monetary Liabilities” shall be understood as the amounts of funds credited to the relevant budget by the certain date by legal entities (branches, outlets or other separated units thereof without the status of a legal entity) or individuals (with or without the status of business entities), which are not payers of such monetary liabilities;

14.1.183. “Employee provision service” shall be understood as an economic or civil-law agreement, whereby the party providing a service (resident or non-resident), places at the disposal of another party (resident or non-resident) one or several individuals for the performance of the functions stipulated by the said agreement. Employee provision agreement may envisage the concluding by the said individuals of a labour agreement or labour contract with the party, at whose disposal they have been placed. Other conditions of employee provision (including compensation to the party providing the service) shall be determined by the consent of the parties;

14.1.184. “Services for the purposes of Section IX of this Code” shall be understood as cargo transportation (moving) with main pipelines of Ukraine;

14.1.185. “Service provision” shall be understood as any transaction, which is not a supply of goods, or any other transfer of the title to the objects of intellectual property and other intangible assets, or conferring of other property rights to such objects of intellectual property, as well as provision of the services used in the process of making a certain action or the exercise of certain activities.

For taxation purposes, provision of services includes:

a) an agreement to refrain from any action, or the promise not to compete with a third person, or a permit for any action subject to the availability of an agreement;

b) the supply of services by decision of a state authority or a local self-government body and on a forced basis;

c) the free provision of services to another person;

d) the transfer of results of performed works and provided services to the taxable person empowered by the agreement to keep records of the joint business
performance without foundation of a legal entity as well as the return thereof by this taxable person after the joint business has been terminated;

e) the transfer (contribution) of the performed work and provided services as a contribution into the joint business without setting up a legal entity, and the recovery thereof;

f) the services of the placement of a certain trademark, or a commodity or service itself in a movie, a serial movie or a television show that are visual (the spectators only see the product or the trademark; the product or the trademark may be referred to in a conversation of the character; the commodity, service or trademark may be organically intermingled into the plot and be a part thereof;

14.1.186. “Tax; taxation; taxable person; taxable transaction for the purposes of Section V of this Code” shall be understood as, respectively, the added-value tax; the taxation with the added-value tax; the taxable person for the added-value tax purposes; the taxable transaction for the added-value tax purposes;

14.1.187. “Tax, taxable person, taxation, tax rate for the purposes of Section VI of this Code” shall be understood as the excise tax, the taxable person for the excise tax purposes, the taxation with the excise tax, the excise tax rate;

14.1.188. “Difference in taxes” shall be understood as the difference between the assessment and criteria of acknowledging the revenues, expenses, assets, liabilities as defined by the national accounting provisions (standards) or international accounting standards, and the revenues and expenses as defined by Section III of this Code;

14.1.189. “Temporary difference in taxes” shall be understood as the tax difference that emerges in the reporting period and is annulled in the following tax reporting periods;

14.1.190. “Excise tax stamp buyer” shall be understood as a business entity, which, subject to the legislation of Ukraine, is the payer of the excise tax on alcoholic beverages and tobaccos;

14.1.191. “Supply of commodities” shall be understood as any transfer of the right to administer a tangible asset as owner, including the sale, the exchange or the donation of such commodities, as well as the supply of commodities by court decision. For the purposes of defining the term “supply of commodities”, electrical and thermal energy, gas, steam, water, cooled and conditioned air shall be deemed the tangible commodities.

The following shall also be deemed to be the supply of commodities:

a) the actual transfer of the tangible assets to the other person based on the financial leasing agreement (return of the tangible assets pursuant to the financial leasing agreement) or any other agreement, under which the payment is deferred but the title to the tangible assets is transferred at the latest on the date of the last payment;

b) the transfer of the title to the tangible assets by the decision of the state authority or local self-government body or according to the legislation;
c) any of the following taxable person’s actions in relation to the tangible assets if the taxable person has been eligible for the consignment of tax amounts to the tax credit in case of acquiring the said property or its part (the free transfer of property to the other person (entity); transfer (within a taxable person’s balance sheet) of the property used in the taxable person’s business activity for its further use for non-business purposes of this taxable person or its employees; transfer (within a taxable person’s balance sheet) of the property planned to be used in taxable transactions for its further use in the exempted transactions or transactions not subject to the taxation);

d) the transfer (contribution) of commodities (including capital assets) as a contribution into the joint business without establishing a legal entity, and the recovery thereof;

e) the conditional supply of commodities and fixed assets, in acquiring of which the tax amounts were included in the tax credit and which, during the last reporting (tax) period, belonged to the balance of the payer who submitted the application for the cancellation of his registration as a value-added tax payer, or switching to the other taxation system providing the tax payment procedure different from that specified in this Section;

f) the liquidation by a taxable person at his own will of fixed assets held thereby;

g) transfer of commodities according to the contract, under which the commission (fee) for sale or purchase shall be paid.

The events of the liquidation of fixed productive assets or non-productive assets in connection with the destruction or damaging thereof as a result of the Acts of God (force majeure circumstances) and in other cases when such liquidation is made without a taxable person’s consent, for instance, in case of stealing capital assets, or when a taxable person provides the agency of the state tax service with the appropriate documentary evidence of the destruction, demolition or transformation otherwise resulting in the impossibility of using capital assets in the future for the original purpose, shall not be a supply of commodities;

14.1.192. “Permanent difference in taxes” shall be understood as the tax difference that emerges in the reporting period and is not annulled in the following tax reporting periods;

14.1.193. “Permanent office” shall be understood as the permanent business location, through which the business activity of a non-resident in Ukraine is conducted fully or partially, in particular: the place of management; the branch; the office; the factory; the workshop; the instalment or construction for the exploration of natural resources; the mine, the oil or gas well, the pit, or other place of mineral resource production; the warehouse or the place used for the shipment of goods.

For the purposes of taxation, the term “permanent office” shall include the construction site, the construction, storage or installation object or the supervisory activity in relation thereto, if the duration of works in relation to such site, object or activity exceeds six months; the provision of services (except for employee provision services), including consultation, by a non-resident through its officers or other
employees hired for such purposes, but only if such activity is conducted (within the scope of one project or the project related thereto) in Ukraine during the period or periods with the total length above six months, within any of the twelve-month periods; the residents authorized to act on behalf of a non-resident, which results in the emergence of civil rights and duties on the part of the non-resident (to conclude agreements (contracts) in the name of the non-resident; to maintain (store) the stock of commodities owned by the non-resident, from which the commodities are supplied in the name of the non-resident, except for residents with the status of temporary storage warehouse or customs licensing warehouse).

The use of constructions exclusively for the purposes of storage, demonstration or supply of commodities or manufactured goods, which are the property of a non-resident; storage of the stock of commodities manufactured goods, which are the property of a non-resident, exclusively for the purposes of storage and demonstration; storage of the stock of commodities manufactured goods, which are the property of a non-resident, exclusively for the purpose of processing by other enterprise; maintenance of a permanent place of operation exclusively for the purpose of purchase of commodities or manufactured goods, or for the collection of information for a non-resident; assigning individuals to the command of a party as part of performance of employee provision service agreements; maintenance of a permanent place of operation exclusively for the purpose of conducting other activities of preparatory or supplementary character for a non-resident shall not be deemed a permanent representative office.

14.1.194. “Permanent representative (representatives) of an agency of the state tax service at an excise warehouse” shall be understood as an officer of the state tax service agency in the location of an excise warehouse appointed with an order of the said agency to exercise ongoing direct control over the compliance with the procedure of the manufacture, the treatment (the processing), the blending, the bottling, the packaging, the filling, the storage, the receipt or the issue of the excisable commodities (products) approved by the central state tax service agency;

14.1.195. “Employee” shall be understood as an individual who performs a labour function directly with own labour in accordance with the labour agreement (contract) concluded with the employer in accordance with the law;

14.1.196. “Profit products for the purposes of Section XVIII of this Code” shall be understood as a portion of finished products shared between the investor and the state and determined as the difference between the finished and compensating products;

14.1.197. “Lottery organisation” shall be understood as the exercise of business involving the acceptance of lottery participation payment (bets), the drawing of the prize (winning) fund of the lottery, the disbursement of winnings (the issue of prizes), and the exercise of other business transactions that support the lottery organisation;

14.1.198. “Excise tax stamp seller” shall be understood as agencies of the state tax service;
14.1.199. “Products for the purposes of Section XVIII of this Code” shall be understood as subsurface resources of national and local importance (mineral raw materials) extracted (produced) in the course of the development of subsurface resource fields;

14.1.200. “Prize (winning) fund” shall be understood as the totality of winnings (prizes) being funds, property, property rights to be paid out (issued) to players in case of their winning in the lottery in accordance with the published conditions of the issue and organisation of the lottery;

14.1.201. “State pecuniary lotteries” shall be understood as the lotteries that provide for the availability of a prize (winning) fund in the amount of at least 50 per cent of the received income amount, and allocations to the State Budget of Ukraine in the amount of at least the tax rate set by item 151.1 of Article 151 applied to the income remaining available after the allocations to the prize fund.

The Ministry of Finance of Ukraine shall specify the requirements for the procedure of the financial control over the activity on the issue and organisation of lotteries, and determine the requirements for the statutory capital of the operators, which cannot be less than the requirements of the National Bank of Ukraine for the banks performing activities throughout the territory of Ukraine;

14.1.202. “Sale of commodities” shall be understood as any transactions carried out under contracts of sale, exchange, supply and other contracts governed by the commercial or civil law that provide for the conveyance of the ownership of such commodities for a fee or the compensation, regardless of the time of the provision thereof, and transactions of the provision of commodities on a gratis basis. The transactions of the provision of commodities under commission (consignment), surety, custody, entrustment, trust management, operational leasing (lease) contracts and other contracts governed by the civil law that do not provide for the conveyance of the ownership of such commodities shall not be considered the sale of commodities;

14.1.203. “Sale of results of work (services)” shall be understood as any transactions subject to the commercial or civil law that involve the performance of work, the provision of services, the right to use or administer commodities, including intangible assets and property objects other than commodities, for the compensation of the value thereof, as well as transactions of the provision of work (service) results on a gratis basis. The sale of results of the work (services) shall include, for instance, the provision of the right to use commodities under contracts of the operational leasing (lease), sale, the conveyance of the right on the basis of author or licensing contracts, as well as other methods of the transfer of objects of the copyright, patents, trade and service marks, other intellectual property objects, including industrial property;

14.1.204. “Promissory note avalised by a bank” shall be understood as a security certifying the written unconditional liability of a maker of the promissory note or its order to a bank to pay the appropriate amount of funds to a holder of the
promissory note after the date of payment accrual. The promissory note acknowledges the unconditional liability of a maker of the promissory note to pay to the State Budget the appropriate amount of funds and is a tax liability independently determined by a maker and agreed from the date of the promissory note registration by the state tax service agency in the maker’s location, or from the date of placing commodities under the customs regime if the legislation envisages the deferment of customs payments;

14.1.205. “Building-related area” shall be understood as the land plot of a multi-apartment non-estate residential building, which is assigned under the microdistrict (block) territory division plan and development plan, and which is intended for the placement and maintenance of an apartment house (houses) and of the support and technical outbuildings and constructions related thereto;

14.1.206. “Interest” shall be understood as the income paid (accrued) by the borrower to the benefit of the creditor by way of payment for the funds or property raised for a definite term.

The interest shall include:

a) a payment for the utilisation of funds or commodities and services received on credit;

b) a payment for the utilisation of raised on a deposit;

c) a payment for the acquisition of commodities subject to the payment by instalment;

d) a payment for the use of property under financial leasing (lease) contracts (disregarding a part of the leasing payment paid by way of compensation of a part of the value of the financial leasing object);

e) compensation (profit) of a lessor as part of rent payment under the residential lease with repurchase contract paid by an individual to a taxable person, which has been assigned the right to obtain such payments.

The interest shall accrue in the form of the percentage on the principal of the debt or the value of the property, or as fixed amounts. If the funds are raised by means of the sale of bonds, treasury bills or certificates of deposit (saving certificates) issued by the borrower, or by discounting promissory note, and the performance of securities repurchase transactions, the amount of the interest shall be determined by means of the accrual thereof on the par value of such securities, the payment of a fixed premium or winning, or by means of determining the difference between the placement (sales) price and the redemption (repurchase) price of the securities.

Payments under other contracts governed by civil law, even if they are set as absolute (fixed) prices or as percentage of the contract value or another value, shall not be the interest.

14.1.207. “Measurement station” shall be understood as a station, in which the finished products are measured and divided into the compensating and profit products in accordance with the product sharing agreement;
14.1.208. “Foreign currency exchange bureau (bureau de change) for the purposes of Section XII of this Code” shall be understood as a structural unit opened by a bank (financial institution), in particular, based on agent contracts with resident legal entities, as well as by a national operator of mail service, where currency exchange transactions are provided for resident and non-resident individuals;

14.1.209. “Receiver (departure) and destination point” shall be understood as the point, which is defined for the specific cargo as a border point, transfer point, temporary storage point, including the underground gas storage chamber, on the territory of Ukraine before it is moved outside of state borders, the point of cargo processing on the territory of Ukraine before it is moved outside of state borders.

14.1.210. “Fuel sales outlet” shall be understood as a stationary, small-sized or mobile tanking station or tanking post that performs the trade (wholesale and/or retail) with oil products and/or liquefied gas;

14.1.211. “Commodity sales outlet for the purposes of Section XII of this Code” shall be understood as:
   a shop or another trade outlet that is located in a separate room, building or a part thereof and has a trade hall for buyers or uses a part thereof for the trade;
   a kiosk, a tent or another small architectonic element occupying a separate room that does not have a built-in trade hall for buyers;
   a lorry shop, a delivery van or a mobile retail network of another type;
   a hawker's stand, a counter or another retail trade place in an area allocated for the trade activities, other than stands and counters granted on lease to individual sole traders and located within boundaries of markets of all ownership forms as specialised trade undertakings;
   a stationary, small-sized or mobile tanking station or tanking post that trades in oil products and/or liquefied gas;
   a kitchen factory, a procurement factory, a canteen, a restaurant, a cafe, a snack-bar, a lunchroom, a summer open ground, a kiosk or another place of public catering;
   a wholesale distribution centre, a warehouse store, other rooms used for the pursuit of the wholesale trade for cash, other cash-based means of payment and with the use of credit cards;

14.1.212. “Sale of excisable commodities (products)” shall be understood as any transactions carried out in the customs territory of Ukraine involving the shipment of excisable commodities (products) under the contracts of sale, exchange, supply and other commercial or civil-law contracts, with or without the transfer of title to such commodities for a fee (compensation), regardless of the time of the provision thereof, and the shipment on a gratis basis of commodities, including those produced from customer-provided raw materials;

14.1.213. Residents shall be understood as:
   a) legal entities and their separated entities established and operating under the legislation of Ukraine with the seat both on and outside the territory of Ukraine;
b) diplomatic missions, consular institutions and other official missions of Ukraine abroad that enjoy diplomatic privileges and immunities;

c) a resident individual shall be understood as a person who has a place of residence in Ukraine.

If an individual has a place of residence in a foreign state as well, he shall be deemed resident, if such individual has a place of permanent residence in Ukraine; if an individual has a place of residence in a foreign state as well, he shall be deemed resident, if he has closer personal or economic relations (centre of life interests) in Ukraine. If it is not possible to determine the state, which is the centre of life interests of an individual, or if the individual has no place of permanent residence in any state, he shall be deemed resident, if he has stayed in Ukraine for no less than 183 days (including the day of arrival and departure) within the period or periods of the tax year. The place of permanent residence of the family members of an individual or his registration as a business entity shall be deemed sufficient (but not an exclusive) condition to determine the centre of life interests of the individual. If it is not possible to determine the resident status of an individual by applying any of the above provisions of this sub-item, the individual shall be deemed resident, if he is the citizen of Ukraine.

If an individual being a citizen of Ukraine is, contrary to the law, also a citizen of another country, then for the purposes of the taxation such an individual shall be deemed to be a citizen of Ukraine, who is not entitled to netting off the taxes paid abroad, as envisaged by this Code or the provisions of international treaties of Ukraine.

If an individual is a stateless individual and is not subject to the provisions of paragraph one-four of this sub-item, then his status shall be determined in accordance with the provisions of the international law.

It shall be sufficient for the acknowledgement of a resident status of an individual, if he has an independently determined place of residence on the territory of Ukraine subject to the procedure established by this Code, or is registered as a self-employed individual.

If Section IV of this Code utilizes the term “resident” (in appropriate cases), this term shall mean “resident individual”;

14.1.214. “Rental fee, taxation, rental fee payer for the purposes of Section X of this Code” shall be understood as the rental fee for oil, natural gas and gas condensate produced in Ukraine, taxation with the rental fee for oil, natural gas and gas condensate produced in Ukraine, rental fee payer for oil, natural gas and gas condensate produced in Ukraine;

14.1.215. “Rental fee for the purposes of Section IX of this Code” shall be understood as the rental fee for the transit of the natural gas with gas pipelines across the territory of Ukraine, the rental fee for the transportation of oil with main pipelines across the territory of Ukraine, the rental fee for the transportation of oil products with
main oil product lines across the territory of Ukraine, the rental fee for the ammonia transit with pipelines across the territory of Ukraine;

14.1.216. “Recirculating gas” shall be understood as the natural gas, which is returned (pumped) back into one or several oil and gas subsurface resources of such a deposit (well) in order to maintain the necessary layer pressure or layer energy subject to the plan of industrial or research and industrial development of the deposit (reserve), as well as to the integrated plan of the equipment thereof approved under the prescribed legislative procedure by the central body of the executive authority in the field of oil and gas production. The source of recirculating gas may be the natural gas: produced by the subsurface resource user from the area of oil and gas resources designated for its use, for which area the appropriate plan envisages the returning such gas into the reserve; the gas produced on the other area of subsurface resources than the mentioned above, which is controlled by the subsurface resource user and has been provided (at a relevant charge) by this user for returning into such a reserve; the gas purchased by the subsurface resource user from third parties for use on such a reserve;

14.1.217. “The rental fee for the transportation of oil and oil products with main oil and oil product pipelines across the territory of Ukraine, the rental fee for the transit of the natural gas and ammonia with pipelines across the territory of Ukraine” shall be understood as a national-level statutory fee to be paid for the provided services of cargo moving (transportation) across the territory of Ukraine with the objects of pipeline transport;

14.1.218. “Market of the commodities (work, services)” shall be understood as the sphere of the circulation of the commodities (work, services) determined on the basis of the ability of a buyer (seller) to procure (sell) the commodities (work, services) without substantial additional expenses in the area in the close vicinity to the buyer (seller);

14.1.219. “Fair/market price” shall be understood as the price, at which the commodities (work, services) are supplied to another owner under the condition that the seller wishes to supply such commodities (work, services), and the buyer wishes to obtain them of their own will, the two parties are mutually independent legally and actually, have sufficient information on such commodities (work, services), as well as the prices that have formed on the market of identical (similar in case of absence) commodities (work, services) under the comparable economic (commercial) conditions;

14.1.220. “Year of vehicle manufacture” shall be understood as the calendar date of vehicle manufacture (day, month and year); if the calendar date of manufacture is impossible to identify, then 1 January of the year the vehicle has been manufactured according to registration documents shall be taken as the basis;

14.1.221. “Risk” shall be understood as the possibility of not declaring (incomplete declaration) by a taxable person of tax liabilities, non-fulfilment by a taxable person of other laws subject to control by the state tax service agencies;
14.1.222. “Employer” shall be understood as a legal entity (a branch, outlet, separated unit or representative office thereof) or an individual sole trader, who uses the hired labour of individuals on the basis of labour agreements (contracts) and bears the duty of the salary payment to them, as well as the accrual, withholding and payment of the individual income tax to the budget, the charges on the labour remuneration fund, and other duties envisaged by laws.

For the purposes of Section IV of this Code, a legal entity (a branch, outlet, separated unit or representative office thereof), permanent representative office of a non-resident or a self-employed individual, which accrue (pay) the profit for the performance of work and/or the provision of service subject to a civil-law contract, and if it is determined that such contract actually envisages labour relations, shall be considered equivalent to an employer;

14.1.223. “Waste placement” shall be understood as storage (temporary placement prior to recycling or removal) and burial of waste in the specifically designated places or objects (locations of waste placement, dumps, providing grounds, complexes, constructions, areas of subsurface resources, etc.), the permission for the use of which has been granted by the specially authorized central body of the executive authorities in the sphere of waste treatment;

14.1.224. “Excise warehouse administrator” shall be understood as a business entity in possession of a licence for the manufacture of ethyl alcohol and alcoholic beverages, registered as an excise tax payer;

14.1.225. “Royalties” shall be understood as payments of any type received as compensation for the use or for granting the right to use any copyright or related right to works of literature, art or science, including computer software, other records on information carriers, video or audio cassettes, cinematographic films or films for the radio or television broadcasting, any patent, registered trade or service mark, or brand, a design, a secret drawing, a utility model, a formula, a process, a right to the information on the industrial, commercial or scientific experience (know-how).

Payments for the obtainment of ownership objects listed in part one of this item into the possession or administration, or the ownership of a person or if the conditions of use of such ownership objects vest the user with the right to sell or alienate otherwise the said ownership objects, or to disclose (divulge) secret drawings, models, formulae, processes, rights to the information on the industrial, commercial or scientific experience (know-how), except for cases when the disclosure (divulgation) is required by the legislation of Ukraine, shall not be deemed royalties.

14.1.226. “Self-employed individual” shall be understood as a taxable person being an individual sole trader or exercising independent professional activities, provided that such person is not an employee of such business or independent professional activities.

“Independent professional activities” shall be understood as the activities related to the participation of an individual in the scientific, literary, actor, artistic, educational or training activities, as well as the activities of medical officers, of
private notaries, lawyers, auditors, accountants, appraisers, engineers or architects, of an individual involved in religious (missionary) activities, and other similar activities, provided that such individual is not an employee or sole trader, and uses the hired labour of no more than four individuals;

14.1.227. “Average registered staffing level for the purposes of Section III of this Code” shall be understood as the number of employees of legal entities determined according to a methodology approved by the specifically authorised executive agency in charge of statistics covering all the hired employees, as well as individuals who have been working under contracts governed by the civil law and on the job combination basis for more than one calendar month, as well as employees of representative offices, branches, outlets and other separated units as a full-time equivalent, except for employees being on maternity leave and on child care leave until the attainment of the age envisaged by law by the child;

14.1.228. “Cost of sold commodities, performed work, provided services for the purposes of Section III of this Code” shall be understood as the expenses directly related to the manufacture and/or the acquisition of commodities, performed work, provided services sold during the reporting tax period that are determined in accordance with accounting policies (standards) applied to the extent not contradicting the provisions of this section;

14.1.229. “Specifically allocated vehicle parking places” shall be understood as the area of territory (land) being the property of the territorial community or state, which shall be designated by the local self-government bodies with the assumed rights of responsibility for the safe preservation of a vehicle.

The specifically allocated vehicle parking places may include communal garages, parking places, parkings (buildings, constructions, parts thereof) built for the funds from local budget for the purpose of organizing the parking of vehicles.

Garages, parking places, the owners or the users whereof are the payers of land tax or rent fee for the land plots of state and communal ownership, as well as the land plots being house-related territories shall not be categorized as specifically allocated vehicle parking places;

14.1.230. “Stationary source of pollution” shall be understood as the enterprise, production unit, aggregate, instalment or other immovable object, which preserves its space coordinates within a particular time period and performs the emissions of contaminants into the atmosphere and/or the discharges of contaminants into water pools;

14.1.231. “Sound economic reason (business goal)” shall be understood as the reason, which may be present only under the condition that a taxable person intends to obtain economic effect as a result of business activity;

14.1.232. “Real-estate transaction fund certificate” shall be understood as the security proving the right of the owner thereof to obtain the income from investing into real estate transactions subject to the law;
14.1.233. “Agricultural grounds” shall be understood as the tilled field, perennial plantings, pastures and rotation grasslands;

14.1.234. “Agricultural products (agricultural commodities) for the purposes of Chapter 2 Section XIV of this Code” shall be understood as the products/commodities that may be categorized under the definitions of group 1-24 UKT ZED, if at that such commodities (products) is being grown, engrossed, caught, gathered, prepared, treated, processed directly by the manufacturer of such commodities (products), as well as the products of treatment and processing of such commodities (products) if they have been purchased or produced at own or rented production facilities (areas) for sale, processing or intrafarm/intercompany consumption;

14.1.235. “Agricultural commodity manufacturer for the purposes of Chapter 2 of Section XIV of this Code” shall be understood as a legal entity of any organisational and legal form that manufactures agricultural commodities and/or reproduces, grows and catches fish in domestic water pools (kales, ponds and reservoirs), processes the fish by means of its own or rented facilities, including the processing of own produced raw materials on customer-provided conditions, and performs the sale thereof;

14.1.236. “Right of way of railway stations” shall be understood as the lands provided for the railway bed and its equipping;

14.1.237. “Ethyl alcohol” shall be understood as all types of ethyl alcohol, Bioethanol, specified in the commodity positions UKT ZED 2207 and 2208;

14.1.238. “Constructions” shall be understood as land improvements that are not buildings and intended for the performance of special technical functions;

14.1.239. deleted;

14.1.240. “Tax rate for the purposes of Section XIII of this Code” shall be understood as an annual amount of payment for the taxable land plot area unit established by the legislation;

14.1.241. “Authority” shall be understood in the meaning, defined by the Code of Administrative Proceedings of Ukraine;

14.1.242. “Related services” shall be understood as services, whose value is included, subject to the provisions of the customs legislation of Ukraine, in the customs value of goods exported from or imported to the customs territory of Ukraine;

14.1.243. “Tariff for the purposes of Section IX” shall be understood as the cost of the transportation of an accounting unit of cargo with main pipelines of Ukraine (without the value-added tax) specified:

in case of the transportation to the Ukrainian consumers by an executive body authorised by the Cabinet of Ministers of Ukraine;

in case of the transit across the territory of Ukraine on the basis of contracts;

14.1.244. “Commodities” shall be understood as tangible and intangible assets, including land plots, land lots (shares), and securities and derivatives used in any transactions, except for transactions of the issue (emission) and redemption thereof.
For the purpose of taxation of transactions on moving property and energy across the customs borders of Ukraine, the term “commodities” shall be used in the meaning defined in the Customs Code of Ukraine;

14.1.245. “Commodity credit” shall be understood as commodities (works, services) handed over by a resident or non-resident entity into the ownership of legal entities or individuals on conditions of a contract that provides for the deferment of the final settlement by a specific term and against an interest.

The commodity loan provides for the conveyance of the ownership of commodities, results of work and services to the buyer (principal) on signing the contract or on the physical receipt of the commodities (work, services) by such a buyer (principal) regardless of the time of the debt repayment;

14.1.246. “Trade activities for the purposes of Section XII of this Code” shall be understood as the retail and wholesale trade, the activities in the field of trade and manufacture (public catering) for cash, other cash-based means of payment and with the use of credit cards;

14.1.247. “Trade in currency valuables” shall be understood as transactions related to the conveyance of the ownership of the domestic currency of Ukraine, foreign currency, payment documents and other securities denominated in the domestic currency of Ukraine, foreign currency or bank metals, and bank metals;

14.1.248. “Trade in foreign currency” shall be understood as the foreign exchange transactions associated with the conveyance of the ownership to currency valuables, except for transactions effected among residents, provided that such currency valuables are the domestic currency of Ukraine, securities and cheques denominated in the domestic currency of Ukraine;

14.1.249. “Instalment trade” shall be understood as business transaction that envisages the sale of commodities by a resident or non-resident entity to individuals or legal entities with the final settlement amount being payable by instalment, for a certain period and against interest.

The instalment trade shall envisage the conveyance of commodities into the disposal of the buyer at the time of the payment of the first instalment (downpayment) with the conveyance of the ownership of such commodities after the final settlement.

The rules of instalment trade with individuals shall be specified by the Cabinet of Ministers of Ukraine;

14.1.250. “Trade patent for the purposes of Section XII of this Code” shall be understood as a state certificate with a limited validity period for the exercise of the certain business; the use of the said certificate shall require the timely payment of an appropriate fee to the budget;

14.1.251. “Used vehicles” shall be understood as the vehicles, for which the authorised state authorities, including foreign authorities, have issued registration documents that grant the right to operate such vehicles;

14.1.252. “Tobaccos” shall be understood as cigarettes, tobacco rolls, cigars, cigarillos, as well as pipe tobacco, snuff, sucking and chewing tobacco, rustic
tobacco, and other products made of tobacco or tobacco substitutes intended for smoking, snuffing, sucking or chewing;

14.1.253. “Conditional tax exemption from customs payments” shall be understood as the exemption from the customs tax payment, provided that certain conditions and restrictions are met during the utilization of commodities and vehicles of commercial use, the disposal thereof after their manufacture;

14.1.254. “Conditional tax exemption from taxation by the value-added tax on the importation of goods to the customs territory of Ukraine” shall be understood as the exemption from the accrued tax liability payment in case of the placement of commodities under the customs regimes that envisage the exemption from taxation provided that the requirements of the customs regime are met;

14.1.255. “Cession of the right of debt claim” shall be understood as the transaction of assignment by the lender of the rights to claim the debt of the third party to the new lender, with the preliminary or subsequent compensation of the value of such debt to the lender or without such compensation;

14.1.256. “Fixed agricultural tax for the purposes of Chapter 2 of Section XIV of this Code” shall be understood as the tax charged on the unit of land area in percentage terms of standard pecuniary valuation of this unit, and the payment whereof shall compare to the payment of separate taxes and duties;

14.1.257. “Financial aid” shall be understood as the financial assistance provided on a non-repayable or repayable basis.

“Non-repayable financial aid” is:

- amount of funds transferred to the taxable person in accordance with the contract of donation, other similar contracts, or without concluding such contracts;
- amount of the bad debt paid to the creditor by the debtor upon writing off such a bad debt;
- amount of the debt of one taxable person to another taxable person, that remains uncollected after the termination of the limitation of action term;
- the principal of a loan or deposit provided to the taxable person without specifying term within which such sum is to be repaid, except for the loans secured with irredeemable bonds and the demand deposits in banks, as well as the interest amount accrued on such principal, but not repaid (written off);
- interest amount notionally accrued on the amount of the repayable financial aid not repaid by the end of reporting period on the basis of the discount rate of the National Bank of Ukraine for every day of the actual use of such repayable financial aid.

“Repayable financial aid” shall be understood as the amount of funds received by the taxable person for use and which is subject to mandatory return in accordance with the contract that does not provide for accruing interest or any other types of compensation as the payment for the enjoyment of such funds;

14.1.258. “Financial credit (loan)” shall be understood as the funds granted by a resident or non-resident bank qualified as a bank under the legislation of the non-
resident’s host country or by residents and non-residents that have the status of non-
bank financial institutions according to the applicable legislation, as well as by
foreign governments or their official agencies, or by international financial
organisations and other non-resident creditors on loan to a legal entity or an individual
for a specific term, for the use for designated purposes, and at an interest.;

14.1.259. “Bank-managed fund” shall be understood as the funds of
participants of bank-managed funds and other assets being under the trust
management by the authorised bank in accordance with the law;

14.1.260. “Freight” shall be understood as the emolument (compensation) paid
under contracts of carriage, hire or sub-hire of a craft or vessel (parts thereof) for the
purposes of:
- the transportation of cargo and passengers with the sea-going vessels or aircraft;
- the cargo transportation with the railway or road transport;

14.1.261. “Designation of a land plot” shall be understood as the use of a land
plot in accordance with its designation defined based on land tenure documentation
subject to the procedure established by the legislation;

14.1.262. “Agricultural commodity manufacture percentage for the purposes of
Chapter 2 of Section XIV of this Code” shall be understood as the percentage of the
income of an agricultural commodity manufacturer obtained from the sales of
agricultural products of own production and products of its processing in the total
amount of the gross income of the said manufacturer taken into consideration while
determining the eligibility of the said commodity manufacturer for the registration as
the fixed agricultural tax payer;

14.1.263. “Family members of an individual of the first degree of kindred”
shall be understood as his parents, the spouse, children, including adopted children.
Other family members of an individual shall be considered to be of the second degree
of kindred;

14.1.264. “Time-keeping” shall be understood as the supervision process over
the economic activities of a taxable person, which is performed during the actual
inspections and applied by the state tax service agencies to determine the real
indicators of the taxable person’s activities, and which is performed at the location
thereof;

14.1.265. “A sanction (financial sanction, penalty)” shall be understood as a
payment of a fixed amount and/or interest charged from a taxable person in
connection with their breaching requirements of the tax legislation and other laws
subject to control by state tax service agencies, as well as sanctions for breaches in the
sphere of foreign economic activity;

14.1.266. “Cash method for taxation purposes subject to Section V of this
Code” shall be understood as the method of tax accounting, whereby the date of
appearance of the tax liabilities is defined as the date of accrual (receipt) of funds on
the bank account (cash account) of a taxable person or the date of receipt of other
types of compensation of the value of the commodities (services) supplied (or to be
supplied) by this person, the date of appearance of the right for tax credit shall be
defined as the date of writing off the funds from the bank account (outpayment from
the cash account) of the taxable person or the date of providing other types of
compensation of the value of the commodities (services) supplied (or to be supplied)
to this person;

14.1.267. “Loan” shall be understood as the monetary funds lended to residents
being financial institutions, or non-residents, except for non-residents having an
offshore status, to the borrower for a definite time period under an obligation of the
repayment thereof and payment of interest charged for the use of the loan amount;

14.1.268. “Passive income” shall be understood as the income received in the
form of interest, dividends, insurance payments and reimbursements, and royalty.

Article 15. Taxable Persons
15.1. Individuals (residents and non-residents of Ukraine), legal entities
(residents and non-residents of Ukraine) and their separated units that have, receive
(transfer) taxation objects or engage into activities (transactions) being the taxation
object under this Code or tax laws, and vested with the duty to pay taxes under this
Code shall be recognised as taxable persons.

15.2. Each taxable person may be a taxable person for the purposes of one tax
or several taxes and duties.

Article 16. Taxable Person’s Obligations
16.1. A taxable person shall be obliged to:
16.1.1. obtain registration with control agencies in accordance with the
procedure prescribed by the legislation of Ukraine;
16.1.2. maintain record of income and expenses, make reports on assessment
and payment of taxes and duties in accordance with the prescribed procedure;
16.1.3. submit tax returns, reports and other documents on the tax and duty
assessment and payment to control agencies as per the procedure prescribed by the tax
legislation;
16.1.4. pay taxes and duties within time frames and in amounts prescribed by
this Code and the customs legislation;
16.1.5. provide documents on the performance of the tax duty, documents
accounting for income, expenses and other indicators related to the establishment of
the taxation objects (tax liabilities), original documents, accounting registers, financial
reports, other documents related to the calculation and payment of taxes and duties,
on a duly documented written request of control agencies (in cases specified by the
legislation). The written request must contain a precise list of documents, which a
taxable person should provide, and the grounds for the provision thereof;
16.1.6. provide control agencies with the information, data on the amounts of funds not paid to the budget due to receiving tax breaks (amounts of tax breaks received) and the areas of their use (in relation to the conditional tax breaks, which are provided under the condition that the funds discharged by a business entity due to a tax break shall be used in the manner prescribed by the state);
16.1.7. provide control agencies with the information in accordance with the procedure, within time frames and in amounts prescribed by the tax legislation;
16.1.8. fulfil the lawful requirements of control agencies in regard to elimination of the discovered violations of the taxation and customs laws and sign the acts (protocols) of inspection;
16.1.9. refrain from interference with the activity of a control agency official discharging his duties and fulfil the lawful requirements of such officials;
16.1.10. notify the state tax service agency in the location of the record keeping for such a taxable person about the liquidation or the reorganisation thereof within three working days of the date of the relevant decision (except if the duty to provide such a notice is vested by law in the state registration agency);
16.1.11. notify the state tax service agency of the changes in the location of a legal entity and the place of residence of an individual sole trader;
16.1.12. ensure the storage of documents related to the performance of the tax duty during time frames prescribed by this Code;
16.1.13. admit the control agency officials at the time of their inspection to the examination of premises, territories (except for the place of residence of citizens) used for obtaining income or related to the maintenance of the taxation objects, as well as for conducting revisions on the issues of calculation and payment of taxes and duties in cases specified by this Code.

Article 17. Taxable Person’s Rights
17.1. A taxable person shall be entitled to:
17.1.1. receive free information from the state tax service agencies and from the customs service agencies, in particular, via Internet, about taxes and duties, and appropriate regulatory acts, the procedure of the accounting for, and the payment of, taxes and duties, the rights and obligations of taxable persons, the powers of control agencies and their officials in terms of the exercise of the tax control;
17.1.2. represent their interests in control agencies independently, through a tax agent or tax representative;
17.1.3. independently opt for a method for the income and expense accounting, unless otherwise prescribed by this Code;
17.1.4. enjoy tax breaks subject to the availability of grounds and according to the procedure prescribed by this Code;
17.1.5. obtain deferment, instalment or tax credit according to the procedure and on conditions specified by this Code;
17.1.6. be present in the course of on-site inspections, familiarise with and obtain the acts (protocols) of inspections carried out by control agencies, before signing the acts (protocols) of inspections, in case of objections to the content (text) of the compiled acts (protocols), sign them with the proviso and submit to the control agency a written complaint under the procedure established by this Code;

17.1.7. dispute decisions of control agencies, actions (inaction) of control agencies and their officials, explanations given by control agencies according to the procedure specified by this Code;

17.1.8. require control agencies to verify the information and facts that can testify to the benefit of the taxable person;

17.1.9. have the control agency (its officials) not to divulge information about such a taxable person without its written consent, as well as the confidential information, state, commercial or banking secrets that became known to the officials in the course of discharging their duties, except for cases, when it is directly envisaged by the laws;

17.1.10. to have the excessively paid and excessively collected taxes, duties, fines and penalties to be netted off or refunded according to the procedure prescribed by this Code;

17.1.11. to have the losses (damages) inflicted with illegitimate actions (inaction) of control agencies (their officials) fully reimbursed according to the procedure prescribed by law;

17.1.12. to keep account of temporary and permanent tax differences, and to use the data of such account for drawing up a declaration on the income tax by the methods adopted by the Ministry of Finance of Ukraine.

17.2. A taxable person shall also have other rights envisaged by law.

**Article 18. Tax Agents**

18.1. A tax agent shall be a person vested by this Code with the obligation to calculate, withhold from the profits accrued (paid, granted) to a taxable person, and pay taxes to the relevant budget on behalf and at the expense of taxable persons.

18.2. Tax agents shall be equal to taxable persons and enjoy the rights and fulfil the obligations envisaged by this Code for taxable persons.

**Article 19. Representatives of a Taxable Person**

19.1. A taxable person shall administer affairs on the tax duty fulfilment personally or through his representative. The personal participation of a taxable person in tax relations shall not deprive him of the right to have his representative; similarly, the participation of a tax representative shall not deprive a taxable person of the right to personally participate in such relations.
19.2. Parties capable of representing legitimate interests and administering the affairs related to the payment of taxes on the basis of law or power of attorney shall be recognised to be representatives of a taxable person. The power of attorney issued by an individual taxable person for the representation of his interests and the administration of his affairs related to the payment of taxes must be authenticated in accordance with the effective legislation.

19.3. The representative of a taxable person shall enjoy the rights established by this Code for taxable persons.

**Article 20. Rights of the State Tax Service Agencies**

20.1. In the process of inspections, the state tax service agencies shall have the following rights:

20.1.1. to invite taxable persons or their representatives for the examination of the correctness of accrual and timely payment of taxes and duties, of observance of requirements other legislation, subject to control by the state tax service agencies. Written notifications on such invitations shall be forwarded, according to the procedure established in Article 42 of this Code, no later than ten calendar days prior to the day of the invitation with registered mail indicating the grounds for the invitation, the date and time for which a taxable person (taxable person’s representative) is invited;

20.1.2. to obtain from taxable persons (taxable persons’ representatives) the copies of documents (authenticated with the signature of the taxable person or its official, and its seal (if any)) that confirm the violation of requirements of the tax legislation or other legislation subject to control by the state tax service agencies; to check identification documents of taxable persons/individuals, officials and other employees of taxable persons/legal entities in the course of on-site inspections;

20.1.3. to obtain statements and/or copies of documents on the availability of bank accounts, and, on the basis of court decision, the information about the availability and flow of funds on accounts of the taxable person, including the information about the non-receipt of revenues denominated in the foreign currency from a business entity, free of charge from the taxable person, the institutions of the National Bank of Ukraine, commercial banks and other financial institutions in accordance with the procedure specified by the Law of Ukraine “On Banks and Banking Activities” and by this Code;

20.1.4. to conduct inspections of the taxable persons (except for the National Bank of Ukraine) under the procedure established by this Code;

20.1.5. to require the taxable persons, who are being examined in the course of inspections, to make an inventory of their fixed assets, inventory values, funds, including withdrawal of the remaining commodity and material valuables, cash. In case of the refusal of the taxable person (its officials or parties performing cash payments and/or conducting the activity subject to patenting and/or licensing) to conduct the inventory of fixed assets, commodity and material valuables, funds
(withdrawal of the remaining commodity and material valuables, cash) envisaged by paragraph one of this item, or failure to provide for inspection the documents and copies thereof (if such documents are available), the measures shall be applied subject to article 94 of this Code;

20.1.6. for the purpose of performing the functions specified by the tax legislation, to obtain information, statements, document copies (authenticated with the signature of the taxable person or its official and seal (if any)) on the financial and business activities, the received income, the expenses of taxable persons, and other information related to the calculation and payment of taxes, the compliance with requirements of other legislation subject to control by the state tax service agencies, and financial and statistical reports free of charge from taxable persons, including charitable and other not-for-profit organisations, according to the procedure prescribed by this Code;

20.1.7. at the time of inspections, to demand preparation and provision of the copies of original documents (authenticated by the signature of a taxable person or the official thereof, and with the seal affixed) that provide evidence of the violations of the tax and other legislation subject to control by state tax service agencies, and to obtain them from taxable persons under the procedure established by this Code;

20.1.8. at the time of inspections, to examine and check the primary documents used in accounting and tax reporting, other registers, financial and statistic reports connected with the calculation and payment of taxes and duties, as well as the compliance with the requirements of other legislation subject to control by state tax service agencies;

20.1.9. to effect test payment transactions prior to the commencement of taxable person's inspection for the compliance with the procedure for effecting transactions in cash and the use of settlement transaction registers. Commodities obtained by officers/officials of state tax service agencies during the test payment transaction shall be returned to the taxable person in an undamaged condition. If it is impossible to return such commodities, the expenses shall be refunded in accordance with the consumer rights protection legislation;

20.1.10. at the time of inspections, to demand from the officials or officers of a taxable person the provision of authorized persons, which shall accompany the representatives of the state tax service agency at reading the inside and outside meters of the technical appliances that are being used thereby while performing the activities being inspected;

20.1.11. access at the time of inspections to the territories, premises (except for the place of residence of citizens) and other property used for conducting business activities, and/or is a taxation object, or is used for the obtainment of the profits (income), or is related to other taxation objects, and/or may be the source of tax debt repayment;
20.1.12. in cases specified by the law, to request the court for the termination of
the state registration of a legal entity and entrepreneurial activities of a sole trader,
recognition as void of statutory (founding) documents of business entities;
20.1.13. deleted;
20.1.14. deleted;
20.1.15. to request the court in regard of making a decision as to the suspension
of the debit transactions of a taxable person on accounts of such a taxable person in
banks and other financial institutions (excluding transactions as to the salary
disbursement and the payment of taxes and duties, the unified obligatory national
pension insurance fee, as well as monetary liabilities of a taxable person determined
by the control agency) in case of existence of at least one of the said grounds:
20.1.15.1. deleted;
20.1.15.2. the non-admission of officers of state tax service agencies for
examination of territories and premises defined in sub-item 20.1.11 of this article;
20.1.16. to appeal to court, if the taxable person prevents the tax official to
perform his duties specified by this Code, as to the suspension of the debit
transactions on the taxable person’s accounts by means of the garnishment of funds
and other valuables on bank accounts of such a taxable person, and the obligation of
such a taxable person to fulfil the lawful demands of the tax official, stipulated by this
Code;
20.1.17. to request the court for the garnishment of funds and other valuables
on bank accounts of such a taxable person, if the taxable person owing a tax debt has
no property, and/or the book value thereof is below the tax debt amount, and/or such
property cannot be the source of tax debt repayment;
20.1.18. to file a case with the court for the collection of funds of the taxable
person owing a tax debt from bank accounts servicing such person in the amount of
the tax debt or part thereof;
20.1.19. to file a case with the court for the collection of amounts of receivables
with due time of repayment from the debtors of a taxable person, who has the tax
debt, against the tax debt of such taxable person, if the right of claim of such tax debt
has been transferred to other state tax service agencies;
20.1.20. deleted;
20.1.21. to compile protocols of administrative violations in respect of taxable
persons being individuals and officers of legal entities according to the procedure
prescribed by the legislation;
20.1.22. to issue resolutions on cases of administrative violations in the cases
stipulated by law;
20.1.23. to send written inquiries to taxable persons in respect of the provision
of properly authenticated copies of documents in cases of the violations of the
demands of the tax and other legislation of Ukraine subject to supervision by control
agencies;
20.1.24. to require taxable persons, whose activities are being inspected, to cease performing the actions that prevent officers (officials) of state tax service agencies from the exercise their powers, eliminate revealed violations of tax and other legislation subject to control by state tax service agencies, control the satisfaction of legitimate requirements of officers (officials) of state tax service agencies;

20.1.25. to use, for official purposes, the communication facilities owned by taxable persons on permission of such taxable persons or their officers;

20.1.26. to engage professionals, experts and translators/interpreters at need;

20.1.27. to ascertain the amounts of tax and monetary liabilities of taxable persons in cases envisaged by this Code;

20.1.28. to apply financial sanctions to taxable persons, to collect to the budgets and special state funds the amounts of monetary liabilities and/or tax debt in such cases, amount and under the procedure established by this Code, to collect the amounts of post-due indebtedness of a business entity to the state (the Autonomous Republic of Crimea or city territorial community) under the credit (loan) obtained by the state (the Autonomous Republic of Crimea or city territorial community) or with the state (local) guarantee, as well as under the credit from the budget in accordance with the procedure established by this Code;

20.1.29. to perform control over the observance of procedures of cash payments for commodities (services), subject to the availability of certificates of the state registration of business entities, licenses to carry out business activities that are subject to licensing according to the laws, with the following transfer of materials on the discovered violations to the agencies that have issued the said documents, trade patents;

20.1.30. to obtain free of charge the necessary information from taxable persons for the maintenance of the Universal Tax Receipt Register, organization of the bank of information of the State Register of Individuals Being Payers of Taxes; as well as to obtain from the National Bank of Ukraine and its institutions the information on the amounts of income paid to individuals and of the taxes and duties (obligatory payments) deducted from them; from the agencies authorized to conduct state registration of entities and to issue licenses to carry out business activities that are subject to licensing according to the law, — the information on the issuance of such certificates of the state registration and licenses to business entities; from the agencies of internal affairs — the information on the citizens, who have arrived for residence to a particular centre of population or have left it; from the state offices of civil status acts registration — the information on the deceased individuals;

20.1.31. to receive free of charge from the customs agencies the monthly reports on the import into the customs territory of Ukraine of import commodities and the charging of taxes and duties at that, and the information on export-import transactions performed by residents and non-residents, in accordance with the form conformed with the State Tax Administration of Ukraine, and from the statistics
agencies — the data necessary for use in conducting an evaluation of the financial-economic activity of enterprises, institutions, organizations of all forms of ownership;

20.1.32. to provide instalment and deferment of monetary liabilities or tax debt, as well as take decisions on writing off a bad debt in accordance with the procedure prescribed by the law;

20.1.33. to apply sanctions in the amount determined by this Code against the financial institutions, which have not submitted to the appropriate state tax service agencies, within the time frame specified by the law, the notices of opening or closing accounts of taxable persons, or have begun the performance of debit transactions with the account of the taxable person prior to receipt of the notice from the appropriate state tax service agency of the entry of the account into records with state tax service agencies;

20.1.34. to collect from bank institutions and other financial and credit institutions the fine for each day of delay (including the day of payment) for the untimely performance by bank institutions and other financial and credit institutions of court decisions and commissions of taxable persons on the payment of taxes and duties under the procedure and in the amount established by the laws of Ukraine in regard to such payment types;

20.1.35. to provide the information from the State Register of Individuals Being Payers of Taxes to other state bodies and bodies of the unified obligatory national pension insurance funds subject to the law;

20.1.36. to appeal to court in cases envisaged by the law in regard to the application of sanctions related to the prohibition to organize and conduct gambling games on the territory of Ukraine;

20.1.37. to take decisions on the change of the main registration location and to transfer the major taxable persons to the register of specialized state tax service agencies, and to take them off the register and transfer to other state tax service agencies;

20.1.38. to appeal to court in regard to the accrual and payment of tax liabilities, correction of negative indicators of the taxation object or other tax reporting indicators as a result of application of usual prices;

20.1.39. to obtain from notaries on a written demand the information on the taking by an individual the rights of inheritance with the obligatory indication of full data on such an individual (surname, first name, patronymic, passport number and series, year of birth, place of birth, etc.) and the information about the property (real property, movables, funds, etc.) received under the inheritance right;

20.1.40. to file an allegation with the court to arrange for the withdrawal of originals of source financial, economic and accounting documents in cases envisaged by this Code.

The rights envisaged by sub-items 20.1.1-20.1.11, 20.1.23-20.1.26, 20.1.29-20.1.31 shall be granted to the officials of the state tax service agencies, and the rights envisaged by sub-items 20.1.12-20.1.22, 20.1.27-20.1.28,
20.1.32-20.1.40 of this article shall be granted to the heads of state tax administrations and to chiefs and deputy chiefs of the state tax inspections.

**Article 21. Obligations and responsibility of the officials of control agencies**

21.1. The officials of control agencies shall be obliged:

21.1.1. to comply with the Constitution of Ukraine and act exclusively in accordance with this Code and other laws of Ukraine, other legislative acts;

21.1.2. to assure of the faithful performance of functions assigned to the control agencies;

21.1.3. to assure of the effective work and fulfilment of tasks of the control agencies in accordance with their authorities;

21.1.4. to prevent violations of the rights protected by the law and interests of citizens, enterprises, institutions, organizations;

21.1.5. to treat the taxable persons, their representatives and other parts to the relations arising during the fulfilment of the provisions of this Code and other laws in a tactful and attentive manner, refrain from humiliating their honour and dignity;

21.1.6. to prevent the divulgence of information with restricted access, which is obtained, used, stored during the fulfilment of functions assigned to the control agencies;

21.1.7. to provide the state authorities and local self-government bodies on the written demand thereof with an open tax information in accordance with the procedure established by the law.

21.2. The officials of control agencies shall bear responsibility subject to the law for non-fulfilment or improper fulfilment of their duties.

21.3. The damage caused by the unlawful actions of the officials of control agencies must be reimbursed at the expense of the state budget funds provided for such control agencies.

**Article 22. Taxation object**

22.1. The property, commodities (work, services), income (profit) or a part thereof, the commodities (work, services) sales turnover, the transactions with the provision of commodities (work, services), and other objects specified by the tax legislation, the existence whereof is related by the tax legislation to the appearance of a tax liability of the taxable person, may be taxation objects.

**Article 23. The Taxable Amount**

23.1. Specific physical, value or other features of a certain taxation object, to which the tax rate is applied and which is used for the ascertainment of the amount of the tax liability, shall be deemed to be the taxable amount.
23.2. The taxable amount and the procedure for its assessment shall be established by this Code for each tax separately.

23.3. In events envisaged by this Code, one taxation object may have several taxable amounts for various taxes.

23.4. In cases envisaged by this Code, the specific value, physical or another feature of a certain taxation object may be a taxable amount for the purposes of different taxes.

**Article 24. The Measurement Unit of the Taxable Amount**

24.1. The measurement unit of the taxable amount shall be a particular value, physical or other feature of the taxable amount or its part in respect of which a tax rate is applied.

24.2. The measurement unit of the taxable amount shall be universal for the tax calculation and accounting purposes.

24.3. One measurement unit of the taxable amount shall correspond to one taxable amount.

**Article 25. Tax Rate**

25.1. The tax rate shall be the amount of tax accruals on (from) the measurement unit (units) of the taxable amount.

**Article 26. Base (Principal) Tax Rate**

26.1. The base (principal) tax rate shall be the tax rate stipulated as such for a specific tax by the relevant Section of this Code.

26.2. In cases stipulated by this Code, several base (principal) rates may be applied to calculate the same tax.

**Article 27. Ultimate Tax Rate**

27.1. Ultimate tax rate shall be the maximum or minimum value of the tax rate for a specific tax type established by this Code.

**Article 28. Absolute and Relative Tax Rate**

28.1. An absolute (specific) rate shall be the tax rate, under which the size of tax accruals is set as a fixed value in respect of each taxable amount measurement unit.

28.2. A relative (ad valorem) rate shall be the tax rate, for which the amount of tax accruals is established as a specific percentage or divisible ratio to the measurement unit of the taxable amount.
Article 29. Assessment of the Taxable Amount
29.1. The taxable amount shall be calculated by way of multiplying the taxable amount by the tax rate with/without the application of relevant indices.
29.2. Specific rates, fixed rates and the indicators established by this Code in value measure shall be subject to indexation under the procedure prescribed by this Code.

Article 30. Tax Breaks
30.1. A tax break shall be the exemption of a taxable person from the tax and duty accrual and payment, as envisaged by the tax and customs legislation, or the payment by him of a lower tax and duty amount upon the availability of grounds specified in item 30.2 of this Article.
30.2. The specific features that characterize a certain group of taxable persons, the type of their operation, the taxation object, or the nature and social value of their expenses shall be grounds for granting tax breaks.
30.3. A taxable person shall be entitled to use a tax break since the moment of the emergence of appropriate grounds for its application and during the whole term of its validity.
30.4. A taxable person shall be entitled to refuse using a tax break or to cease its use for one or several taxation periods, unless envisaged otherwise by this Code.

The tax breaks not used by a taxable person, may not be transferred to the other taxation periods, withheld on account of the future payments from the taxes and duties or reimbursed from the budget.
30.5. Tax breaks, the procedure of, and grounds for, the provision thereof shall be instituted taking account of requirements of the legislation of Ukraine on the protection of the economic competition solely by this Code, the decisions of the Verkhovna Rada of the Autonomous Republic of Crimea and local self-government bodies made in accordance with this Code.
30.6. The amounts of taxes and duties not paid by a business entity due to the receipt of tax breaks shall be recorded by such a taxable person. The records of the said funds shall be kept under the procedure prescribed by the Cabinet of Ministers of Ukraine.
30.7. The control agencies shall summarize the information on the amounts of tax breaks of legal entities and sole traders and determine budget income losses as a result of providing tax breaks.
30.8. The control agencies shall perform the supervision over the correct provision and recording of tax breaks, and the use thereof for a specified purpose, in case of presence of the legislative definition of the areas of application (in regard to the conditional tax breaks) and the timely return of funds not paid to the budget as a result of tax break provision, if it was provided on a reversible basis. Tax breaks not used for their intended purpose or belatedly reversed, shall return to the appropriate
budget with the fine charged in the amount of 120 percent of the annual reference rate of the National Bank of Ukraine.

30.9. A tax break may be granted by means of the following:
   a) tax deduction (abatement), which reduces the taxable amount before the accrual of a tax and duty;
   b) reduction of the tax liability after the accrual of a tax and duty;
   c) establishing a reduced rate of a tax and duty;
   d) exemption from payment of a tax and duty.

Article 31. Tax and Duty Payment Time Frame
31.1. The tax payment time frame shall be the period of time starting with the moment of emergence of the tax duty of a taxable person under a specific tax type, and finish with the last day of the time frame, during which the said tax should have been paid in accordance with the procedure prescribed by the tax legislation.

   The tax not paid within the specified time frame shall be deemed not to have been paid on time.

   The moment of the emergence of the tax duty of a taxable person, including a tax agent, shall be determined by calendar date.

31.2. The tax and duty payment time frame shall be counted in years, quarters, months, ten-day periods, weeks, days or references to an event that should take place/occur/happen.

31.3. The tax payment time frame shall be determined for each tax separately according to the tax legislation. The change of the established tax payment time frame by a taxable person, tax agent, representative or control agency shall be prohibited, except for the cases stipulated in this Code.

Article 32. Change of the Tax and Duty Payment Time Frame
32.1. The tax and duty payment time frame may be changed by the transfer of the term established by the tax legislation for the payment of the tax and duty, or a part thereof, for a later time frame.

32.2. The tax payment time frame shall be changed in the form of:
   the postponement;
   the deferment;
   the tax credit.

32.3. The change in the tax payment time frame shall neither repeal the current tax liability, nor create a new one.

Article 33. Tax Period
33.1. A tax period shall be the time period established by this Code and taken into account during the assessment and payment of specific types of taxes and duties.
33.2. A tax period may consist of several reporting periods.
33.3. A base tax (reporting) period shall be the period, for which a taxable person is required to calculate taxes, to submit tax declarations (returns, calculations) and to pay tax and duty amounts to the budget, except for cases specified by this Code, when the control agency is required to determine the amount of the tax duty of a taxable person on its own.

**Article 34. Types of the Tax Period**
34.1. A tax period may be as follows:
34.1.1. a calendar year;
34.1.2. a calendar quarter;
34.1.3. a calendar month;
34.1.4. a calendar day.

**Article 35. Procedure of the Tax and Duty Payment**
35.1. The taxes and duties shall be paid in a pecuniary form in the domestic currency of Ukraine, except for cases envisaged by this Code or customs laws.
35.2. The taxes and duties shall be paid in cash or on a non-cash basis, except for cases envisaged by this Code or customs laws.
35.3. The tax payment procedure shall be specified by this Code or customs laws for each tax separately.

**Article 36. Tax Duty**
36.1. The duty of a taxable person to calculate, declare and/or pay the tax amount according to the procedure and within time frames prescribed by this Code or customs laws shall be deemed to be the tax duty.
36.2. A taxable person shall have an independent tax duty for each type of the tax and duty.
36.3. The tax duty shall be unconditional and have the priority in respect of the other non-tax liabilities of a taxable person, except for cases envisaged by the legislation.
36.4. The tax duty may be performed by the taxable person on its own, or with the involvement of his representative or a tax agent.
36.5. The taxable person shall be liable for the non-performance or improper performance of the tax duty, except for cases defined by this Code or customs laws.

**Article 37. Emergence, Change and Termination of the Tax Duty**
37.1. The grounds for the emergence, change and termination of tax duty, the procedure and conditions for its performance shall be specified by this Code or customs laws.

37.2. The tax duty shall arise on the part of a taxable person upon the emergence of circumstances, which this Code and the customs laws relate to the payment of tax by such person.

37.3. The grounds for the termination of the tax duty, except for its performance, shall be the following:
   37.3.1. liquidation of a legal entity;
   37.3.2. death of an individual, being recognized as incapable or missing;
   37.3.3. loss by a person of the features of a taxable person defined by this Code;
   37.3.4. annulment of the tax liability in the manner prescribed by the legislation.

**Article 38. Fulfilment of the Tax Duty**

38.1. The full payment of appropriate tax amounts by a taxable person within the time frames prescribed by the tax legislation shall be recognised as the proper fulfilment of the tax duty.

38.2. The tax shall be paid directly by a taxable person or, in cases envisaged by the tax legislation, by a tax agent or a representative of the taxable person, or by a bank on the basis of a tax pledge.

38.3. The method, procedure and terms of the tax duty fulfilment shall be specified by this Code or customs laws.

**Article 39. Methods of ascertainment and the application procedure of the usual price**

39.1. The usual price for commodities (work, services) shall be deemed equal to the contract price, unless otherwise established by this Code and the opposite is proven, in particular, resulting from the impossibility to ascertain the usual price using the provisions of items 39.3-39.4 of this article.

The usual price shall be applied in case of performance by the taxable person of the following:
   a) barter transactions;
   b) transactions with related parties;
   c) transactions with taxable persons using special taxation regimes or the rates other than the base rate for the income tax, or is not a payer of this tax, except for individuals not being business entities;
   d) in other cases determined by this Code.
39.2. The usual price in cases stipulated by this Code shall be ascertained using one of the methods specified in this item. The following methods of the usual price ascertainment shall be stipulated:

a) the comparable non-controlled price (sales analogues);
b) the re-sale price;
c) the “expense plus”;
d) the profit distribution;
e) net profit.

In the process of the usual price ascertainment in accordance with the methods determined by this item, the information about the prices in the transactions between unrelated parties in comparable conditions on the appropriate market of commodities (work, services) shall be used. At that, the conditions shall be deemed comparable if the difference between such conditions do not substantially affect the price obtained as a result of the application of methods determined by this item.

39.3. Lacking the data for the application of the above usual price ascertainment methods, such price may be ascertained based on the results of the independent appraisal of property and property rights conducted by an appraising party subject to the Law of Ukraine “On the Appraisal of Property, Property Rights and Professional Appraising Business in Ukraine”.

39.4. The comparable non-controlled price (sales analogue) method provides for the use of a price determined on the basis of the price of identical (or, lacking them, similar) commodities (work, services) sold (acquired) by (to) the party not related to the seller (buyer) under normal business circumstances.

In order to determine the usual price for the commodities (work, services) under the comparable non-controlled price (sales analogue) method, the information shall be used on the contracts for the identical (similar) commodities (work, services) concluded as of the time of the sale of such commodities (work, services) under comparable conditions at an appropriate market of the commodities (work, services).

Such contractual terms and conditions as the quantity (volume) of commodities (for instance, the volume of the commodity batch), the volume of functions performed by parties; conditions of risks and benefits distribution among the parties; the time frames for the performance undertakings; the conditions of payments usual for such a transaction; characteristics of the commodities market, where the business transaction has been performed; business strategy of an enterprise; usual surcharge or discounts to the price at concluding the contracts between the unrelated parties, as well as other objective conditions that can affect the price shall be taken into consideration. At that, the conditions of contracts on the market of identical (or, lacking them, similar) commodities (work, services) shall be found comparable, if the differences between such conditions do not affect the price substantially or can be justified economically. At that, the price surcharges or discounts usual in case of the conclusion of contracts between unrelated parties shall be taken into consideration, including, for instance, discounts due to the seasonal and other fluctuations of the consumer demand for the
commodities (work, services), the loss of quality or other properties by the
commodities; the expiry (the approximation of the expiry) of the shelf (usability, sale)
life; the sale of illiquid or hardly liquid commodities. If commodities (work, services),
in whose respect the usual price is being determined, are identical (or, lacking them,
similar) to the commodities (work, services) publicly offered for sale or having prices
set at an organised commodities market, or have an exchange price (exchange
quotation), the usual price shall be determined according to the procedure specified in
paragraph one of this sub-item taking account of such factors.

39.5. The re-sale price method shall rely on the contractual price for the
commodities (work, services) determined in the course of the subsequent sale of such
commodities (work, services) by the buyer to a third party less the appropriate
surcharge and sales-related expenses.

39.6. The “expense plus” method shall rely on the price consisting of the cost of
the finished products (commodities (work, services)) determined by the seller, and the
appropriate surcharge usual for the appropriate type of business activity under
comparable conditions. The minimum amount of surcharge may be determined at the
legislative level.

39.7. The profit from a transaction to be distributed among the parties to a
transaction shall be determined by the profit distribution method. Such profit shall be
distributed on the economically grounded basis, which approximizes this distribution
to the profit distribution, which the parties to the transactions would obtain if they
were related parties.

39.8. The method of net profit shall be based on the comparison of the
transaction profitability indicators, which shall be calculated on the basis of the
appropriate amount (such as expenses, volume of sales, assets), with equal
profitability indicators of the transactions between the unrelated parties under the
comparable economic conditions subject to item 39.2 of this article.

39.9. The method of ascertainment of the usual insurance fee price shall be
approved by the central executive body on financial service market regulation, basing
on the provisions of this article.

39.10. If the prices for commodities (work, services) are subject to state
regulation in accordance with the legislation, the usual price shall be deemed the price
ascertained in accordance with the principles of such regulation.

This provision shall not concern the ascertainment of the minimum sales price
or indicative price. In such case the market price shall be deemed the usual price, but
not below the established minimum sales price or indicative price.

39.11. For the ascertainment of the usual prices for commodities (work,
services), the official sources of information shall be used, including the following:

39.11.1. statistical data of state bodies and institutions;
39.11.2. the prices of specialized auctions for the trade with specific product
types, the stock exchange quotations;
39.11.3. the reference prices of specialized commercial editions and publications, including electronic and other databases;

39.11.4. the reports and reference materials of the economic issues sections of diplomatic missions of Ukraine abroad;

39.11.5. other sources of information recognized as official under the prescribed procedure.

39.12. If the sale (alienation) of commodities is performed under the enforcement procedures subject to the legislation, the price obtained during such a sale shall be deemed the usual price.

39.13. For the commodities (related services) previously imported into the customs territory of Ukraine under the customs regime of import or re-import, the market sales (supply) price on the customs territory of Ukraine shall be deemed the usual price, but not below the customs value of commodities (related services), on which the taxes and duties have been paid during their customs documenting.

39.14. The duty to prove that the contract (agreement) price does not comply with the level of the usual price shall be assigned to the state tax service agency in accordance with the procedure specified by the law. At the time of inspection of a taxable person, the state tax service agency shall be eligible to issue an inquiry, and the taxable person shall be obliged to prove the level of contract prices or to refer to the provisions of paragraph one of this item.

39.15. In case of variance of contract prices in the customs records of a taxable person towards the increase or decrease from the usual prices by less than 20 percent, such variance may not be the ground for the ascertainment (charge) of the tax liability, correction of the negative indicator of an taxation object or other indicators of customs reports.

The amount, taxation object and other indicators of tax accounting determined with the application of usual prices shall be used by state tax service agencies for the calculation of tax liabilities, correction of the negative indicator of an taxation object or other indicators of customs reports by the results of the conducted inspection.

An appropriate tax notice/decision shall be taken by the results of such inspection. If a taxable person initiates an appeal procedure in relation to the said tax notice/decision, or in case of non-payment of the adequate amount determined in such tax notice/decision within the time frames set by this Code, tax notice/decision shall be deemed called off.

Head of the state tax service agency is obliged to file a case with the court in regard to the accrual and payment of tax liabilities, correction of the negative indicator of an taxation object or other indicators of customs reports.

39.16. A major taxable person is eligible to submit to the central body of the state tax service agency an application of concluding a pricing contract for the purposes of taxation.

A pricing contract for the purposes of taxation shall be understood as a contract between the designated taxable person and the central body of the state tax service
agency in regard to the procedure of price ascertainment (methods) in accordance with this article and its application for the purposes of taxation within the effective term of such contract. The procedure of concluding and performance of such contracts shall be established by the Cabinet of Ministers of Ukraine.

39.17. At the time of conducting an auction (tender), the price established by the results of such auction (tender) shall be deemed the usual price.

SECTION II. ADMINISTERING TAXES, DUTIES (OBLIGATORY PAYMENTS)

CHAPTER 1. GENERAL PROVISIONS

Article 40. Scope of Application of this Section

40.1. This Section sets the procedure for administering taxes and duties as described in Section I of this Code and the procedure for control over the compliance with other legislation where such control is a responsibility of state tax service agencies.

If other Sections of this Code or the customs legislation set a special procedure for administering specific taxes and duties (obligatory payments), the rules of such other Sections or the customs legislation shall apply.

Article 41. Control Agencies and Collection Agencies

41.1. The following shall be the control agencies:

41.1.1. State Tax Service Agencies - in respect of taxes being collected to budgets and state special-purpose funds, except for those referred to in sub-Item 41.1.2 of this Item, and in respect of the legislation where control over the compliance therewith is a responsibility of state tax service agencies;

41.1.2. Customs Agencies - in respect of the duty, excise tax, value-added tax and other taxes that are charged under the tax legislation when goods and objects are imported (dispatched) into the customs territory of Ukraine or the territory of a special customs zone, or when goods and objects are exported (dispatched) from the customs territory of Ukraine or the territory of a special customs zone.

41.2. The delimitation of powers and functional duties between the control agencies shall be specified in this Code and other regulations.

41.3. The procedure of control by customs agencies over the payment by taxable persons of the value-added tax and the excise tax shall be specified in a joint decision of the central state tax service agency and the specifically authorized central customs agency.

41.4. Other state authorities may not, even on request of law-enforcement agencies, carry out inspections in respect of the timeliness, accuracy and completeness of the accrual or payment of taxes.

41.5 Only state tax service agencies and state bailiffs within their
competence shall be the collection agencies. It shall be disallowed to collect the tax debt on the basis of notarial writs of execution.

Article 42. Communications with a Taxable Person

42.1. Tax decision notifications, tax claims or other tax agency's documents being communicated to a taxable person by the control agency must be done in writing, properly signed and sealed by relevant agency.

42.2. The documents shall be deemed duly served if delivered at the taxable person's address/location/tax address in a registered letter with the inventory or delivered to the taxable person or their legal or to its authorized representative personally.

42.3. If a taxable person, within four days from the date of control agency's serving respective documents on them, has failed to notify such a control agency of the change in their tax address, the documents shall be deemed duly served even if returned as finding no addressee and they shall be binding on such tax payer.

Article 43. Terms of Refund of the Erroneously and/or Excessively Paid Monetary Liabilities

43.1. The erroneously and/or excessively paid amounts of monetary liabilities shall be refundable to the taxable person under this Article of the Code, except when such payer has a tax debt.

43.2. In the event that a payer has a tax debt, the amount of monetary liabilities shall only be refunded to the taxable person's current/deposit account with a bank institution or in cash against a cheque, when the taxable person has no bank account, after the state tax service agency recovers such a tax debt in full.

43.3. The mandatory condition for refunding the sums of the monetary liabilities (other than refund of excessively withheld/paid amounts of the individual profit tax, which are calculated by the state tax service agency based on the tax return as supplied by the taxable person for the reporting calendar year by recalculating it on the basis of the taxable person's aggregate annual taxable income) within 1095 days from the day the erroneously and/or excessively paid amount arises.

43.4. A taxable person shall apply for the refund of the excessively paid amount in a free form, indicating the route for the transfer of funds: to a current (deposit) account of the taxable person with a bank; for the repayment of a monetary liability (tax debt) from other payments, the repayment of which is supervised by control agencies, irrespectively from kind of budget; or by means of the refund in cash under a cheque, if the taxable person has no bank account.

43.5. The control agency shall, within five business days prior to expiry of the twenty-day period of the taxable person's application date, prepare its opinion on the refund of respective amounts from the budget and communicate it for fulfilment to the appropriate agency of the State Treasury of Ukraine. Based on the opinion received, the agency of the State Treasury of Ukraine shall, within five
business days, refund the erroneously and/or excessively paid tax amounts to taxable persons under the procedure as prescribed by the State Treasury of Ukraine.

The state tax service agency shall be liable by law for late transfer of the opinion on the refund of appropriate amounts from relevant budget for execution to the State Treasury of Ukraine.

**Article 44. Requirements Pertaining to Confirmation of Data Provided in Tax Reports**

44.1. For taxation purposes, taxable persons shall maintain accounts of their income, expenses, and other indicators related to identifying the objects of taxation and/or their tax liabilities, on the basis of source documents, accounting registers, financial reporting, and other documents relevant for calculation and payment of taxes and duties, and maintaining of which is prescribed by legislation.

Taxable persons shall be prohibited from compiling the tax reporting indicators and customs declarations on the basis of data that is not supported by documents as described in paragraph one of this Item.

In cases provided for in Article 216 of the Civil Code of Ukraine, taxable persons should make relevant changes in their tax reporting, under the procedure described in Article 50 of this Code.

44.2. In order to account a taxation object an profit tax payer should use the accounting data related to income and expenses, with taking into consideration the provisions of this Code.

Profit tax payers who pay the tax at a zero rate and meet the criteria defined in Item 154.6 of the Article 154 of this Code, shall maintain a simplified accounting of income and expenses with the purpose of accounting a taxation object under a methodology approved by the Ministry of Finance of Ukraine.

The methodology of accounting of temporary and permanent tax differences shall be approved under procedure prescribed by the Law of Ukraine “On Accounting and Financial Reporting in Ukraine”.

44.3. Taxable persons shall ensure the storage of documents specified in Item 44.1 of this Article, as well as of those related to the compliance with the legislation, where control over compliance therewith is a responsibility of state tax service agencies, for at least 1095 days from filing tax reports, for compilation of which these documents were used, and from the deadline for filing such reports prescribed by this Code, in case if such reports were not filed.

In the event that a taxable person is liquidated, the documents listed in Item 44.1 of this Article, for at least a 1095-day period of such tax payers’ operations preceding the date of liquidation, shall be transferred to archives under procedure prescribed by legislation.

44.4. If documents listed in Item 44.1 of this Article are related to the object of an inspection, an administrative appeal procedure in respect of a tax decision notice
issued as a result of the inspection, or the court examination, then the documents must be kept until the completion of the inspection and the expiry of the time frame for appealing against the decisions envisaged by the legislation and/or the time from the final settlement of the case by court, but at least during the time frames prescribed by Item 44.3 of this Article.

44.5. In the event of loss, damage or early destruction of the documents mentioned in Items 44.1 and 44.3 of this Article, the taxable person shall, within five days of the event, notify in writing the state tax service agency in the place of the entry into records under the procedure set by this Code for filing the tax reporting, and the customs agency which carried out customs processing of relevant customs declaration.

The taxable person shall be obliged to renew the lost documents within 90 calendar days that follow the day on which the state tax service agency or a customs agency receives the notice.

In case it is impossible to carry out the inspection of a taxable person in cases specified in this sub-Item, the date for carrying out such inspections shall be postponed to the date of renewal and filing the documents for inspection within the time frames defined in this sub-Item.

44.6. If, before the completion of the inspection or within the time frames defined in paragraph two of Item 44.7 of this Article, the taxable person fails to provide the state tax service agency's officers conducting such an inspection with documents (regardless of reasons for such failure, except for seizure or another withdrawal of documents by law enforcement agencies) that support the indicators posted by such a taxable person in their tax reporting, such documents shall be deemed to have been missing with the taxable person at the time of the compilation of such reports.

If the taxable person, after the inspection is completed and before the decision is made by the control agency on the results of the inspection, provides the documents confirming the indicators specified by such taxable person in the tax reporting, and which documents were not provided in the course of the inspection (except for cases covered by paragraph two of Item 44.7 of this Article), such documents should be taken into account by the control agency when considering the issue of making the decision.

44.7. If an official of the controlling agency, who performs the inspection, refuses for any reason to take into account the documents provided by the taxable person in the course of the inspection, the taxable person shall have the right to send copies of such documents (authenticated with the seal of the taxable person (if any) and the signature of the individual taxable person or the official of a legal entity taxable person) with a letter with a notice of delivery and the inventory to the state tax service agency that scheduled the inspection before the completion of the inspection.

If, in the course of the inspection, the taxable person provides the documents less than three days prior the inspection end date, or when the documents were
received by the control agency as per procedure described in the first paragraph of this Item less then three days prior the inspection end date, the inspection shall be prolonged for the period defined in Article 82 of this Code.

If the documents served as per procedure described in the first paragraph of this Item were received by the control agency after the end of the inspection or if such documents were provided as per the second paragraph of this Item, then the control agency shall be entitled not to make a decision according to the results of the inspection and to appoint an unscheduled documentary inspection of such taxable person.

44.8. Separated structural units, if they are identified as a payer of a specific tax, must keep accounts related to the said tax according to the rules prescribed by this Code.

**Article 45. Tax Address**

45.1. A taxable person being an individual must define his tax address.

The individual's permanent place of residence, where he/she was registered as a taxable person with a state tax service agency shall be deemed the tax address of an individual. A taxable person being an individual must not have more than one tax address at a time.

45.2. The location of a legal entity, which information is recorded in the Unified State Register of Enterprises and Organizations of Ukraine, shall be deemed to be the tax address of such legal entity (a separated unit of a legal entity).

The location of the trustee shall be deemed the tax address of an enterprise under trust management.

**CHAPTER 2. TAX REPORTING**

**Article 46. Tax Return (Calculation)**

46.1. Tax return, calculation (hereinafter referred to as "tax return") shall be understood as a document that is submitted by a taxable person (including separated units in cases expressly prescribed by this Code) to the control agency within time frames prescribed by law, on whose basis the tax liability is accrued and/or paid, or a document that confirms the amount of income accrued for (paid to) taxable persons being individuals, and the withheld and/or paid amount of tax.

For taxation purposes, a customs declaration shall be deemed equivalent to the tax return.

Annexes to a customs declaration shall be deemed its integral part.

46.2. Profit tax taxable persons should submit, together with relevant tax return, quarterly or annual accounting reporting (except small enterprises) under procedure prescribed for submission of tax return.

Profit tax taxable persons, small enterprises, qualified as such according to the Economic Code of Ukraine, should submit, together with annual tax return, annual
accounting reporting under procedure prescribed for submission of tax return.

As a part of accounting reporting, taxable persons should specify temporary and permanent tax differences according to the form prescribed by the Ministry of Finance of Ukraine.

46.3. If, under tax accounting rules set by this Code, tax reporting in respect of specific tax is compiled on a cumulative total basis, the tax return upon results of the last tax period shall be deemed equal to the annual tax return and the latter shall not be submitted.

46.4. If, in taxable person's opinion, a tax return form as determined by central control agency increases or reduces their tax liabilities contrary to the provisions of this Code in respect of such tax or duty, they may indicate such fact in a specifically provided space in the tax return.

If necessary, the taxable person may enclose an addendum to such tax return, which may be made in a free form and are integral parts of the tax return. Such addendum should be submitted with an explanation of the reasons for submission thereof.

46.5. Tax return form shall be specified by the central state tax service agency of Ukraine in concurrence with the Ministry of Finance of Ukraine.

The same procedure shall apply to determining tax return forms for local taxes and duties that are mandatory for use by payers thereof (tax agents).

The form of tax return on the property state and income (of the tax return) shall be defined with taking into consideration the peculiarities specified in Item 179.9 of Article 179 of this Code.

The form of a simplified tax return provided for in Item 49.2 of Article 49 of this Code, and the procedure for transition of taxable persons to submission of such kind of declaration shall be established by the Cabinet of Ministers of Ukraine.

The form, the procedure, and the time frames for submission of customs declaration, as well as the procedure for acceptance of such declaration by customs agency shall be established with taking into consideration of the customs legislation of Ukraine.

State agencies establishing the forms of customs declarations pursuant to this Item shall publish such forms for their use by the taxable persons.

46.6. If the introduction of a new tax or changes in the taxation rules result in changes in the tax reporting forms, the central state tax service agency, which has approved such forms, shall publish such new reporting forms.

Until new forms of returns (calculations) are established and become effective for compilation of the reporting for a tax period subsequent to the tax period in which they were published, the forms of returns (calculations) in effect before such establishment shall be effective.

After amendments are made in applicable taxation laws and regulations, the central tax service agency shall take measures connected with publishing and use of such amendments.
Articles 46 to 50 of this Code shall not apply to declaration of commodities (products) imported into the customs territory of Ukraine or exported therefrom under the customs legislation of Ukraine (except for events directly specified in these Articles), as well as to the declaration of allocations to social funds and other information declarations that contain economic details of business entities not related to calculation of taxes.

**Article 47. Persons Responsible for Compilation of Tax Reporting**

47.1. Liability for untimely and inappropriate compilation of tax reporting documents, violation of timeframe for submitting those to control agencies or invalid information in such documents shall be incurred by:

47.1.1. Legal entities, permanent representative offices of non-resident legal entities, which are designated as taxable persons under this Code, as well as their officers.

The liability for breach of the tax legislation by a separate division of a legal entity shall be the legal entity to which it belongs;

47.1.2. Taxable individuals or their legal or authorized representatives, in cases provided for by the law;

47.1.3. Tax agents.

**Article 48. Compilation of Tax Return**

48.1. Tax return shall be compiled according to the form approved under the procedure prescribed by the provisions of Item 46.5 of Article 46 of this Code and effective as of the time of submission of the tax return.

The form of the tax return shall have necessary details and must conform to the rules and to the nature of the respective tax or duty.

48.2. Mandatory details is the information which must be contained in the form of the tax return, and without which information the document is deprived of the status defined in this Code what results in judicial consequences provided for by the law.

48.3. The tax return must contain the following mandatory details:

- Document type (reporting, refining, new reporting);
- Reporting (tax) period for which the tax return is submitted;
- Reporting (tax) period for which the data is refined (for a refining calculation);
- Full name (surname, name, patronymic) of a taxable person as per registration documents;
- Taxable person’s identification code as per the Unified State Register of Enterprises and Organizations of Ukraine or tax number;
- Registration number of taxable person’s record card or series and number of passport (for individuals, who refuse to be assigned a registration number of taxable person’s record card due to their religious beliefs and have informed of that relevant state tax service agency and have relevant mark in their passports);
Location (place of residence) of a taxable person;
Name of state tax service agency to which the reporting is submitted;
Date of form submission (or date of completion – depending on certain form);
Initials, surnames and registration numbers of taxable person’s officers’ record cards;
Signatures of the individual taxpayer and/or of taxable person’s officers specified in this Code, with taxable payer’s seal (if applicable).

48.4. In specific cases, when that conforms to the nature of the tax or duty and is necessary for administering thereof, the form of the tax return may additionally contain the following details:
Mark of reporting under a special regimen;
Code of kind of economic operations (KVED Code);  
Code of local self-government body (KOATUU Code);
Taxable person’s identification number and number of the vat tax payer according to the information contained in the Register of vat tax payers for the reporting (tax) period.

48.5. The tax return should be signed by:
48.5.1. The chief executive of a taxable person or by an authorized person, and by the person responsible for accounting and for submission of the tax return to a state tax service agency. If accounted is maintained and the tax return is submitted by the taxable person's chief executive himself, such tax return shall be signed by such chief executive and by the person responsible for accounting;
48.5.2. By the taxable person being an individual or by his/her legal representative;
48.5.3. By the person responsible for accounting and for submission of the tax return under a joint activity agreement or under a production-sharing agreement.

48.6. If tax return is submitted by tax agents who are legal entities, such reporting shall be signed by such agent's chief executive and by the person responsible for such agent's accounting and tax return, and if the tax agent is an individual, then by such an individual.

48.7. Tax reporting compiled with breaches of the provisions of this Article shall not be deemed a tax return.

Article 49. Submission of Tax Return to Control Agencies
49.1. The tax return shall be submitted for a reporting period, within the time frames set by this Code, to the state tax service agency with which the taxable person is registered.

49.2. A taxable person shall be obliged, for each tax period stipulated in this Code, to submit tax returns for each individual tax such taxable person is implied pursuant to this Code, regardless of whether such taxable person had any economic activities in that period.

The enterprise profit tax payers which have a zero tax rate in compliance with
Item 154.6 of Article 154 of this Code shall submit to state tax service agencies the returns (calculations) on profit tax in a simplified form and under the procedure stipulated in this Code.

49.3. The tax return shall be submitted to a state tax service agency by one of the following ways on sole discretion of the taxable persons, unless the contrary is provided for by this Code:
   a) By the taxable person personally or by an authorized person;
   b) By registered mail with notification of receipt and description of the enclosure;
   c) By means of electronic communications in electronic form with meeting the requirements pertaining to registration of the electronic signatures of the reporting persons under the procedure stipulated by the legislation.

49.4. Taxable persons qualified as large and middle-size enterprises may submit tax returns to state tax service agencies in electronic form provided that they meet the requirements pertaining to registration of the electronic signatures of the reporting persons under the procedure stipulated by the legislation.

49.5. If the tax return is sent by mail, taxable person shall post such mail directed to the address of relevant state tax service agency not later than ten days prior to the end of the deadline date for submission of the tax return, which date is stipulated in this Article.

49.6. In case of loss or damage of the postal item or of delay in delivery of such Item to the state tax service agency due to the fault of the post service operator, such operator shall be liable for that in compliance with applicable laws. In such case the taxable person in question shall be released from any liability for failure to submit or for late submission of such tax return.

The taxable person shall be obliged, within five business days from the date of receipt of a notification of loss or damage of the postal item, to mail or to deliver in person to the state tax service agency (on the sole discretion of the taxable person) the second copy of the tax return together with a copy of the notification of loss or damage of the postal item.

49.7. Regardless of the fact of loss or damage of such postal item or delay in delivery thereof, the taxable person shall be obliged to pay the amount of the tax liability, independently calculated by such person in such tax return within the time frames stipulated in this Code.

49.8. Acceptance of tax return shall be the responsibility of the state tax service agency. When accepting the tax return, an authorized officer of the state tax service agency where the taxable person is registered is obliged to check the presence and the correctness of all mandatory details provided for by Items 48.3 and 48.4 of Article 48 of this Code. Other indicators specified in the taxable person’s tax return shall not be subject to check before it is accepted.

49.9. Provided that the taxable person meets the requirements of this Article, the officer of the state tax service agency where the taxable person is registered is
obliged to register the taxable person’s tax return on the date when it was actually received by the state tax service agency.

Provided that the requirements stipulated in Articles 48 and 49 of this Code are met, the tax return submitted by the taxable person shall also be deemed accepted:

49.9.1. If each page of the tax return and, on desire of the taxable person, its copy, bears a mark (stamp) of the state tax service agency receiving the tax return, with specification of the date of receipt thereof, or presence of a notice of receipt of the tax return in case if it was submitted by electronic means of communication, or of a mail notification with indication that the tax return was delivered to the state tax service agency if the tax return was sent by mail;

49.9.2. In the event if the state tax service agency, in compliance with provisions of Item 49.11 of this Article, does not serve the taxable person notification of refusal to accept the tax return within the time frames stipulated in this Article.

49.10. Refusal to accept the tax return by an officer of the state tax service agency for any reasons not stipulated in this Article, including putting forward any preconditions for its acceptance which not provided for in this Article (including amendment of such tax return indicators, reduction or elimination of negative objects of taxation, budget refund sums, illegal increase in tax liabilities, etc.) shall be prohibited.

49.11. If the taxable person submits to a state tax service agency the tax return completed with any breach of the requirements stipulated in Items 48.3 and 48.4 of Article 48 of this Code, such state tax service agency shall be obliged to serve such taxable person with a written notification of refusal to accept such person’s tax return with specification of reasons for such refusal:

49.11.1. In case if such tax return was sent by mail or by means of electronic communications: within five business days from the date of receipt thereof;

49.11.2. In case if such tax return was received in person from the taxable person or its representative: within three business days from the date of acceptance thereof.

49.12. If the taxable person receives the refusal to accept a tax return from state tax service agency, the taxable person shall be entitled:

49.12.1. To submit the tax return and to pay penalty if the deadline for submission thereof was breached;

49.12.2. To contest the decision of the state tax service agency under the procedure stipulated in Article 56 of this Code.

49.13. In case if, under the procedure stipulated by law, the fact of unlawful refusal to accept the tax return by the state tax service agency (or by its officer) will be established, such tax return shall be deemed accepted at the date of its actual receipt by the state tax service agency.

49.14. On each written statement by the taxable person of breach of this Article by an officer of the state tax service agency, an internal investigation in compliance with law must be held.
According to the results of such investigation, the guilty officer of the state tax service agency should be brought to responsibility in compliance with law.

49.15. A tax return sent by a taxable person or by a representative of a taxable person by mail or by means of electronic communications with breach of provisions of Items 48.3 and 48.4 of Article 48 of this Code shall be deemed not submitted.

49.16. Regardless of refusal to accept a tax return, taxable person shall repay the tax liability independently calculated in such tax return, within the time frames prescribed by this Code.

49.17. The central agency of the executive power responsible for information system development processes in Ukraine shall implement and maintain the “Single Window for Submission of Electronic Reporting” automated system for rendering services connected with submission in electronic form, using the Internet, of reporting which is mandatory for submission under applicable laws, to ministries, other state agencies and funds of generally mandatory state insurance. The “Single Window for Submission of Electronic Reporting” automated system shall assure the support of electronic signature instruments for all accredited key certification centres operating in the Ukrainian market in compliance with the effective legislation.

The description of formats (standards) and the structure of electronic documents which provides for submission of electronic reporting to the “Single Window for Submission of Electronic Reporting” automated system should be published and kept updated free of charge for the users at generally available resources of the Ministry of Finance of Ukraine and of those state agencies, the submitting the reporting to which is mandatory under the legislation.

The “Single Window for Submission of Electronic Reporting” automated system and all of its components shall be state property.

Other services may be provided using the “Single Window for Submission of Electronic Reporting” or its components.

49.18. Tax returns, except the cases provided for in this Code, shall be submitted for base tax (reporting) period to be equal to:

49.18.1. One calendar month (including when making advance monthly contributions): within 20 calendar days that follow the last calendar day of the reporting (tax) month;

49.18.2. One calendar quarter or six calendar months (including when making advance quarterly or semi-annual contributions): within 40 calendar days that follow the last calendar day of the reporting (tax) quarter (half) year;

49.18.3. One calendar year, except as contemplated in sub-Item 49.18.4 and 49.18.5 of this Item: within 60 calendar days that follow the last calendar day of the reporting (tax) year;

49.18.4. One calendar year, for payers of the individual profit tax: by May 1 of the year that follows the reporting one;

49.18.5. One calendar year, for payers of the individual profit tax being individual entrepreneurs: within 40 calendar days that follow the last calendar day of
the reporting (tax) year.

49.19. If a quarterly, semi-annual, three-quarterly or annual tax return is calculated on a cumulative total basis using indicators of basic tax periods forming such a quarter, six months, three quarters or year (disregarding the advance contributions) under the appropriate Section of this Code, such return shall be submitted within time frames specified in Item 49.18 of this Article for such a basic tax period.

For the purposes of this Code, the “basic reporting (tax) period” shall be understood as the first reporting (tax) period of the year as specified in appropriate Section of this Code.

49.20. If the last day of the period for submitting tax return falls on a day-off or holiday, the operating (banking) day that follows such day-off or holiday shall be deemed the last day of the period.

Deadlines for submitting the tax return may be extended under such rules and on such grounds as contemplated in this Code.

49.21. If no reporting (tax) period it set in the appropriate Section of this Code for a specific tax or duty, the tax return shall be submitted and tax liability shall be paid within the period set in this Item for the monthly basic reporting (tax) period, except when no tax return submission is required by such Section of this Code.

**Article 50. Amendment to Tax Reporting**

50.1. If, in future tax periods (with taking into account the limitation period contemplated in Article 102 of this Code), a taxable person independently detects errors contained in their previously submitted tax return (save for customs declaration or limitations contemplated in this Article), such a taxable person shall submit an updating calculation for such tax return in the form effective at the moment of submission of such updating calculation.

Taxable person shall be entitled not to submit such a calculation if such a taxable person indicates relevant corrected indicators in the tax return for any other future tax period, during which such errors were detected.

The taxable person which, before the commencement of inspection of such person by a control agency, independently detects the fact of diminution of the tax liability in previous tax periods, shall be obliged to:

a) whether submit an updating calculation and to pay the amount of the shortfall and the penalty amounting to three percent of such amount before the submission of such updating calculation; or

b) show the amount of the shortfall in the tax return for that tax which is submitted for the period subsequent to the period in which the diminution of the tax liability was detected, increased by the amount of penalty which is equal to five percent from such amount, with a relevant increase of the total amount of the tax liability on that tax.

If after submission of the tax report for a reporting period the taxable
person submits a new tax return with updated indicators before the end of the deadline for submission of tax return for the same reporting period, the fines contemplated in this Item shall not be applied.

50.2. The taxable person shall not be entitled to submit an updating calculation for the tax return that has been submitted for the period, which, as of the date of such submission, is under inspection by appropriate control agency.

50.3. If the taxable person submits an updating calculation to a tax return submitted for the period that has already been inspected, relevant control agency shall be entitled to carry out an unscheduled inspection of such taxable person for relevant period.

Article 51. Submission of Information on the Amounts of Incomes Paid to Taxable Persons Being Individuals

51.1. A tax agent shall be obliged to submit, within the time frames set by this Code for a tax quarter, tax calculation of amounts of income accrued (paid) to taxable persons, as well of the amounts of accrued and withheld tax, to the state tax service agency which such agent is registered with.

51.2. In cases contemplated in this Code, the calculations shall be submitted in electronic form.

CHAPTER 3. TAX ADVICES

Article 52. Tax Advice

52.1. On request of taxable persons, control agencies shall give advices on practical application of certain regulations of the tax legislation.

52.2. Such tax advice shall be individual and may only be used by the taxable person to whom such advice was given.

52.3. At taxable person's option, the advice shall be given verbally or in writing.

52.4. Advices shall be given by the state tax service agency or by a customs agency, which taxable person is registered with, or by a higher state tax service agency or a higher customs agency, under which administrative subordination such local agencies are, as well as by the central state tax service agency or by a specially authorized central executive customs agency.

52.5. Control agencies may only give advice on those matters that fall under their competence.

Article 53. Consequences of Reliance on Tax Advices

53.1. A taxable person, who acted in reliance on the tax advice provided in writing, particularly on the basis of the fact that in the future such tax advice is cancelled or amended, may not be drawn to liability.

53.2. Excluded.
53.3. A taxable person may litigate as a legal act of individual effect a tax advice of relevant control agency provided in writing, which, in the opinion of such taxable person, contradicts to regulations or content of relevant tax or duty. Recognizing such advice as invalid by a court is the grounds for provision of new advice with taking into consideration the findings of the court.

CHAPTER 4. ASCERTAINMENT OF THE AMOUNT OF TAX AND/OR MONETARY LIABILITIES OF A TAXABLE PERSON, THE PROCEDURE OF PAYMENT THEREOF, AND OF APPEAL AGAINST DECISIONS OF CONTROL AGENCIES

Article 54. Determination of the Amounts of Tax and Monetary Liabilities

54.1 Except as expressly contemplated by the tax legislation, a taxable person shall independently calculate the amount of their tax and/or monetary liability that they specify in the tax return (customs declaration) or in the updating calculation to be submitted to control agency within the time frames set forth in this Code.

54.2. A monetary liability in respect of the amount of profit tax liabilities to be withheld and paid (transferred) to the budget in case of accrual/payment of income to a taxable person being an individual is deemed to be settled by the tax agent or by taxpayer who receives income not from a tax agent, at the moment of incurrence of tax liability which is determined according to the calendar date set in Section IV of this Code as the deadline for payment of tax to relevant budget.

54.3. Control agency shall independently determine the taxable person's amount of monetary liability, the decrease (increase) of the amount of allocations to budget and/or decrease or increase of the negative value of an profit tax object or of the negative value of a value tax object of the taxable person, under this Code or other legislation if:

54.3.1. The taxable person fails to submit their tax return (customs declaration) within the prescribed time frames;

54.3.2. The data of inspections of the performance of the taxable person confirm the understatement or the overstatement of its tax liabilities indicated in tax returns (customs declarations) and updating calculations;

54.3.3. The control agency is, under tax and other legislation, the person responsible for charging a specific tax or duty, applying penalties (financial) sanctions and fine, including those for violations in the field of foreign trade;

54.3.4. By court decision, which has become legally effective, the person is found guilty of evading tax payments;

54.3.5. The data of inspections on the withholding of taxes at the source of the disbursement, including a tax agent, confirm the violation of rules of the accrual, withholding and payment of taxes and duties to the budget as prescribed by this Code, including the individual profit tax by such a tax agent;

54.3.6. Results of the customs control obtained after the completion of the
customs clearance and issue of commodities confirm the understatement or overstatement of tax liabilities specified by the taxable person in customs declarations.

54.4. In case of receipt from authorized bodies of foreign states of documented information pertaining to the country of origin, value, quantity or quality characteristics which are significant for taxation of goods and objects are imported (dispatched) into the customs territory of Ukraine or the territory of a special customs zone, or when goods and objects are exported (dispatched) from the customs territory of Ukraine or the territory of a special customs zone, and which differ from such characteristics declared at the time of customs clearance, the customs agency shall be entitled to independently determine the tax base and tax liabilities of the taxable person by means of actions set forth in Item 54.3 of this Item, on the basis of information contained in such documents.

54.5. If pursuant to provisions of this Article the amount of the tax liability is calculated by a control agency, the taxable person shall not be liable for the timeliness, correctness and fullness of accrual of such amount; however, the taxable person shall be responsible for timely and full redemption of accrued settled monetary liability and shall be entitled to appeal against such amount under the procedure established by this Code.

Article 55. Cancellation of Decisions of Control Agencies

55.1. A tax decision notice on the ascertainment of the amount of the monetary liability of a taxable person or any other decision of the control agency may be cancelled by a higher-level control agency in the course of the procedure of its administrative appeal by the taxable person and in other events, in case of the ascertainment of the non-conformity of the tax decision notice with legislative acts.

55.2. Higher level control agencies are:
State Tax Administration of Ukraine: for state tax administrations in the Autonomous Republic of Crimea, regions, Kyiv and Sevastopol, which shall be, in their turn, higher level control agencies for state tax agencies; and specially authorised central executive customs agency shall be the higher control agency for other customs agencies.

Article 56. Control Agency Decisions Contested

56.1. Decisions made by a control agency may be contested under an administrative or a judicial procedure.

56.2. If a taxable person believes that the control agency has incorrectly determined the sum of monetary liability or made any other decision contrary to legislation or beyond its competence as set forth in this Code or other Ukrainian laws, such a taxable person may file their complaint with a higher control agency and request that such decision be revised.

56.3. Such complaint shall be filed with a higher control agency in writing (and if necessary it may be accompanied with duly certified documents, calculations and
evidence that the taxable person deems appropriate to provide, with taking into consideration the requirements set forth in Items 44.6 of Article 44 of this Code) within 10 calendar days after the date on which the taxable person receives the tax decision notice or another control agency’s decision to be contested.

The complaints against the decisions of state tax agencies shall be filed with state tax administrations in the Autonomous Republic of Crimea, regions, Kyiv and Sevastopol.

The complaints against the decisions of state tax administrations in the Autonomous Republic of Crimea, regions, Kyiv and Sevastopol shall be filed with the State tax administration of Ukraine.

56.4. In the course of administrative contestation, it is the obligation of the control agency to prove that any accrual made by the control agency in cases provided for by this Code, or any other decision of the control agency, is lawful.

The obligation to prove that any accrual made by the control agency in cases provided for by this Code, or any other decision of the control agency, is lawful in the course of a judicial contestation shall be determined pursuant to the law of proceedings.

56.5. The taxable person, simultaneously with filing a complaint to a higher level control agency, shall notify in writing the control agency which determined the amount of monetary liability or made another decision, about contestation of its tax decision notice or any other decision.

56.6. If a control agency makes the decision to dismiss the taxable person’s complaint in part or in full, such taxable person shall be entitled, within 10 calendar days subsequent to the date of receipt of the decision on the complaint, to refer with the complaint to a higher level control agency.

56.7. If a taxable person violates requirements of Items 56.3 and 56.6, the complaints filed by the taxable person shall not be examined and shall be returned to such taxable person with reasons for the return being stated.

56.8. The control agency reviewing the taxable person’s claim shall make a reasoned decision and mail it within 20 calendar days following the date of receipt of the taxable person’s complaint, to the address of the taxable person with return receipt or deliver the same in person against receipt.

56.9. The head of relevant control agency (or his/her deputy) may decide to extend the period of examining the taxable person's complaint beyond the 20-day period specified in Item 56.8 of this Article, but not to exceed 60 calendar days, and notify thereof the taxable person in writing before the expiry of the period of time specified in Item 56.8 of this Article.

If a reasoned decision on the taxable person’s complaint is not send to the taxable person within a 20-day term, or within the term extended by the head of relevant control agency (or his/her deputy), such complaint shall be deemed fully granted to the benefit of the taxable person from the day subsequent to the last day of the above terms.
The complaint shall also be deemed fully granted to the benefit of the taxable person if the decision of the head of relevant control agency (or his/her deputy) on extension of the period for review thereof was not sent to the taxable person until the end of the 20-day period specified in the first paragraph of this Item.

56.10. The decision of the State Tax Administration of Ukraine or of the specially authorised central executive customs agency which was made after review of the taxable person’s complaint shall be ultimate and shall not y subject to further administrative contestation, but may be contested under a judicial procedure.

56.11. A tax liability independently calculated by the taxable person shall not be subject to contestation.

56.12. If, under this Code, control agency independently determines taxable person's tax liabilities for reasons other than those related to breach of legislation, such a taxable person may contest the control agency's decisions administratively within 30 calendar days that follow the day of receiving the control agency's tax decision notice (decision).

56.13. In the event that last day of the periods set forth in this Article falls on a day-off or holiday, the first business day that follows such a day-off or holiday shall be deemed the last day of such periods.

56.14. Periods for submitting a complaint against tax decision notice or any other control agency's decision may be extended subject to such rules and on such grounds as are specified in Item 102.6 of Article 102 of this Section.

56.15. A complaint filed in accordance with the procedure and conditions set forth in Items 56.3 of this Article shall suspend the collection of the monetary obligation specified in relevant tax decision notice (decision), for the period from the date of filing such complaint to a control agency until the end date of the administrative contestation procedure.

Within the above period, the tax claims pertaining to the contested tax shall not be sent, and the amount of the contested monetary obligation shall be deemed unsettled.

56.16. The day of filing the complaint shall be deemed the date of actual receipt of the complaint by relevant control agency, and in case if the complaint is mailed such day shall be deemed the date when the postal service office receives a postal item containing the complaint from the taxable person, which is indicated by the postal service in the notification of delivery of the postal item or on the envelope.

56.17. Administrative contestation procedure shall terminate on:

56.17.1. The day after the last day of the period provided for filing the complaint against tax decision notice or any other decision to a higher control agency, if such complaint was not filed within such period;

56.17.2. The day when the taxable person receives higher control agency's decision on granting the complaint in full;

56.17.3. The day when the taxable person receives the decision of the State Tax Administration of Ukraine or of the specially authorised central executive customs
56.17.4. Excluded;

56.17.5. The day when the taxable person applies to the control agency for an instalment plan or delay of tax liabilities that were contested.

The day of termination of the administrative contestation shall be the date of settlement of the taxable person’s monetary liability.

56.18. With taking into account the limitation period, the taxable person shall be entitled to contest in a court a tax decision notice or any other decision of a control agency connected with accrual of tax obligation at any moment after receipt of such a decision.

If an administrative contestation procedure took place before a statement of claim was lodged, the period for referring to a court shall be extended for the period which actually passed from the date when the taxable person referred to a control agency with a complaint until the date (not inclusive) when such taxable person received an ultimate decision from the control agency after review of the taxable person’s complaint.

A decision of a control agency which was contested under a judicial procedure shall not be subject of an administrative contestation.

The administrative contestation procedure shall be deemed pre-trial procedure for settlement of disputes.

In case if the taxable person refers to a court with a claim for recognizing a decision of the control agency invalid, then tax obligation shall be deemed unsettled until the court decision comes into legal effect.

56.19. If an administrative contestation procedure took place before a statement of claim was lodged, the taxable person shall be entitled to contest a tax decision notification or another decision of the control agency connected with accrual of monetary obligation within one month period starting from the day after the day when such administrative contestation procedure was terminated pursuant to Item 56.17 of this Article.

56.20. Requirements for drafting the complaint and the procedure for filing and review thereof shall be set by the central agency of the state tax service or by authorised central executive customs agency within the frames of their competence.

56.21. If a provision of this Code or of another legal regulation act issued on the basis of this Code, or when provisions of different laws or different regulations allow ambiguous (multiple) interpretation of rights and obligations of taxable persons, which results there is a possibility to make a decision favourable for a taxable person or for a control agency, the decision shall be made in favour of the taxable person.

56.22. If a taxable person contests a decision of a control agency at a court, such taxable person cannot be accused of tax evasion on the grounds of such decision of the control agency until the case will be ultimately settled by the court. This rule does not apply to cases when such accusation is based not just on the decision of the control agency, but was also proved on the grounds of additionally collected
evidences in compliance with requirements of Ukrainian penal procedure legislation.

Initiation of criminal proceedings, for any reasons or grounds, against taxable person or taxable person’s officers (officials) shall not be the grounds for suspension of the proceedings or dismissing the complaint (claim) of such taxable person lodged with a court within the frames of the appellation settlement procedure.

**Article 57. Time Frames for Payment of the Tax Liability**

57.1. A taxable person shall, within 10 calendar days that follow the last day of respective deadline for submitting the tax return under this Code, save for the cases stipulated in this Code, independently pay the amount of the tax liability as indicated in the tax return they have submitted.

Tax agent shall pay the amount of tax liability (the sum of accrued (withheld) tax) that they have determined independently on and out of the income paid to a taxable individual within such periods as specified in this Code.

The tax liability amount specified in the customs declaration must be paid by the taxable person before the completion of the customs clearance of commodities, unless otherwise provided by the tax legislation.

57.2. If, under this Code or other Ukrainian laws, the control agency independently determines taxable person's tax liabilities for reasons other than those related to breach of legislation, such a taxable person shall pay the accrued amount of the tax liability within the time frames herein specified, and if none, within 30 calendar days that follow the day of receiving tax decision notice of such accrual.

57.3. If the control agency determines the monetary liability on the grounds set forth in Sub-items 54.3.1 through 22.2.5 of Item 54.3.6 of Article 22 of this Code, the taxable person shall pay the accrued amount of the monetary liability within 10 calendar days that follow the day of receiving tax decision notice, save for the cases when during such period of time such taxable person initiates the procedure of contestation of the decision of a control agency.

In case of contestation of the control agency’s decision pertaining to the accrued amount of the monetary liability, the taxable person shall independently repay the settled amount, as well as the amounts of fine and penalty, if applicable, within 10 calendar days subsequent to the day of such settlement.

57.4. Fines and penalties, if any, charged on (a part of) the monetary liability amount, which has been cancelled following the administrative or judicial appeal, shall also be cancelled, and if those have been paid, they shall be credited against the tax debt or refunded under the procedure set forth in Article 43 of this Code.

57.5. Taxable individuals shall pay taxes and duties provided for by this Code through bank institutions or post offices.

If such persons are resident in rural areas, they may pay taxes and duties through cashier offices of village (settlement) councils against a receipt confirming acceptance of taxes and duties, the form of which shall be set by the central agency of the state tax service.
Article 58. Tax Decision Notice

58.1. If the amount of a taxable person's monetary liability under the tax legislation or other legislation, where control over compliance therewith is a responsibility of control agencies, is calculated by control agency under Article 54 of this Code (except for the procedure of declaration of goods established for individuals), or if, following an inspection, the control agency finds a discrepancy between the sum of budget refund and the sum indicated in tax return, or reduces the amount of the posted negative economic performance result or negative sum of the value-added tax as calculated by the taxable person under Section V hereof, such a control agency shall send (deliver) its tax decision notice to the taxable person.

The tax decision notice shall contain: the reason for such accrual (reduction) of the amount of tax liability and/or reduction (increase) of the amount of budget refund and/or reduction of negative value of the profit tax object or of negative amount of value-added tax; a reference to provision of this Code and/or other law, where control over compliance therewith is a responsibility of control agencies, under which the calculation or re-calculation of taxable person's monetary liabilities was made; the amount of monetary liability to be paid by the taxable person; the amount of reduced (increased) amount of budget refund and/or of reduced negative economic performances or negative amount of value-added tax; deadline for payment of the monetary liability and/or period(s) for correcting tax reporting indicators by the taxable person; warning of the consequences of failure to pay the monetary liability or correct tax reporting indicators within prescribed period(s); and deadlines set forth in this Code for contesting the tax decision notice.

The tax decision notice shall be accompanied by the calculation of the tax liability and penalties (financial sanctions).

The form and the procedure of sending the tax decision notice and of the calculation of the tax liability and penalties (financial sanctions) shall be determined by the central control agency.

58.2. The tax decision notice shall be sent (delivered) per each specific tax or duty and/or together with penalties contemplated in this Code and per each penalty (financial sanction) for violating provisions of other legislation, where control over compliance therewith is a responsibility of such control agency, and/or fine for breaching the timeframe of settlements in the field of foreign trade.

In the event that control agency reduces (increases) the amount of budget refund and/or reduces the negative profit tax object or the negative amount of the value-added tax, separate tax decision notifications shall be sent (delivered) to relevant taxable person.

Control agency shall maintain a register of tax decision notifications served to specific taxable persons.

58.3. Tax decision notice shall be deemed sent (delivered) to a legal entity if it has been passed to such legal entity's officer against signature or mailed in a letter with
the return receipt.

Tax decision notice shall be deemed sent (delivered) to an individual if it has been delivered to such individual in person or to his/her legal representative or sent, with return receipt, to his/her address in the place of residence or last known place of his/her location with the return receipt. The same procedure shall apply to sending tax claims and decisions following review of complaints.

In the event that post office cannot deliver a tax decision notice or tax claims or a decision following review of complaint to taxable person due to absence of officers at their location, their refusal to accept the tax decision notice or tax claims or decision following review of complaint, the non-discovery of taxable person's actual seat (location) or other reasons, the tax decision notice or tax claims or decisions following review of complaint shall be deemed delivered to the taxable person on the day specified by the post office in their return receipt stating the reasons for non-delivery.

58.4. If a court, following the hearing of criminal case, which refers to taxes or duties, passes a convicting sentence that comes into legal effect or a decision on closing the criminal case for non-rehabilitative reasons, the respective control agency shall determine the taxable person's tax liabilities related to taxes and duties, failure to pay the tax liabilities under which has been confirmed by the court decision, and make a tax decision notice of accruing such tax liabilities to the taxable person and imposing penalties (financial sanctions) in such amounts as set forth in this Code.

Tax decision notice related to monetary liabilities being the matter of criminal case hearings that relate to a crime, which object is that of taxes or duties, may not be drawn up or sent to taxable person until the court makes decision on the case that becomes legally effective or resolves to close such criminal case for non-rehabilitative reasons.

Paragraph two of this item shall not apply when the tax decision notice was sent (delivered) before criminal proceedings were instituted.

**Article 59. Tax Claim**

59.1. If a taxable person fails to pay the settled amount of monetary liability within the time frames prescribed by the legislation, a state tax service agency shall send (deliver) a tax claim to such a taxable person according to the procedure stipulated for sending (delivering) tax decision notifications.

The tax claim may be not sent if the total amount of the taxable person’s tax debt does not exceed one non-taxable individual minimum income amount.

59.2. If the control agency which has determined the monetary liability amounts of a taxable person is not a state tax service agency, such a control agency shall petition the appropriate state tax service agency for enforcing the repayment of the taxable person's tax debt and shall enclose calculation of the amount thereof, on the grounds of which the state tax service agency shall send the tax claim. The form of such petition shall be approved by the Cabinet of Ministers of Ukraine.
59.3. Tax claim shall be sent not earlier than the first business day after the deadline for paying the monetary liability amount.

The tax claim shall contain information about the emergence of the tax pledge right, the amount of the tax debt secured by the tax pledge, the obligation to repay the tax debt and possible consequences of failure to do so when due, a warning of the sequestration of the assets that may be subject to the tax pledge under the legislation and the possible date and time of the public auction to sell those.

59.4. Tax claim shall also be sent to the taxable persons, who have submitted their tax returns independently but failed to repay the amount of their tax liabilities within the time frames set forth in this Code, without prior sending (delivering) a tax decision notice.

59.5. In the event that the taxable person, to whom tax claim has been sent (delivered), has their debt amount increasing, the entire amount of such taxable person's tax debt which arises after the tax claim is sent (delivered) shall be subject to payment.

Article 60. Withdrawal of Tax Notifications and Tax Claims
60.1. Tax notice or tax claim shall be deemed withdrawn if:
60.1.1. The amount of tax debt has been independently repaid by the taxable person or collection agency;
60.1.2. The control agency cancels its previously made tax decision notice of accrual of a monetary liability amount or of tax claim;
60.1.3. The control agency reduces its previously made tax decision notice of accrual of a monetary liability amount or the amount of tax debt specified in its tax claim;
60.1.4. A court, by its decision that came into legal effect, cancels the monetary liability amount as specified in control agency's tax decision notice or the amount of the tax debt as specified in tax claim;
60.1.5. A court, by its decision that came into legal effect, reduces the monetary liability amount as specified in control agency's tax decision notice or the amount of the tax debt as specified in tax claim.

60.2. In cases provided for in Sub-item 60.1.1 of Item 60.1 of this Article, a tax claim shall be deemed withdrawn on the day when the amount of the tax debt is fully paid.

60.3. In cases mentioned in Sub-item 60.1.2 of Item 60.1 of this Article, a tax decision notice or tax claim shall be deemed withdrawn from the day the control agency decides to cancel such a tax decision notice or tax claim.

60.4. In cases mentioned in Sub-items 60.1.3 and 60.1.5 of Item 60.1 of this Article, the tax decision notice or tax claim shall be deemed withdrawn from the day the taxable person receives the tax decision notice or tax claim that contain a reduced amount of the monetary liability or the tax debt.

60.5. In cases mentioned in Sub-item 60.1.4 of Item 28.1 of this Article, tax
notice or tax claims shall be deemed withdrawn on the day respective court decision becomes legally effective.

60.6. If the accrued amount of the monetary liability or of the tax debt increases due to their administrative or judicial contesting, the previously sent tax decision notice or tax claim shall not be withdrawn. For the amount of such tax liability increase, a separate tax decision notice shall be sent, and for the amount of the tax debt increase, a separate tax claim shall not be sent.

60.7. The control agency, which has petitioned a respective state tax service agency of Ukraine pursuant to Item 59.2 of Article 59 of this Section, must provide such state tax service agency with the information that the amount of accrued monetary liability has been cancelled or changed. Such information shall be provided under such procedure as prescribed by the Cabinet of Ministers of Ukraine.

CHAPTER 5. TAX CONTROL

Article 61. Definition of Tax Control and Competencies of State Authorities Exercising Thereof

61.1. Tax control shall be understood as a system of measures taken by control agencies to supervise the correctness of calculation, and of full and timely payment of taxes and duties, and the compliance with legislation regarding settlement and cash transactions, patenting, licensing and other legislation, where control over compliance therewith is a responsibility of control agencies.

The tax control related to measures taken by customs agencies with the purpose to check the correctness of accrual, fullness and timeliness of payment of taxes and duties shall be a part of customs control.

61.2. Tax control shall be exercised by the agencies listed in Article 41 of this Code and within their competencies as described in this Code.

61.3. Agencies of the Security Service of Ukraine, internal affairs, and public prosecution of Ukraine, and their officers (officials) may not directly participate in inspections conducted by control agencies and to carry out inspections of economic entities in respect of taxation issues.

Article 62. Ways of Exercising Tax Control

62.1. Tax control shall be exercised by the following:

62.1.1. By means of keeping records of taxable persons;

62.1.2. By provision of information and analytical support to activities of the state tax service agencies;

62.1.3. By conducting inspections and reconciliations provided for by this Code and checks for compliance with legislation, where control over compliance therewith is a responsibility of control agencies, under the procedure set forth in other laws of Ukraine that govern the relevant area of legal relations.
CHAPTER 6. KEEPING RECORDS OF TAXABLE PERSONS

Article 63. General Provisions of Taxable Persons Record-Keeping

63.1. Taxable persons shall be kept on record with a view to provide the conditions for control agencies to monitor correct calculation, and timely and full payment of taxes and imposed financial sanctions, and compliance with tax and other legislation where control over compliance therewith is a responsibility of state tax service agencies.

63.2. State tax service agencies shall keep record of all taxable persons. Taking on record of legal entities, their separated units, as well as of self-employed persons, shall be carried out by state tax service agencies regardless of the existence of any obligation to pay any kind of tax or duty.

63.3. With the purpose of tax control, the taxable persons shall be subject registration with state tax service agencies at the location of legal entities, separated units, of legal entities, at the place of residence of an individual (main record location), as well as at the location (registration) their divisions, of movable and immovable property, of taxation objects or objects connected with taxation or through which operations are carried out (secondary record location).

The central agency of the state tax service may make a decision to change the main record location of a taxable person.

Taxation objects and objects connected with taxation are property and operation in connection with which a taxable person incurs obligations to pay taxes and duties. Such objects, per each kind of tax and duty, shall be determined in compliance with relevant Section of this Code.

A taxable person shall be obliged to be registered with relevant state tax service agencies at the main and at the secondary record locations, to inform relevant state tax service agencies of all taxation objects and objects connected with taxation at the locations of such objects, under procedure stipulated by the central agency of the state tax service.

The application for taking on record a taxable person at secondary record location shall be filed with relevant tax agency within 10 business days after establishment of a separate division, registration of movable or immovable property or opening an object or division, through which operations are carried out, or which are subjects to taxation.

63.4. Taxable persons which are legal entities and their separated units shall be taken on record after their state registration or after recording information about them in relevant state registers on the conditions stipulated by statutory acts of Ukraine, save for the cases set forth in this ode, when the registration agencies are state tax service agencies or when state registration of a taxable person with relevant status is not provided for by the legislation.

63.5. All tax and duty payers being individuals shall be registered with state tax service authorities by means of entering information about them into the State
Register of Individuals Being Taxable Persons under the procedure stipulated in this Code.

Individuals being entrepreneurs and persons intending to carry out independent professional activities shall be taken on record as self-employed persons with state tax service agencies as stipulated by this Code.

63.6. The records of taxable persons shall be kept with state tax service agencies using tax numbers.

The procedure for determining a tax number shall be set by the central agency of the state tax service.

Record-keeping of persons who refuse to be assigned a taxable person record card registration number due to their religious beliefs and inform of that relevant state tax service agency, shall be carried out by their surname, name, patronymic and series and number of their passports. State tax service agencies shall put a mark in such persons’ passports allowing them to use their passport series and number for making any payments. The procedure of making such mark shall be set by the central agency of the state tax service.

63.7. State tax service agency shall specify the tax number or series and number of passport (for individuals who refuse to be assigned a taxable person record card registration number due to their religious beliefs and inform of that relevant state tax service agency and have relevant mark in their passports) in all certificates, references, patents, and in other documents or notifications delivered or sent to taxable person.

Each taxable person shall specify its/his/her tax number or series and number of passport (for individuals who refuse to be assigned a taxable person record card registration number due to their religious beliefs and inform of that relevant state tax service agency and have relevant mark in their passports) in all tax returns (calculations, reports), taxes and duties payment documents, in financial documents, as well as in other cases provided for by the legislation.

63.8. The particularities of record-keeping of taxable person by specific taxes, and of specific categories of taxable persons, are set forth in relevant Sections of this Code.

63.9. Documents to be submitted by taxable persons for taking them on record with state tax service agencies shall be verified under the procedures under the procedure set by the central agency of the state tax service, and in case if errors or invalid information are detected, such documents shall be returned for making corrections. Taxable persons, who fail to submit corrected documents for taking on record with state tax service agencies within 5 calendar days after the date of receipt of returned documents, or repeatedly submit such documents with errors, shall be liable under applicable laws.

63.10. The central agency of the state tax service shall determine the following:
63.10.1. The procedure for taking on record payers of taxes and duties;
63.10.2. The list of documents to be submitted for taking on record taxable
persons, as well as the procedure for submission of such documents;

63.10.3. Forms of applications, certificates and documents connected with registration and record-keeping of taxable persons.

63.11. State tax service agencies shall ensure the correctness of the information on taxable persons contained in the Unified Database of Taxable Persons Being Legal Entities and the State Register of Individuals Being Taxable Persons, in the Register of Value Added Tax Payers, in the Register of Non-Profit Organisations, and in other registers formed and maintained by state tax service agencies under this Code, ensure the protection thereof from unauthorized access, as well as updating, archiving and restoration of data contained therein.

63.12. The information, which is collected, used and generated by state tax service agencies in connection with keeping record of taxable persons, shall be entered into information databases, and used subject to restrictions envisaged for the restricted tax information.

Article 64. Taking on Record Legal Entities and Separated units of Legal Entities

64.1. Legal entities and their separated units shall be taken on record as payers of taxes and duties at their main record location by state tax service agencies on the grounds of information from relevant taxable person record card provided by the state registrar in compliance with the Law of Ukraine “On State Registration of Legal Entities and Private Entrepreneurs”, not later than the next business day after receipt of the above mentioned information by state tax service agencies.

64.2. Taking on record, at their main record location, of taxable persons being legal entities or separated units of legal entities for which special conditions of state registration are stipulated by the law and which are not recorded at the Unified State Register of Enterprises and Organizations of Ukraine, shall be effected not later than the next day after receipt of relevant application from them, which application must be submitted by such a tax payer within a 10-day period after state registration (legalization, accreditation or another way of evidencing of the fact of foundation of such entity).

64.3. A document to evidence the entry into records with the state tax service agency shall be sent (delivered) to the taxable person being legal entities or separated units of legal entities on the business day that follows the day of entry into records at the main record location.

64.4. Military units shall, within 10 calendar days from receiving a certificate of military unit registration as business entity, apply for entering them into records with the state tax service agency in the place of their deployment under Item 64.2 of this Article.

64.5. The grounds for taking on record (making changes, re-registration) of a separated division of a foreign company, organisation, including of a permanent representative office of a non-resident entity, shall be appropriate accreditation
(registration, legalisation) of such division in the territory of Ukraine as stipulated by law.

In order to be entered into records, permanent representative offices and separated units of foreign legal entities shall, within 10 calendar days from their state registration (accreditation, legalization) according to the established procedure or prior to the beginning of their business activities, when such registration is not required by law, apply to state tax service agencies at their location. Such taxable persons shall be entered into records under Item 64.2 of this Article.

If non-resident's permanent representative office is a legal entity or individual resident in Ukraine, then, under appropriate agreement with non-resident (or power of attorney), such entity individual shall, within 10 calendar days after the agreement is made (or power of attorney is issued), apply for its entry into records with a state tax service agency as non-resident's permanent representative office under Item 64.2 of this Article.

64.6. State tax service agencies shall keep record of product sharing contracts and agreements on joint business in Ukraine without establishing legal entities, to which special procedures of record-keeping and taxation stipulated in this Code are applied.

State tax service agencies shall not keep record of agreements on joint business, to which special procedures of record-keeping and taxation stipulated in this Code are not applied. Each party to such an agreement shall be kept record of by state tax service agencies independently.

The taxable person, who is a party designated as responsible for withholding and paying taxes to the budget in the process of the joint business agreement or contract fulfilment, shall apply for entry of the agreement or contract into records.

The contract or agreement shall be entered into records by additional entry of such a participant as taxable person, who is responsible for withholding and paying taxes to the budget in the process of the agreement or contract fulfilment.

Such a taxable person shall file its application for entry into records within 10 calendar days from the registration of the agreement or contract or from its effectiveness if, under the legislation, the agreement is not to be registered.

64.7. The central state tax service agency of Ukraine shall define the procedure for taxable persons’ record-keeping by state tax service agencies and the procedure for formation of the Register of Large Taxable Persons for the upcoming year.

In case if a taxable person is entered to the Register of Large Taxable Persons, the special conditions stipulated in this Code for large taxable persons shall be applied to such entity.

After a taxable person is entered to the Register of Large Taxable Persons and upon receipt of a notification of such entering from the central agency of the state tax service, such taxable person shall be obliged to register with a special agency of the state tax service which is engaged in taxation of large taxable persons, from the beginning of the tax period (calendar year), for which the Register was compiled.
The central agency of the state tax service shall be entitled to make decisions on change of the main record location and on transfer for record-keeping to special or other agencies of the state tax service in respect of large taxable persons which did not independently register with a specialised agency of the state tax service.

If a special agency of the state tax service is unavailable at the place of registration of a large taxable person, such taxable person, on decision of the central agency of the state tax service, shall be kept record of by the territorially proximate special agency of the state tax service or by other agency of the state tax service.

If a decision was made to transfer a large taxable person for keeping records by a special agency of the state tax service or by other agency of the state tax service, relevant agencies of the state tax service shall be obliged, within 20 calendar days after adoption of such decision, to register/deregister such taxable person.

A large taxable person, in respect of which the decision was made by the central agency of the state tax service to transfer for keeping records by a special agency of the state tax service or by other agency of the state tax service shall be obliged, after it was registered at a new record-keeping agency, to pay taxes, submit tax reporting and perform other obligations provided for in this Code, at such new record-keeping location.

Article 65. Keeping Records of Self-Employed Persons

65.1. Individual entrepreneurs with state tax service and shall be carried out at the place of their state registration on the grounds of information from their record cards, which information shall be provided by the state registrar in compliance with the law of Ukraine “On State Registration of Entrepreneurs Being Legal Entities and Individuals”.

Private notaries and other individuals for whom the presupposition for carrying out independent professional activities, pursuant to law, is state registration of such activities with relevant authorised agency and obtaining a registration certificate or another document (permit, certificate, etc.) which supports the right of an individual to carry out independent professional activities, shall, within 10 calendar days after such registration, register with state tax service agency at their permanent place of residence.

65.2. Record-keeping for self-employed persons shall be carried out by means of entering records to the State Register of Individuals Being Taxable Persons (hereinafter referred to as the “State Register”) of state registration or of suspension of entrepreneur activities or independent professional activities, of re-registration, of taking on record and taking off record, of making changes in the records of self-employed persons, as well as by means of effecting other acts provided for by the Procedure for Record-Keeping in Respect of Payers of Taxes and Duties.

65.3. In order to take on record an individual intending to carry out independent professional activities, such person shall submit an application and documents personally (or to send it by a registered mail with inventory), or through an authorised
person, to a state tax service agency at his/her permanent place of residence.

65.4. A state tax service agency shall refuse to accept for review the documents submitted for taking on record a person carrying out independent professional activities in the following cases:

65.4.1. Legislative restrictions on carrying out independent professional activities;
65.4.2. If documents are submitted at wrong record-keeping location;
65.4.3. When documents do not meet the stipulated requirements, if they are submitted not in full, or if information specified in different documents is inconsistent;
65.4.4. If an individual is already taken on record as a self-employed person;
65.4.5. Failure by the person intending to carry out independent professional activities to submit for registration a registration certificate or another document (permit, certificate, etc.) which evidences the right of such individual to carry out independent professional activities.

After elimination of the reasons which were the grounds for refusal to take on record a self-employed person, an individual may repeatedly submit the documents for taking such person on record.

65.5. A self-employed person shall be taken on record by relevant state tax service agency not later than the next business day following the receipt of relevant information from the state registrar (for individuals being private entrepreneurs) or the day of acceptance of relevant application (for persons carrying out independent professional activities).

The reference on taking on record of a taxable person shall be sent (delivered) to an individual being private entrepreneur or to an individual carrying out independent professional activities, on the next business day after taking such person on record.

65.6. Issuance and replacement of the reference on taking on record of a taxable person shall be done free of charge.

65.7. The reference on taking on record of a taxable person shall be issued for an individual carrying out independent professional activities by a state tax service agency with specification of validity term, if such term is specified in relevant registration certificate or another document (permit, certificate, etc.) evidencing the right of such individual to carry out independent professional activities.

65.8. The reference on taking on record of a self-employed person shall become invalid from the moment when any changes are introduced to the information on the individual specified in such reference, and such reference is subject to replacement by relevant agency of the state tax service.

65.9. Self-employed persons shall be obliged to provide the state tax agencies at the place of their registration the information on changes in record data within one month after occurrence of such changes.

Changes in information about self-employed person contained in the State
Register shall come into effect from the day when relevant record is made in such Register.

65.10. An entry of suspension of entrepreneur activities of an individual being private entrepreneur or of independent professional activities of an individual shall be made in the State Register in the following cases:

65.10.1. Recognition of an individual as legally incapable or limitation of individual’s civil legal capacity: from the date when relevant court decision comes into legal effect;

65.10.2. Death of an individual, including proclaiming such individual dead, which is evidenced by a death certificate (extract from the State Register of Civil State Acts, information from an agency registering acts of civil state), as well as recognizing an individual as missing, which is supported by a judicial decision;

65.10.3. Making an entry in the Unified State Register of Legal Entities and Individuals Being Entrepreneurs of state registration of suspension of the entrepreneur activities of an individual being entrepreneur: from the date of registration of suspension of the entrepreneur activities of an individual being entrepreneur;

65.10.4. Registration of suspension of independent professional activities of an individual with relevant authorized agency: from the date of such registration;

65.10.5. Termination of the validity term of a registration certificate or another document (permit, certificate, etc.): from the date of termination of such term;

65.10.6. An injunction was issued, prohibiting an individual to carry out entrepreneur activities or independent professional activities: from the date when relevant court decision comes into legal effect, unless other is determined in such decision;

65.10.7. Restrictions of the right to carry out entrepreneur activities or independent professional activities stipulated by the legislation: from the date when relevant documents are received by the state tax agency at the place of record-keeping of an individual, unless other is stipulated in the law or relevant court decision;

65.10.8. Abrogation or cancellation, in compliance with the legislation, of a registration certificate or another document (permit, certificate, etc.) evidencing the right of an individual to carry out entrepreneur activities or independent professional activities: from the date of such abrogation or cancellation.

The state registration (registration) of suspension of entrepreneur activities or independent professional activities of an individual, or making an entry in the State Register of suspension of such activities by an individual shall not terminate his/her obligations incurred in the course of entrepreneur activities or independent professional activities, and shall not change the time frames and the procedures for performing such obligation and for application of sanctions for failure to perform thereof.

If, after an entry was made in the State Register of suspension of entrepreneur activities or independent professional activities, an individual continues to carry out such activities, it shall be deemed that such individual began such activities without
being registered as a self-employed person.

**Article 66. Amendment of Taxable Person Record-Keeping Data**

66.1. The following shall serve the grounds for amending a taxable person’s record-keeping data:

   66.1.1. Information from state registration authorities;
   66.1.2. Information from banks and other financial institutions: information about the opening (closure) of accounts of taxable persons;
   66.1.3. Information supported by documents and provided by taxable persons;
   66.1.4. Information from information exchange entities that are authorized to do any registration acts regarding a taxable person;
   66.1.5. A court decision that has become legally effective;
   66.1.6. Data received in the course of inspections of taxable persons.

66.2. Taxable person's record-keeping data shall be amended under the procedure prescribed by the central state tax service agency.

66.3. In case of state registration of a change in taxable person's location or place of residence that results in change of administrative territorial unit and the state tax service agency, where the taxable person is kept on records (hereinafter referred to as the “administrative district”), as well as in case of change in taxable person's tax address, state tax service agencies in the taxable person's previous and new location (place of residence) shall follow procedures for such taxable person's deletion from/entry into records accordingly. Receipt by at least one of the following agencies of information that evidences the due state registration of such changes by state registration authorities shall serve as the basis for taxable person's deletion from records with one state tax service agency and their entry into records with the other one.

In such cases, the taxable person shall, within 10 days from change in their location/place of residence, file appropriate application with the state tax service agency in their new location under the procedure determined by the central state tax service agency. In the event of failure to file such application within 10 calendar days, the taxable person or taxable person's officers shall be liable as described in this Code.

66.4. Taxable legal entities, their branches and separated units must provide the state tax service agency with information on the persons, who are responsible for bookkeeping and/or tax accounting of the legal entity or its branches or separated units, within 10 days from the day of entry into records or occurrence of changes in taxable person's record data, by filing their application under such procedure as prescribed by the central state tax service agency. Liability for failure to provide such information is determined in this Code.

66.5. In the event of amending the documents submitted for taking on record pursuant to the Chapter, the taxable person shall provide the state tax service agency, at which they are kept on records, with updated documents within 10 calendar days.
Article 67. Grounds and the Procedure for Deleting Legal Entities, their Separated Units and Self-Employed Persons from Records with State Tax Service Agencies

67.1. The following shall serve the grounds for deleting legal entities, their separated units and self-employed persons from records with state tax service agencies:

67.1.1. A notice or documented evidence from state registrar or other state registration authority that a legal entity's or legal entity’s separate division termination has been formally registered.

Where in result of termination of activities of a taxable person being legal entity by way of reorganisation a part of its tax liabilities or tax debt remains unpaid, such tax liabilities or debt shall be transferred to (distributed among) the legal entities which are legal ancestors of such legal entity under procedure stipulated in this Code.

Where in result of termination of activities of a taxable person being legal entity by way of liquidation a part of its tax liabilities or tax debt remains unpaid, such tax liabilities or debt shall be paid up on the account of assets of the founder or of the members of such enterprise, if they are fully or additionally liable for obligations of the taxable person under the law, within the limits of full or additional liability, and in case of liquidation of a branch, outlet or another separated division of a legal entity being taxable person – on the account of such legal entity, regardless of whether it is a payer of tax or duty in respect of which the tax liability or tax debt was incurred by such branch, outlet or another separated division;

67.1.2. Any of the reasons set forth in Item 65.10 of Article 65 of this Code for a self-employed person.

In cases pertaining to self-employed persons, their deletion from records shall be effected if they have no tax debt or in case if it is paid on the account of such individual’s property that is transferred, under the right of inheritance, to other persons, or in case of recognition of such debt as unrecoverable debt and writ-off of such debt under set procedure, when such property is unavailable or other persons who comes into the right of inheritance do not show up, regardless of the time when such right was accrued.

In other cases the monetary obligations or tax debt remaining unpaid after liquidation of a taxable person stipulated in this Article shall be deemed unrecoverable debt and shall be subject to writ-off under the procedure prescribed by the Cabinet of Ministers of Ukraine.

67.2. In a due manner, state tax service agencies shall have the right to refer to a court seeking for a court decision pertaining to the following:

Termination of the activities of legal entities or entrepreneur activities of individuals being entrepreneurs;

Cancellation of the state registration of termination of the activities of legal
entities or entrepreneur activities of individuals being entrepreneurs;

Cancellation of the state registration of amendments in constituent documents.

67.3. In the event of legal entity's termination, its separated units shall be deleted from records with control agencies.

The procedure for deleting legal entities, their separated units of self-employed persons from records with state tax service agencies shall be stipulated by the central state tax service agency.

67.4. The joint activities agreements shall be deleted from records with state tax service agencies after termination, rescission, end of the term of validity thereof, or after reaching the objective for which such agreements were entered to, or after recognising such agreements invalid under a judicial procedure.

Article 68. Information to be Provided for Entering Taxable Persons into Records with Agencies for State Registration of Business Entities and with Other Agencies

68.1. The agency for the state registration of legal entities and individuals being entrepreneurs shall, not later than next business day after the date of state registration of such person, or of state registration of termination of the activities of a legal entity or entrepreneur activities of an individual being entrepreneur, or of making any other entries to the Unified State Register of Legal Entities and Individuals Being Entrepreneurs, shall notify the relevant state tax service agency and provide it with the registration card data on taking legally-prescribed registration actions.

68.2. Agencies which register independent professional activities or issue permits for such independent activity must provide state tax service agencies with information from the document that evidences the entitlement to such activity on a monthly basis, but not later than the 10th day of the next month.

68.3. Agencies which enter into records or register the properties and other assets, which are objects of taxation, must notify of owners and/or of users of such properties and other assets located in respective territory or of vehicles registered with such agencies and their owners to the state tax service agencies, in their location, on a monthly basis, but not later than 10th day of next month. Procedure for such notification shall be set by the Cabinet of Ministers of Ukraine.

68.4. State authorities shall provide state tax service agencies with other information in such cases as contemplated in this Code and other legal regulations of Ukraine.

Article 69. Requirements for Opening and Closure of Accounts of Taxable Persons with Banks and Other Financial Institutions

69.1. Banks and other financial institutions may open current and other accounts for legal entities (both resident and non-resident), regardless of their form of incorporation, for legal entities’ separated units and representative offices, for individuals carrying out entrepreneur activities or independent professional activities,
only if there is a document issued by state tax service agencies to evidence that they have been entered into records with such agencies.

69.2. Banks and other financial institutions must send a notice of opening or closing of an account of taxable person being a legal entity, including an account opened through their separated units, or of self-employed person's account, to the agency of state tax service, where the taxable person is kept on records, within three business days from the date of opening/closing the accounts (including the opening/closing day).

In case of the opening or closure of an account of a taxable person being a bank, including accounts opened via separated units, the notice shall be sent in accordance with the procedure prescribed by this item only in case of opening or closing a correspondent account.

In case of the opening or closure of a correspondent account, a bank must sent a notification to the to the agency of state tax service, where the bank is kept on records, within the time frames stipulated in this Item.

69.3. Relevant agency of state tax service shall, within three business days following the date of receipt of a notification from a bank institution of opening an account, send a notification of taking the account on record, or of refusal to take the account on record with the agency of state tax service, with specification of the reasons for such refusal.

69.4. The date of receipt by the bank or by another financial institution of notification from state tax service agency of the entry of the account into records with state tax service agencies shall be the date of the commencement of debit transactions on taxable person's account (other than a bank) with banks and other financial institutions.

69.5. The procedure for the submission, and the form and content of the notifications of opening/closing the accounts for taxable persons with a bank or another financial institution, as well as the list of the reasons for refusal to enter the account into records with state tax service agencies, shall be determined by the central agency of state tax service in concurrence with relevant state authorities regulating the operations of financial institutions.

69.6. Banks and other financial institutions shall be liable under this Code for the failure to comply with the provisions of this Article.

In case of failure to notify the banks and other financial institutions of their status by individuals carrying out entrepreneur activities or independent professional activities, the banks and other financial institutions shall not be liable for failure to comply with provisions of this Article, provided that such financial institutions have verified and ascertained, at the moment of opening an account, that there was no registration of an individual as an entrepreneur or a person entitled to carry out independent professional activities, according to the information published by the state, unified, or other registers, of registration of such persons.

69.7. Individuals being entrepreneurs and persons carrying out independent
professional activities must notify of their status the banks and other financial institutions with which such individuals open accounts.

**Article 70. State Register of Individuals Being Payers of Taxes**

70.1. The central state tax service agency shall compile and maintain the State Register of Individuals Being Payers of Taxes (hereinafter referred to as the “State Register”).

Information about the following persons shall be entered into the State Register:
- Citizens of Ukraine;
- Foreigners and stateless individuals who permanently reside in Ukraine;
- Foreigners and stateless individuals, who have no permanent place of residence in Ukraine, but are to pay taxes in Ukraine pursuant to applicable legislation or who are founders of legal entities established within Ukraine.

The records of individuals who refuse to be assigned a taxable person record card registration number due to their religious beliefs and inform of that relevant state tax service agency, shall be kept with a separate State Register by their surnames, names, patronymic, and by series and number of their passport, without using a registration number of record card.

70.2. The following information about an individual being taxable person and to the notification (for individuals who refuse to be assigned a taxable person record card registration number due to their religious beliefs) shall be entered into registration card:
- 70.2.1. Surname, name and patronymic;
- 70.2.2. Date of birth;
- 70.2.3. Place of birth (country, region, district, city/town/settlement);
- 70.2.4. Place of residence, and citizenship for non-residents;
- 70.2.5. Series and number of birth certificate and passport (similar details of a different identification document), issuing authority and issue date.

70.3. The database of the State Register shall contain the following information about individuals:
- 70.3.1. Sources of income;
- 70.3.2. Objects of taxation;
- 70.3.3. The amount of accrued and/or received income;
- 70.3.4. The amount of accrued and/or paid taxes;
- 70.3.5. Information on taxable person's tax discount and tax incentives.

70.4. The State Register shall be entered into the information on state registration, registration and taking on record of individuals being entrepreneurs and persons carrying out independent professional activities.

Such information shall include the following:
- 70.4.1. Dates, numbers of entries, certificates and of other documents, and the grounds for state registration, registration and taking on record, termination of
entrepreneur or independent professional activities, other registration information;

70.4.2. Information on state registration, registration and taking on record the changes in the information on such person, on replacement or extension of the validity term of references of taking on record;

70.4.3. Place of carrying out operations, telephone numbers and other additional information for contact with an individual being entrepreneur or a person carrying out independent professional activities;

70.4.4. Kinds of activities;

70.4.5. Citizenship and number used for taxation in the country of citizenship, for foreigners;

70.4.6. Taxation systems with specification of the periods of effectiveness thereof.

70.5. An individual being taxable person, regardless of his/her age (both resident and non-resident in Ukraine), for whom no taxable person’s record card was ever compiled and the information about whom was not entered into the State Register, shall be obliged, personally or through its legal representative or an authorized person, submit to relevant agency of the state tax service a record card of an individual being taxable person, which shall simultaneously serve as the application for registration with the State Register, and to produce a personal identification document.

An individual being taxable person who refuse to be assigned a taxable person record card registration number due to his/her religious beliefs, shall be obliged to personally submit to a relevant agency of the state tax service a notification and documents for securing his/her record-keeping by surname, name, patronymic, series and number of passport, and also to produce his/her passport.

Individuals shall submit a record card of individual being taxable person or notification (for those who refuse to be assigned a taxable person record card registration number due to his/her religious beliefs) to a state tax service agency at their tax address, and individuals who do not have a permanent place of residence in Ukraine shall submit the same to a state tax service agency at the location of gaining income or at the location of other object of taxation.

For filling in the record card of individual being taxable person, the information specified in the personal identification document shall be used.

For filling in the notification (for individuals who refuse to be assigned a taxable person record card registration number due to his/her religious beliefs), the information specified in the personal identification document shall be used.

The form of the record card of individual being taxable person and of the notification (for individuals who refuse to be assigned a taxable person record card registration number due to his/her religious beliefs) and the procedure for submission thereof shall be stipulated by the central state tax service agency.

An individual shall be responsible under law for the correctness of the information submitted for registration with the State Register.
70.6. Authorities for state registration of the acts of civil state and the authorities of internal affairs shall provide to relevant state tax service agencies the information connected with any changes in the details that are recorded in the record card of individuals being taxable persons, not later than the next business day after such changes are registered.

The procedure for provision of such information and for interaction between the information exchange participants shall be determined by the Cabinet of Ministers of Ukraine.

70.7. Individuals being taxable persons shall be obliged to provide state tax service agencies information about changes in details that are recorded in the record card or in the notification (for individuals who refuse to be assigned a taxable person record card registration number due to his/her religious beliefs and have relevant marks in their passports), within one month after the date when such changes occur, be way of submission of relevant application in form and under procedure determined by the central state tax service agency.

70.8. The central state tax service agency shall inform the following state tax service agencies of state registration of individuals being taxable persons in the State Register and of entering changes to the information contained in the State Register:
   70.8.1. At the place of individual’s record-keeping;
   70.8.2. At the place of individual’s place of residence;
   70.8.3. At the place of gaining income or location of another taxation object of an individual.

70.9. On request of a taxable person, of his/her legal representative or authorized person, a state tax agency shall issue a document evidencing the registration in the State Register, save for individuals who refuse to be assigned a taxable person record card registration number due to his/her religious beliefs, have notified the relevant agency of the state tax service and have relevant mark in his/her passport.

The registration number of the taxable person’s record card shall be specified in such document.

The procedure for formation of the record card registration number shall be stipulated and approved by the central agency of the state tax service.

The form of the document and the procedure for issue thereof shall be stipulated by the central agency of the state tax service.

70.10. On request of an individual being taxable person relevant agency of the state tax service may enter to the passport of such person (pages seven, eight or nine) the registration number of the taxable person’s record card registration number as per the information contained in the State Register.

70.11. If any false information or errors is detected in the submitted record card or in the notification (for individuals who refuse to be assigned a taxable person record card registration number due to his/her religious beliefs), the individual may be denied registration and/or marks may be made in the passport or the registration term
may be extended.

70.12. Taxable person’s record card registration number or series and number of passport (for individuals who refuse to be assigned a taxable person record card registration number due to his/her religious beliefs, have officially notified the relevant agency of the state tax service and have relevant mark in his/her passport) shall be used by the executive agencies and by local self-government bodies, legal entities regardless of their forms of incorporation, including institutions of the National Bank of Ukraine, banks and other financial institutions, exchanges, by the persons carrying out independent professional activities, by individuals being entrepreneurs, as well as by individuals, in all documents which contain information on individuals’ taxation objects or on tax payments, in particular in following cases:

70.12.1. The income taxable under the Ukrainian legislation is paid. Individuals shall provide the registration number of their record cards to legal entities and individuals who pay income to them;

70.12.2. Contracts governed by the civil law are concluded, where objects of taxation are the subject matter thereof and obligations to pay taxes and duties arise in respect thereto;

70.12.3. Accounts with banks or other financial institutions are opened; and in payment documents when individuals make settlements by bank transfer;

70.12.4. Individuals, as defined in item 70.1 of this article, fill in cargo customs declaration when crossing Ukrainian customs border;

70.12.5. Individuals pay taxes and duties;

70.12.6. Individuals being entrepreneurs undergo state registration or special permits (licenses, patents, etc.) are issued to such persons for certain types of business and when independent professional activities are registered;

70.12.7. Taxable property and other assets owned by individuals, or their title thereto, are registered;

70.12.8. Statements of income, property and other assets are submitted to the state tax service agencies;

70.12.9. Vehicles that are transferred to individuals’ ownership are registered;

70.12.10. Incentives, subsidies and other social payments from state special-purpose funds for individuals are formalized;

70.12.11. In other cases provided for by Ukrainian laws and other regulations.

70.13. Documents related to transactions described in item 70.12 of this Article which indicate no registration number of taxable person's record card or series and number of passport (for individuals who refuse to be assigned a taxable person record card registration number due to his/her religious beliefs, have officially notified the relevant agency of the state tax service and have relevant mark in his/her passport) shall be deemed executed in breach of requirements of the legislation of Ukraine.

70.14. A state tax service agency shall indicate the registration number of taxable person's record card or series and number of passport (for individuals who refuse to be assigned a taxable person record card registration number due to his/her
Each taxable person shall indicate the registration number of his/her taxable person's record card or series and number of passport (for individuals who refuse to be assigned a taxable person record card registration number due to his/her religious beliefs, have officially notified the relevant agency of the state tax service and have relevant mark in his/her passport) in all reporting or other documents and in other cases provided for by the legislation of Ukraine.

70.15. Information from the State Register shall be:

70.15.1. Used by state tax service agencies only for control over compliance with the tax legislation of Ukraine;

70.15.2. A restricted information, save for information about taking on record individuals being taxable persons and persons carrying out independent professional activities.

70.16. The executive agencies and local self-government bodies, self-employed persons and tax agents shall, free of charge, provide state tax service agencies in their location with the information on individuals relating to registration of them as taxable persons, tax accrual and payment and control over compliance with the tax legislation of Ukraine according to the procedure prescribed by the Cabinet of Ministers of Ukraine, with specification of registration numbers of taxable persons’ record cards or series and number of passport (for individuals who refuse to be assigned a taxable person record card registration number due to his/her religious beliefs, have officially notified the relevant agency of the state tax service and have relevant mark in his/her passport), in particular:

70.16.1. Executive agencies and local self-government bodies, legal entities, individuals being entrepreneurs and tax agents: about individual's employment or termination date - within 40 calendar days that follow the last calendar day of reporting (tax) quarter, and the information as specified in Article 51 of this Code;

70.16.2. Internal affairs agencies: about individuals, who have registered their place of residence in respective inhabited locality or been removed from registration therein, and vehicles the title to which arises or ceases with individuals - on a monthly basis, but not later the 10th day of the following month; and about lost or stolen passports - within 5 days from the day of receiving respective applications from individuals; and about passports of deceased persons - on a monthly basis, but no later than the 10th day of the following month;

70.16.3. Agencies of state registration of sea and river vessels, and aircraft: about the vessels/aircrafts the title to which arises or ceases with individuals - on a monthly basis, but not later the 10th day of the following month;

70.16.4. Civil state registration offices: about deceased individuals (for closure of record cards) - on a monthly basis, but not later the 10th day of the following month;

70.16.5. Agencies that register private notarial, attorney, and other independent
professional activities, and issue certificates for carrying out such activities: about the issue or cancellation of the registration certificate within five days of the relevant act;

70.16.6. Agencies that register real estate or titles thereto: about taxable real estate the title to which arises or ceases with individuals - on a monthly basis, but not later the 10th day of the following month;

70.16.7. Guardianship and care agencies, educational and medical institutions, social security institutions and the other similar establishments, which, under applicable legislation, provide guardianship, care or property management for the person under their guardianship and must notify of establishing the guardianship over individuals, who have been held incapable by court; the supervision, care and property management of infants, other minors, individuals, whose capability has been restricted by court, capable individuals, over whom care being that of patronage, care or management of property of individuals, who have been held missing by court, has been established; and about further changes related to such guardianship, care and property management - to state tax service agencies in the place of their location within five days from the date when relevant decision is made;

70.16.8. Other executive agencies and local self-government bodies: the information about other objects of taxation.

70.17. State Register of Individuals Being Taxable Persons shall be formed on the basis of the State Register of Individuals Being Payers of Taxes and Other Mandatory Payments. The record cards which are, as of the moment of this Code coming into effect, registered with the State Register of Individuals Being Payers of Taxes and Other Mandatory Payments, shall be assigned numbers corresponding to identification numbers of taxable persons being individuals.

The documents evidencing the registration of individuals with State Register of Individuals Being Payers of Taxes and Other Mandatory Payments issued by state tax service agencies under the procedure stipulated in the legislation, which was in effect before this Code comes into effect, shall be valid for all cases contemplated for use of the record card numbers of individuals, shall not be subject to replacement, and shall serve as evidence of the registration of individuals with the State Register of Individuals Being Taxable Persons.

CHAPTER 7. INFORMATION AND ANALYTICAL SUPPORT TO ACTIVITIES OF STATE TAX SERVICE AGENCIES

Article 71. Definition of Information and Analytical Support to State Tax Service Activities

71.1. The information and analytical support to state tax service activities shall be understood as a set of measures of collecting, processing and using the information required by state tax service agencies to perform their assigned functions and tasks.

Article 72. Collection of Tax Information
72.1. For the purposes of information and analytical support to state tax services, the information from the following sources shall be used:

72.1.1. From taxable persons and tax agents:

72.1.1.1. Information contained in tax returns, calculations and other reporting documents;

72.1.1.2. Information contained in copies of documents provided by large taxable persons in electronic form, which documents are related to determination of taxable objects (tax liabilities), source accounting documents maintained in electronic form, accounting registers, financial reporting, and other documents related to calculation and payment of taxes and duties;

72.1.1.3. About financial and business transactions of taxable persons;

72.1.1.4. About use of settlement transaction registers;

72.1.2. From executive agencies, local self-government bodies and the National Bank of Ukraine, in particular the information:

72.1.2.1. About objects of taxation provided by and/or registered with such bodies. Such information shall, in particular, contain the type, characteristics and individual features of the object of taxation (if any) which make it identifiable;

72.1.2.2. About results of state control over taxable person's economic activities;

72.1.2.3. Which is contained in reporting documents (other than personalised statistical information and financial reports) submitted by taxable person to executive agencies and/or local self-government bodies;

72.1.2.4. About rates of local taxes and duties set by local self-government bodies and tax incentives granted by such bodies;

72.1.2.5. About permits, licenses, patents and certificates that entitle to specific types of activities, which information, in particular, must contain:

Name of the taxable person to who such permits, licenses or patents have been granted;

Tax number or registration number of individual's record card;

Kind of permitting document;

Kind of activities for which the permitting document has been issued;

Date of issue date of the permitting document;

Term of validity of a permitting document, and the information about permitting document termination/suspension specifying the grounds for such termination/suspension;

Information about due payments for issuance of permitting document;

List of places of the activities for which the permitting document is issued;

72.1.2.6. About taxable person's export and import transactions;

72.1.3. From banks and other financial institutions: the information about funds availability and cash flow on taxable person's accounts;

72.1.4. From executive agencies of other states, international organisations or non-resident persons;

72.1.5. From state tax service agencies and customs agencies: according to the
results of tax control;

72.1.6. Miscellaneous information: the information used for information and analytical support and is made public as designated to be made public in compliance with law and/or provided to the state tax service agency voluntarily or on request under procedures stipulated by law.

**Article 73. Obtainment of Tax Information by State Tax Service Agencies**

73.1. The information described in Article 72 of this Code shall be provided free of charge to state tax service agencies on a regular basis or upon state tax service agency's individual written request within the time frames specified in Item 73.2 of this Code.

73.2. The information listed in Sub-Items 72.1.1.1, 72.1.1.2, 72.1.1.3 (in terms of the duty of a taxable person to provide transcripts of tax credit and tax obligations with break-down by counteragents, stipulated by Section V of this Code), 72.1.1.4, 72.1.2.1, 72.1.2.3, 72.1.2.4, 72.1.2.5, 72.1.2.6 of Sub-Item 72.1.2, Sub-Item 72.1.5 of Article 72 of this Code shall be provided regularly.

Unless other sections of this Code prescribe different time frames for providing such information, the following shall apply:

73.2.1. The information described in sub-items 72.1.2.1 and 72.1.2.5 of Sub-Item 72.1.2 of Item 72.1 of Article 72 of this section shall be provided by executive agencies and local self-government bodies on a monthly basis, within 10 calendar days of the month that follows the reporting month;

73.2.2. The information described in Sub-Item 72.1.2.3 of Sub-Item 72.1.2 of Item 72.1 of Article 72 of this section shall be provided by executive agencies and local self-government bodies within 10 calendar days from the day such reporting is submitted to the appropriate executive agency or local self-government body. State statistics agencies shall provide the information in accordance with the state statistical monitoring plan;

73.2.3. The information described in Sub-Item 72.1.2.4 of Sub-Item 72.1.2 of Item 72.1 of Article 72 of this section shall be provided by local self-government bodies within 10 calendar days from the effective date of the relevant decision;

73.2.4. The information defined in Sub-Item 72.1.2.6 of Sub-Item 72.1.2 of Item 72.1 of Article 72 of this Code shall be provided by central customs agency within time frames specified in a joint order of the specially authorized central customs agency and the central state tax service agency, but at least every 10 calendar days.

The procedure of the provision of information to state tax service agencies shall be set by the Cabinet of Ministers of Ukraine.

73.3. State tax service agencies may request taxable persons and other parties to information relations in writing for the information (the full list and the grounds for which is stipulated by law) required for state tax service agencies to perform their
functions and assignments, and documents that support such information.

Such a request shall be signed by the (deputy) head of a state tax service agency and shall contain a list of the requested information and supporting documents, as well as grounds for sending the request.

A written request for provision of information shall be sent to the taxable person or to other information exchange participants if at least one of the following grounds exists:

1) According to results of analysis of tax information obtained under procedure prescribed by law, facts were revealed which evidence that a taxable person had violated tax or currency legislation, legislation in the sphere of prevention of money laundering and combating legalization of illegal income or financing terrorism, the control over compliance with which is assigned to the state tax service agencies;

2) In order to determine the level of regular prices for goods (works, services) in the course of carrying out inspections;

3) In other cases provided for by this Code.

A request shall be deemed delivered if mailed with return receipt at the tax address or delivered against signature to the taxable person or another party to information relations, or an official thereof.

Taxable persons and other parties to information relations must provide the information specified in the request of the state tax service agency, and authenticated copies of documents within one month of the date following the date of receipt of the request (unless other is provided for by this Code). If the request is compiled with the violation of requirements of paragraph two of this item, the taxable person shall be relieved from the duty to respond to such a request.

The National Bank of Ukraine, banks and other financial institutions shall provide information on request of a state tax service agency free of charge to the extent specified by the Law of Ukraine “On Banks and Banking”.

The procedure of the obtainment of the information by state tax service agencies on written requests shall be specified by the Cabinet of Ministers of Ukraine.

73.4. The information about the availability and the flow of funds on accounts of a taxable person shall be provided to the extent larger than envisaged by Item 73.3 of this Article by banks and other financial institutions to state tax service agencies on the basis of court decisions. To obtain such information, the state tax service agency shall go to court in the place of the state tax service location.

73.5. With the purpose of obtaining tax information, state tax service agencies shall be entitled to carry out cross reconciliations of the data from economic entities in respect of a taxable person.

Cross reconciliation shall be understood as correlation of the data from source accounting documents and other documents of an economic entity which are carried out by state tax service agencies with the purpose of verification of documentary evidences of economic relations with a payer of taxes and duties, as well as for confirmation of relation, kinds, volumes and quality of operations and settlements
between such persons, in order to verify the correctness and fullness of reflecting thereof in such taxable person’s accounting.

Cross reconciliations are not inspections and shall be carried out under a procedure stipulated by the Cabinet of Ministers of Ukraine.

According to the results of a cross reconciliation, a reference shall be made, which shall be delivered to relevant economic entity within a ten-day period.

**Article 74. Tax Information Processing and Use**

74.1. The tax information collected pursuant to this Code may be stored and processed in databases of state tax service agencies or by officers (officials) of state tax service agencies directly.

The list of databases and types and methods of information processing shall be defined by the central state tax service agency.

74.2. The collected tax information and the outcome of its processing shall be used to perform functions and assignments of state tax service agencies.

**CHAPTER 8. INSPECTIONS**

**Article 75. Types of Inspections**

75.1. State tax service agencies shall be entitled to conduct desk inspections, documentary (scheduled and unscheduled; on-site or remote) and actual inspections.

Desk inspections and documentary inspections shall be carried out by state tax service agencies within their competence only in the cases and under the procedure stipulated by this Code, and actual inspections shall be carried out under the procedure stipulated by this Code and by other laws of Ukraine, the control over compliance with which is assigned to the state tax service agencies.

75.1.1. Desk inspection shall be understood as inspection carried out in the premises of a state tax service agency only on the basis of tax returns (calculations) submitted by a taxable person.

75.1.2. Documentary inspection shall be understood as the inspection of a taxable person for the timely, true and complete accrual and payment of all taxes and duties stipulated by this Code and for compliance with currency and other legislation where control over compliance therewith is a responsibility of control agencies, compliance of an employer with the legislation related to conclusion of a labour contract with employees (hired persons), and which is held on the basis of tax returns (calculations), financial, statistical and other reporting, registers of tax accounting and accounting which should be maintained pursuant to the law, of source documents used in accounting and tax accounting and are connected with accrual and payment of taxes and duties, control over compliance with other legislation where control over compliance therewith is a responsibility of state tax service agencies, as well as of documents and tax information obtained by state tax service agencies under procedure stipulated by legislation, including those received in the course of inspection of other
taxable persons.

Documentary scheduled inspections shall be carried out according to an inspections schedule plan.

Documentary unscheduled inspections shall not be provided in the working plan of a state tax service agency and shall be carried out if there is at least one of the circumstances stipulated by this Code.

Documentary on-site inspection shall be understood as an inspection held at the premises of a taxable person or at the location of property right object, in respect of which such inspection is held.

Documentary remote inspection shall be understood as an inspection held in the premises of a state tax service agency.

75.1.3. Actual inspection shall be understood as an inspection held at the place of actual location where a taxable person carries out its activities, where economic or other objects of property right of such a taxable person are located. Such inspection shall be carried out by a state tax service agency in respect of compliance with carrying out settlement transactions and cash transactions, in respect of presence of licenses, patents, and certificates, including certificates on state registration, production and circulation of excise taxable goods, compliance of an employer with the legislation in respect of conclusion of a labour contracts, documenting labour relations with employees (hired persons), by a taxable person.

Article 76. Procedure for Holding Desk Inspections

76.1. A desk inspection shall be carried out by officers of state tax service agency without any special decision of the head of such agency or assignment for holding thereof. The subject of a desk inspection shall be the entire tax reporting a taxable person whole.

Consent to such inspection and presence of relevant taxable person in the course of such inspection are not necessary.

76.2. The procedure for documenting the results of desk inspection shall be determined in compliance with provisions of Article 86 of this Code.

Article 77. Procedure for Holding Scheduled Documentary Inspections

77.1. A scheduled documentary inspection shall be provided for in the schedule plan of scheduled documentary inspections.

77.2. The taxable persons with which a risk connected with of failure to pay taxes and duties and to comply with other legislation, the control over which is assigned to state tax service authorities is associated, shall be included to the schedule plan of scheduled documentary inspections.

The periodicity of holding scheduled documentary inspections of taxable persons shall be determined depending on the level of risk in the activities of relevant taxable persons, which may be classified as high, average or insignificant. Taxable persons with an insignificant level of risk shall be included to the schedule plan not
more often that once every three calendar years; the frequency for taxable persons with an average risk level shall be included to that schedule plan not more often than once every two calendar years, and for taxable persons with high level of risk should be included to such schedule plan not more often than once a calendar year.

The procedure for compilation and approval of the schedule plan, the list of risks and the classification thereof by levels shall be set by the central agency of the state tax service of Ukraine.

Taxable persons being legal entities which meet the criteria defined in Item 154.6 of the Article 154, and for which the amount of value added tax paid to the budget is not less than five percent of the declared income in a reporting tax period, as well as self-employed persons, for whom the amount of paid taxes is not less than five percent of the declared income in a reporting tax period, shall be included to the schedule plan no more often than once every three calendar years. The above provision shall not apply to such taxable person in case if they violate the provisions of Articles 45, 49, 50, 51, and 57 of this Code.

77.3. It shall be prohibited to hold scheduled documentary inspections on specific kinds of obligations to budgets save for the verification of the correctness of calculation and fullness and timeliness of payment of individual income tax and of obligations under budget loans and credits guaranteed by budget funds.

77.4. Head of a state tax agency shall make a decision on holding a scheduled documentary inspection which shall be documented by an order.

The right to hold a scheduled documentary inspection of a taxable person shall be granted only if such taxable person, not later than 10 calendar days prior to holding such an inspection, was delivered against receipt or sent to by a registered mail with receipt a copy of the order on holding such scheduled documentary inspection and a written notification with specification of the date of commencement of such an inspection.

77.5. If different control agencies plan to hold inspections of the same taxable person in a reporting period, such inspections shall be held by the above mentioned agencies simultaneously. The procedure for coordination of holding planned on-site inspections by executive agencies authorized to exercise control over accrual and payment taxes and duties shall be defined by the Cabinet of Ministers of Ukraine.

77.6. The officers of tax service agencies shall be admitted to hold scheduled on-site inspections in compliance with Article 81 of this Code. A documentary scheduled remote inspection shall be held under procedure stipulated in Article 79 of this Code.

77.7. The periods for holding a scheduled documentary inspection are stipulated in Article 82 of this Code.

77.8. The list of documentary materials which may be grounds for opinions in the course of a scheduled documentary inspection and the procedure of provision of documents for such inspection by taxable persons are stipulated in Articles 83 and 85 of this Code.
77.9. The procedure for documenting the results of a scheduled documentary inspection is stipulated in Article 86 of this Code.

**Article 78. Procedure for Holding Unscheduled Documentary Inspections**

78.1. An unscheduled on-site documentary inspection shall be carried out if at least one of the following circumstances exists:

78.1.1. According to the outcome of inspections of other taxable persons or of received tax information, facts were revealed that evidence the possible breaches by a taxable person of tax, currency or another legislation, the control over compliance with which is assigned to state tax service agencies if the taxable person doesn’t provide explanations and documentary support thereof in response to a written request of state tax service agency within 10 business days after receipt of such request;

78.1.2. A taxable person fails to submit, within the time frames stipulated by law, a tax return or calculations, the submission of which is prescribed by law;

78.1.3. A taxable person provided the state tax service agency with an updating calculation of the appropriate tax for the period which has been inspected by the state tax service agency;

78.1.4. The incorrectness of data specified in tax returns submitted by taxable person was discovered, if such taxable person doesn’t provide explanations and documentary support thereof in response to a written request of state tax service agency within ten business days after receipt of such request;

78.1.5. A taxable person has filed, under the prescribed procedure, with state tax service agency, its objections to the inspection protocol or a complaint against tax decision notice made following the inspection, and requires that conclusions of the corresponding inspection be fully or partially revised, provided that the taxable person refers to circumstances that have not been reviewed in the course of the inspection in its complaint (objections), and an objective review thereof is impossible without holding an inspection.

Such an inspection shall be held only for the issues being subject matter of the complaint;

78.1.6. Excluded;

78.1.7. A procedure of legal entity's reorganization (save for transformation), or the termination of a legal entity or an individual being entrepreneur have been commenced, bankruptcy proceedings against the taxable person have been initiated or an application for the taxable person's removal from the register has been submitted;

78.1.8. A taxable person has submitted a return claiming the value-added tax refund from the budget subject to the availability of grounds for the inspection listed in Section V of this Code and/or from a negative value of the value added tax exceeding 100 thousand hryvnias.

An unscheduled on-site documentary inspection on the grounds stipulated in this Item shall be carried out only in respect of the lawfulness of declaration of the value added tax claimed for refund from the budget and/or from a negative value of
the value added tax exceeding 100 thousand hryvnias;

78.1.9. A complaint has been filed against a taxable person stating that such a taxable person has failed to provide a buyer with a tax invoice or has violated the rules of filling a tax invoice in case if such taxable person fails to provide explanations and documentary support thereof in response to a written request of state tax service agency within ten business days after receipt of such request;

78.1.10. Excluded;

78.1.11. A court decision (resolution) on appointment of an inspection or a prescript of an investigation agency, investigator, or prosecutor issued in compliance with law, in the frames of current criminal cases;

78.1.12. A higher-level state tax service agency, within the framework of control over actions or inaction on the part of lower-level state tax service agency officers, has inspected the taxable person's statutory reporting documents or materials of inspection conducted by a lower-level control agency and has detected inconsistency of conclusions in the protocol of inspection with requirements of the legislation or the incomplete ascertainment of the issues in the course of inspection, which were to be ascertained during the inspection in order to make an impartial conclusion, whether the taxable person meets requirements of legislation subject to control by the state tax service agencies.

The decision to perform an extraordinary on-site documentary inspection in this case shall only be made by a higher state tax service agency, if internal investigation or criminal proceedings have been instituted in respect of officers of the lower state tax service agency who carried out scheduled or extraordinary on-site documentary inspection of the taxable person in question;

78.1.13. If information was received that a tax agent evades the taxation of paid (accrued), to hired persons, (including without documentation of such payment) salary, passive income, additional benefits and allowances which are subject to taxation, including in result of taxable person’s failure to conclude labour contracts with hired persons in compliance with law, as well as carrying out economic activities by a person without relevant state registration thereof.

Such inspection shall be held only in respect of the issues which were the grounds for holding such an inspection.

78.2. Restrictions as to the grounds for conducting inspections of taxable persons set forth in this Code shall not apply to inspections conducted on such taxable person’s request, or to inspections conducted within the scope of the instituted criminal proceedings.

78.3. Officers of the tax militia shall be prohibited to participate in scheduled and unscheduled on-site inspections of taxable persons carried out by state tax service agencies, if such inspections are not connected with carrying out operational and investigation or with investigations of criminal cases initiated against such taxable persons (or officers of taxable persons) being in proceeding. Inspections of taxable persons by the tax militia shall be carried out within its limits of competence
stipulated by law, and under the procedure prescribed by the Law of Ukraine “On Espial Activities”, by the Criminal Procedural Code of Ukraine and other laws of Ukraine.

78.4. Decision to conduct an extraordinary on-site documentary inspection shall be made by the head of state tax service agency, which decision shall be documented with an order.

The right to hold an unscheduled documentary inspection of a taxable person shall be granted only such taxable person, before the commencement of such an inspection, was delivered against receipt a copy of relevant order on holding an unscheduled documentary inspection.

78.5. The officers of tax service agencies shall be admitted to hold unscheduled on-site documentary inspections in compliance with Article 81 of this Code. A documentary unscheduled remote inspection shall be held under procedure stipulated in Article 79 of this Code.

78.6. The periods for holding an unscheduled documentary inspection are stipulated in Article 82 of this Code.

78.7. The list of documentary materials which may be grounds for opinions in the course of an unscheduled documentary inspection and the procedure of provision of documents for such inspection by taxable persons are stipulated in Articles 83 and 85 of this Code.

78.8. The procedure for documenting the results of an unscheduled documentary inspection is stipulated in Article 86 of this Code.

Article 79. Particularities of Carrying Out Documentary Remote Inspections

79.1. A documentary remote inspection shall be carried out in case if the head of a state tax service agency makes the decision to hold such an inspection and in presence of the circumstances described in Articles 77 and 78 of this Code. A documentary remote inspection shall be carried out on the grounds of documents and data described in Sub-Item 75.1.2 of Item 75.1 of Article 75 of this Code, provided by a taxable person in cases prescribed by this Code, or obtained in other way prescribed by law.

79.2. A documentary unscheduled remote inspection shall be carried out by officers of a tax service agency only on the grounds of a decision made by the head of such state tax agency and documented by an order, and provided that such taxable person or its/his/her authorised representative was delivered against receipt a copy of the order on holding such an unscheduled remote inspection and a written notification with specification of the date of commencement of such an inspection and of the place thereof.

Presence of taxable persons in the course of documentary unscheduled remote inspections is unnecessary.
Article 80. Procedure for Carrying out Actual Inspections

80.1. An actual inspection shall be carried out without prior notification of taxable persons.

80.2. Actual inspection may be held on the grounds of a decision made by the head of state tax agency and documented by an order, the copy of which should be delivered to a taxable person or its/his/her authorised representative against receipt before the commencement of such inspection and in presence of at least one of the following circumstances:

80.2.1. If, according to the results of inspections of other taxable persons, facts were revealed that evidence the possible breaches by a taxable person of legislation regulating the production and circulation of goods which are subject to excise tax, carrying out settlement transactions and cash transactions, presence of patents, licenses, state registration certificates and other documents, the control over presence of which is assigned to state tax service agencies, and there is a need to examine such facts;

80.2.2. In case of receipt, under procedures prescribed by law, information from state authorities or from local self-government authorities which evidence possible violations of legislation, the control over compliance with which is assigned to state tax service agencies, in particular, in respect of carrying out settlement transactions and cash transactions by taxable persons, presence of patents, licenses, state registration certificates and other documents, the control over presence of which is assigned to state tax service agencies, and violations of the procedures for production and circulation of goods subject to excise tax;

Written statement by a buyer (consumer) made out in compliance with law, on violation of set procedures for carrying out settlement transactions and cash transactions by taxable persons, and of procedures for issuance of patents or licenses;

80.2.4. Failure of an economic entity to submit, within the time frames stipulated by law, of mandatory reporting on use of settlement transactions’ register, settlement pay-books and settlement transactions’ record books, or submission thereof with zero values;

80.2.5. Receipt, under procedures prescribed by law, of information on violation of the statutory requirements pertaining to accounting, storage and transportation of alcohol, alcohol beverages and tobacco products and to proper use of alcohol by taxable persons;

80.2.6. Revelation, according to results of previous inspection, of violation of the legislation covering the issues described in Item 75.1.3;

80.2.7. Receipt, under procedures prescribed by law, of information on use of labour of hired persons without proper formalization of labour relations and payment of income by the employees in the form of salary without payment of taxes to the budget, as well as carrying out entrepreneur activities by an individual without proper state registration;

80.3. An actual inspection which is held in presence of circumstances described
in Item 80.2.6 may carried out for control of cessation of violation of legislation on the issues stipulated in 75.1.3, once and within 12 months after the date of making out of a statement on the results of previous inspection.

80.4. Before the commencement of an actual inspection connected with the issues of compliance with the procedures for carrying out settlement transactions and cash transactions, officers of state tax service agencies, on the grounds of Sub-Item 20.1.9 of Item 20 of Article 20 of this Code, a control settlement transaction may be executed.

80.5. The officers of tax service agencies shall be admitted to hold actual inspections in compliance with Article 81 of this Code.

80.6. In the course of an actual inspection in respect of compliance by an employer with the legislation pertaining to conclusion of a labour contract, formalizing labour relations with employees (hired persons), including the one providing for a probation period, the presence of proper formalization of labour relations shall be verified, the issues connected with accounting of work accomplished by an employee working for such employer, accounting of payment for work and information on payments for work to an employee, shall be ascertained. In order to verify the fact of proper formalization of labour relations with an employee carrying out labour activities, personal identification documents may be used (service certificate, driver’s licence, sanitary book, etc.).

80.7. An actual inspection shall be carried out by two or more officers of a state tax service agency in presence of officers of an economic entity or of its representative and/or of the person who actually executes settlement operations.

80.8. In the course of an inspection, the officers who carry out such inspection may carry out time study of economic operations. According to the results of such study, a reference shall be made out and signed by officers of the state tax service agency and by the officers of an economic entity or of its representative and/or of the person who actually executes settlement operations.

80.9. The periods for holding an actual inspection are stipulated in Article 82 of this Code.

80.10. The procedure for documenting the results of an actual inspection is stipulated in Article 86 of this Code.

**Article 81. Terms and Conditions and Procedure for Granting Access to Officers of State Tax Service Agencies to Documentary On-Site Inspections and Actual Inspections**

81.1. Officers of the state tax service agency may commence a documentary on-site inspection provided that there are grounds for holding such inspection stipulated in this Code, and an actual inspection which shall be held on the grounds stipulated in this Code, provided that they present a warrant for conducting such inspection with indication of the date of their issuance, the name of a state tax service agency, the name and details of a party in relation of which the inspection is to be
conducted (surname, name and patronymic name of the taxable individual who is being inspected), its purpose, type (scheduled or unscheduled), grounds, the date of the commencement and the duration of the inspection, the position and the name of the officer (or official) conducting the inspection. The inspection warrant shall be valid subject to the availability of a signature of the head or deputy head of the state tax service agency stamped with a seal of the state tax service agency.

Failure to present a taxable person (its officials or officers who actually perform payment transactions) a warrant for the inspection or presenting a warrant made with the violation of requirements of this item, shall be the ground for not providing access to officers of a state tax service agency for carrying out a documentary on-site inspection or actual inspection.

Refusal on the part of a taxable person and/or officers (officials) of such taxable person (or its representatives or persons who actually perform payment transactions) to provide access for the inspection on the grounds other than defined in paragraph two of this item shall be disallowed.

Upon presentation of a warrant to a taxable person and/or officers (officials) of such taxable person (or its representatives or parties who actually perform payment transactions), the said officers shall sign the said warrant indicating their surname, name and patronymic names, the position and the date and time of the familiarisation with the warrant.

In case of the refusal of the taxable person and/or officers (officials) of such taxable person (or its representatives or parties who actually perform payment transactions), to sign the inspection warrant indicating their surname, name and patronymic names, the position and the date and time of the familiarisation with the warrant, the state tax service agency officers shall draw up a protocol evidencing the fact of such refusal. In such case, the protocol of refusal to sign the inspection warrant shall be the grounds for the commencement of such an inspection.

81.2. In case of the refusal of the taxable person and/or officers (officials) of such taxable person (or its representatives or parties who actually perform payment transactions) to admit the state tax service agency officers for the inspection, a protocol evidencing the fact of such refusal shall be drawn up.

81.3. In the course of inspections, officers of the state tax service agencies shall act within their rights and powers determined by this Code.

Directors and relevant officers of legal entities and individuals being taxable persons, in the course of an inspection carried out by state tax service agencies, shall be obliged to comply with the demands of state tax service agencies in respect of elimination of violations of taxation laws and to sign a statement (a reference) on carrying out the inspection and shall be entitled to lodge objections to such a statement (reference).

Article 82. Time Frames for Carrying Out On-Site Inspections

82.1. The duration of inspections covered by Article 77 of this Code shall not
exceed 30 business days for large taxable persons, 10 business days for small enterprises, and 20 business days for other taxable persons.

The duration of inspections covered by Article 77 of this Code may be extended, under a decision of the head of state tax service agency, for a period not exceeding 15 business days for large taxable persons, 5 business days for small enterprises, and 10 business days for other taxable persons.

82.2. The duration of inspections covered by Article 78 of this Code (except for inspections carried out in case of circumstances listed in Sub-Item 78.1.8 of Item 78.1 of Article 78 of this Code, the duration of which is set by Article 200 of this Code) shall not exceed 15 business days for large taxable persons, 5 business days for small enterprises, and 10 business days for other taxable persons.

The duration of inspections covered by Article 78 of this Code may be extended, under a decision of the head of state tax service agency, for a period not exceeding 10 business days for large taxable persons, 2 business days for small enterprises, and 5 business days for other taxable persons.

82.3. The duration of inspections covered by Article 80 of this Code shall not exceed 10 days.

The duration of inspections covered by Article 80 of this Code may be extended, under a decision of the head of state tax service agency, for a period not exceeding 10 days.

The grounds for extension of the duration of an inspection shall be as follows:

82.3.1. An application from an economic entity (in case of necessity to submit documents relating to issues of inspection);

82.3.2. A shift labour regime or the total accounting of working hours of a business entity and/or its economic objects.

82.4. The process of a documentary on-site scheduled and unscheduled inspection may be suspended under a decision of the head of state tax service agency which should be formalized by an order, the copy of which should be delivered, not later than the next business day, to relevant taxable person or its/his/her authorized representative against a receipt, with further continuation of such inspection for an unused period of time.

A suspension of the process of a documentary on-site scheduled and unscheduled inspection shall interrupt the duration of relevant inspection in case if a taxable person or its/his/her authorized representative are delivered, against a receipt, a copy of the order on suspension of a documentary on-site scheduled or unscheduled inspection.

In such case, the inspection may be suspended for a total period of time not exceeding 30 business days, and in case of the necessity of performing an expert examination, of receipt of information from foreign state authorities in respect of activities of the taxable person in question, finalization of review by a court of claims pertaining to issues connected with the subject of the inspection, or renewal by the taxable person of lost documents, the inspection may be suspended for a period
necessary for accomplishment of such procedures.

The total duration of inspection process stipulated in Items 200.10 and 200.11 of this Code, with taking into account the periods of suspension stipulated in this Item, may not exceed 60 calendar days.

**Article 83. Materials which are Grounds for Making Conclusions in the Course of Inspections**

83.1. For officers of state tax service agencies, while carrying out inspections, the grounds for conclusions shall be as follows:

83.1.1. Documents determined by this Code;
83.1.2. Tax information;
83.1.3. Expert opinions;
83.1.4. Court decisions;
83.1.5. Excluded;
83.1.6. Other materials obtained as a result of exertion by officers of control agencies of the rights conferred to them by this Code or other laws subject to control by the state tax service agencies.

**Article 84. Performance of Expert Examinations in the Course of the Exercise of Tax Control by State Tax Service Agencies**

84.1. An expert examination shall be carried out if the special knowledge in the field of science, art, technology, economy and other areas is required for solving the issues being of importance for the exercise of the tax control. Engagement of an expert shall take place on a contractual basis and on the account of the party which initiated the engagement of an expert.

84.2. An expert examination shall be appointed under an application from a taxable person or under the decision of the (deputy) head of a state tax service agency, with specification of the:

84.2.1. Grounds for engagement of an expert;
84.2.2. Expert’s surname, name an patronymic;
84.2.3. Details of a taxable person in whose respect the tax control is being exerted;
84.2.4. Questions posed to the expert;
84.2.5. Documents, objects and other materials submitted for the expert's examination.

84.3. A state tax service agency the (deputy) head of which has prescribed an expert examination shall inform the taxable person (or its representative) with the decision on holding an expert examination and, upon completion of the expert examination, with the expert opinion.

84.4. Excluded.

84.5. An expert may review the materials submitted to him/her, which relate to
the subject matter of relevant expert examination and ask for the provision of additional materials.

An expert may refuse to present his conclusions if the submitted materials are insufficient or the expert does not have the knowledge necessary for carrying out such an expert examination.

84.6. An expert shall be liable under applicable laws for presentation of a deliberately false opinion.

**Article 85. Provision of Documents by Taxable Persons**

85.1. Requesting documents from a taxable person by any officers (Officials) of state tax service agencies in the cases not provided for in this Code shall be prohibited.

85.2. A taxable person shall be obliged to provide the officers (Officials) of state tax service agencies with all documents pertaining to the object of an inspection or related thereto. Such obligation shall be created with a taxable person after the commencement of the inspection.

Herewith, a large taxable person shall be also obliged to provide in electronic form, with meeting the requirement to register electronic signatures of reporting persons in electronic form (in the format and under the procedure contemplated by the central agency of the state tax service), copies of documents pertaining to accounting of income, expenses and other indicators connected with determination of tax objects (tax obligations), of source documents, accounting registers, financial reporting, and of other documents connected with calculation of taxes and duties, not later than the business day following the date of commencement of an on-site scheduled and unscheduled inspection or of a documentary remote inspection.

85.3. Documents which contain a commercial secret or are confidential shall be handed separately with the indication of a specific officer (official) who has received the documents. The submission of these documents for review and examination, and the return thereof shall be documented by a protocol in a free form signed by an officer (official) of the control agency and by the taxable person (or by its representative).

85.4. When carrying out inspections, officers of state tax service agency shall be entitled to receive from taxable persons duly certified copies of source financial and economic, accounting, and other documents evidencing the concealing (understatement) of taxable objects, failure to pay taxes and duties (make mandatory payments), or violation of other legislation the control over compliance with which is assigned to state tax service agencies.

85.5. It shall be prohibited to seize the original copies of source financial and economic, accounting, and other documents, save for the cases provided for by the criminal code of procedures.

85.6. If a taxable person or its legal representatives refuse to provide an officer (official) of state tax service agency with copies of documents, such person shall draw
up a protocol in a free form which evidences the fact of such refusal, with specification of position, surname, name and patronymic of the taxable person (or of its legal representative) and of the list of documents that he was proposed to present. Such a protocol shall be signed by an officer (official) of state tax service agency and the taxable person or its legal representative. In the event of refuse of the taxable person or its legal representative to sign such protocol, a corresponding record shall be made therein.

85.7. Receipt of copies of documents shall be documented by an inventory. The copy of an inventory drawn-up by officers (officials) of state tax service agency shall be handed to relevant taxable person or to its/his/her representative against receipt. If a taxable person or its/his/her representative refuses to certify the receipt of such inventory or to sign the receipt of the copy of such inventory, officers (officials) of state tax service agency receiving the copies shall make a mark of refusal to sign the inventory.

85.8. An officer (official) of state tax service agency who carries out an inspection, in cases provided for by this Code, shall be entitled to receive, from taxable person or its/his/her representative, copies of documents pertaining to the object of inspection. Such copies must be certified by signatures of the taxable person or of its/his/her representative and sealed (if applicable).

85.9. If, before the commencement of or in the course of the inspection, the originals of source documents, of accounting and other registers, of financial, statistical an other reporting, and of other documents used for accounting and payment of taxes and duties, as well as with compliance with other legislation, the control over compliance with is which is a responsibility of control agencies, were seized by law enforcement or other authorities, such authorities shall be obliged to provide a control agency for inspection with copies of such documents or secure access to inspection of such documents.

Such copies, certified by a seal and signed by officers (officials) of law enforcement or other authorities which seized original copies of the documents or which secured the access for inspection of the seized documents, shall be provided within three business days from the date of obtaining a written request from a control agency.

If the documents specified in the first paragraph of this Item, the time frames for carrying out such inspection, including the one which is already commenced, shall be postponed until the date of receipt of the above specified copies of documents or securing an access thereto.

**Article 86. Documentation of Inspection Results**

86.1. The results of inspections (except desk inspections) shall be documented in the form of a protocol or certificate to be signed by officers of the control agency and taxable persons or their legal representatives (if any). If violations have been ascertained in the course of an inspection, a protocol shall be drawn up. A certificate
shall be drawn up, if no violations have been ascertained.

A protocol (a certificate) drawn up according to the results of the inspections and signed by officers who carried out the inspection shall be handed, within the time frames prescribed by this Code, to relevant taxable person or its legal representative who shall be obliged to sign it.

The time frames for drawing up a protocol (a certificate) on results of the inspection shall not be added to the duration of the inspection stipulated in this Code (with taking into account the extension thereof).

If a taxable person does not agree with conclusions stated in the protocol, such taxable person shall be obliged to sign such protocol with comments, which such taxable person shall be entitled to submit together with a signed copy of the protocol or separately, within the time frames stipulated by this Code.

86.2. According to results of a desk inspection, in case of finding violations, a protocol or shall be drawn in duplicate and signed by officers of a such agency who performed the inspection, and after registration with state tax service agency, shall be handed or mailed for signing, within three business days, to relevant taxable person under the procedure stipulated in Article 42 of this Code.

86.3. A protocol (a certificate) drawn up according to the results of a documentary on-site inspection, as stipulated in Articles 77 and 78 of this Code, shall be drawn in duplicate and signed by officers of state tax service agency who performed the inspection and registered with relevant state tax service agency within five business days from the day following the day of termination of the period set for the inspection (within 10 business days for taxable persons which have branches and/or pay a consolidated tax).

If a taxable person or its legal representatives refuses to sign the protocol (the certificate), officers of state tax service agency shall draw up a relevant protocol evidencing the fact of such refusal. One copy of the protocol or of a certificate on the results of a scheduled or unscheduled documentary inspection shall be handed or sent, on the day of signing it or refusal to sign it, to relevant taxable person or its legal representative.

A refusal by a taxable person or by its legal representative to sign the protocol of the inspection or obtaining a copy thereof shall not release such taxable person from the obligation to pay the amount of monetary obligations determined by state tax service agency according to the results of inspection.

In case of refusal by a taxable person or by its legal representatives to accept a copy of the protocol or of the certificate on the results of inspection or in case of impossibility to deliver and to sign it in connection with absence of such taxable person or of its legal representatives at its/his/her location, such protocol or certificate shall be sent to the taxable person under the procedure stipulated in Article 58 of this Code for sending (handing) of tax decision notifications.

86.4. A protocol (a certificate) of a documentary remote inspection shall be drawn in duplicate, signed by officers of state tax service agency who performed the
inspection and registered with state tax service agency within five business days after
the day of termination of the period set for the inspection (within 10 business days for
taxable persons which have branches and/or pay a consolidated tax).

The protocol (a certificate) of a remote inspection, after registration thereof,
shall be handed personally to the taxable person or its legal representatives. In case of
refusal by a taxable person or by its legal representatives to accept a copy of the
protocol (the certificate) on the results of inspection, officers of state tax service
agency shall draw up a relevant protocol evidencing the fact of such refusal. The
refusal by taxable person or by its legal representative to sign the protocol of the
inspection shall not release such taxable person from the obligation to pay the amount
of monetary obligations determined by state tax service agency according to the
results of inspection. Any objections to the inspection protocol shall be reviewed
under the procedure and within the timeframes stipulated in Item 86.7 of this Article.
A tax decision notification shall be accepted under the procedure and within the
timeframes stipulated in Item 86.8 of this Article.

86.5. A protocol (a certificate) on the results of actual inspections described in
Article 80 of this Code shall be drawn in duplicate, signed by officers of state tax
service agency who performed the inspection and registered not later than the next
business day after ending the inspection. The protocol (the certificate) on the results
of such inspections shall be signed by the person, who executed settlement
transactions, by relevant taxable person and its/his/her legal representatives (if any).

The protocol (the certificate) on the results of such inspections by shall be
signed by the person, who executed settlement transactions, by relevant taxable
person and its/his/her legal representatives (if any) and by officers of state tax service
agency who performed the inspection at then location where the inspection was held
or in the premises of state tax service agency.

In case of refusal by the person who executed settlement transactions to sign
the protocol (the certificate), officers of state tax service agency shall draw up a
relevant protocol evidencing the fact of such refusal. One copy of the protocol or of
the certificate on the results of the inspection shall be registered, not later than the
next day after drawing thereof, in the register of tax agency protocols, and handed or
sent, not later than the next day after registration thereof, to the taxable person, to
its/his/her legal representative, or to the person who executed settlement transactions.

In case of refusal by a taxable person or by its legal representatives to accept a
copy of the protocol (of the certificate) on the results of inspection or in case of
impossibility to deliver and to sign it in connection with absence of such taxable
person or of its legal representatives at its/his/her location, such protocol or certificate
shall be sent to the taxable person under the procedure stipulated in Article 58 of this
Code for sending (hanging) of tax decision notifications. In cases described in this
paragraph, state tax service agency shall draw a relevant protocol or make a relevant
mark in the protocol or certificate on the results of the inspection.

86.6. A refusal by a taxable person or its legal representatives or by the person
who executed settlement transactions to sign the inspection protocol or to obtain a copy thereof shall not release such taxable person from the obligation to pay the amount of monetary obligations determined by state tax service agency according to the results of inspection.

86.7. If a taxable person or its legal representatives does not agree with conclusions of the inspection or with the facts and information stated an inspection protocol (certificate), they shall be entitled to submit their objections within five business days after the day of obtaining the protocol (the certificate). Such objections shall be reviewed by state tax service agency within five business days after receipt thereof (after the end of an inspection which was held due to the necessity to ascertain the circumstances which were not examined during the inspection and stated in the comments), and relevant taxable person shall be send a response under the procedure stipulated in Article 85 of this Code for sending (handing) tax decision notifications.

The taxable person in question (or its/his/her authorized person and/or representative) shall be entitled to participate in review of the objections, which shall be marked by such taxable person in the comments.

If a taxable person expressed its will to participate in review of its/his/her objections to the inspection protocol, relevant state tax service agency shall be obliged to inform such taxable person about the place and the time of such review. Such a notification shall be sent to the taxable person not later than the next business day after receipt of objections from such taxable person, but not later than two business days prior to review thereof.

The participation of the head of relevant state tax service agency (or of a representative authorized by such head) in the review of objections of the taxable person shall not be mandatory. Such objections shall be integral part of the inspection protocol (certificate).

The decision on determination of the amount of monetary obligations shall be made by the (deputy) head of state tax agency with taking into account the results of taxable person’s objections (if any). The taxable person or its legal representative may be present when such decision is made.

86.8. A tax decision notification shall be approved by the (deputy) head of state tax agency within ten business days following the day when the taxable person was handed the inspection protocol under the procedure stipulated in Article 58 of this Code for sending (handing) of tax decision notification, and within three business days following the day of review of objections and handing (sending) of a written response to the taxable person in case of any objections on the part of taxable person’s officers to the inspection protocol.

86.9. In case if a monetary obligation is calculated by a state tax service agency according to results of inspection appointed under the code of criminal proceedings or under the law on espial activities, the tax decision notification on the results of such inspection shall not be adopted until a relevant court decision will come into legal effect.
The materials of inspection together with conclusions of state tax service agency shall be passed to a law enforcement authority appointing the inspection. The status of such inspection materials and the conclusions of the state tax service agency shall be determined under the code of criminal proceedings or under the law on espial activities.

86.10. Both facts of understatement and overstatement of a taxable person’s tax liabilities shall be stated in relevant inspection protocol.

CHAPTER 9. REPAYMENT OF THE TAX DEBT OF TAXABLE PERSONS

Article 87. Sources of the Tax Liability Payment or of the Repayment of the Tax Debt of a Taxable Person

87.1. Sources of the independent tax liability payment or the repayment of the tax debt of a taxable person shall be any own funds, including those received from sales of goods (works, services), property, securities issue, including corporate rights, received as loans (credits), and other sources with regard to peculiarities defined by this article, as well as the amount of excess payments to appropriate budgets.

Payment of monetary liabilities or repayment of a tax debt of a taxable person from relevant payment may be also made on the account of the excess on such payment (without an application from such taxable person) or on the account of erroneously and/or excess amounts paid on other payments (on the grounds of relevant application of the taxable person) to relevant budgets.

87.2. Sources of repayment of the tax debt of a taxable person shall be any property owned by such taxable person with taking into account the limitations stipulated by this Code and by other legislative acts.

87.3. The following may not be used as sources of the repayment of the tax debt of a taxable person:

87.3.1. Property of a taxable person which they granted to other persons as collateral (for the period of such pledge), if such pledge was duly registered according to the law in the state registers of pledges of movable property and real estate before the date of occurrence of the tax pledge right;

87.3.2. Assets owned by other parties and placed into the temporary administration or use by the taxable person, including but not limited to: the property provided to the taxable person on leasing (lease), custody, pawnbroker custody, commission (consignment), principal-provided raw materials provided to the enterprise for processing, except for the portion thereof given to the taxable person as the payment for processing services, as well as assets of other parties taken by the taxable person as collateral or pledge, for the trust management or other types of the agency management;

87.3.3. Property rights of other persons transferred to a taxable person into temporary use or disposal, as well as non-property rights of other persons, including
intellectual (industrial) property rights transferred into use to such taxable person without the right of alienation;

87.3.4. Funds from credits or loans granted to a taxable person by a credit and financial institution which are accounted on loan accounts opened for such taxable person, amounts of letters of credit issued to the name of a taxable person, but not opened, amounts of advance payments under contracts with marine vessels building enterprises received from persons ordering marine and river ships and other water crafts, which are debited to separated accounts of such enterprises opened in compliance of Article 1 of the Law of Ukraine “On Measures for State Support of Ship-Building Industry in Ukraine”;

87.3.5. Property included into integral property complexes of state-owned enterprises which are not subject to privatisation, including government-owned enterprises. The procedure of categorising property as included into an integral property complex of a state-owned enterprise shall be specified by the State Property Fund of Ukraine;

87.3.6. Property, the free circulation of which is prohibited under the legislation of Ukraine.

87.3.7. Property that may not be an object of pledge pursuant to the Law of Ukraine “On Pledge”;

87.3.8. Funds of other persons transferred to a taxable person as an investment (deposit) or to trust management of such taxable person, as well as own funds of a legal entity used for payment of debt under principal salary for hours actually worked by individuals being in labour relations with such legal entity.

87.4. Officers, including state bailiffs, who took a decision on use of assets defined in Item 87.3 of this Article as sources of the tax liability payment or tax debt repayment of a taxable person, shall be liable in compliance with applicable laws.

87.5. If measures aimed on sale of a taxable person’s property does not result in the full repayment of the tax debt, the collection agency can nominate receivables of a taxable person, which are due payable and the right of claim of which was transferred to state tax service agencies, as an additional source of repayment of the tax debt.

Such receivables remain assets of the taxable person having tax debt until the funds are received by budget on the account of collection of such receivables. Relevant state tax service agency shall notify taxable person of such receipt within a five-day period following the day when relevant document was received.

87.6. If a taxable person which is a branch, separated unit of a legal entity does not have assets sufficient for the tax liability payment or the repayment of the tax debt, source of the tax liability payment or repayment of the tax debt of such taxable person can be assets of a legal entity upon which recovery can be enforced according to this Code.

The procedure for application of Items 87.5 and 87.6 of this Article shall be set by the central state tax service agency.

87.7. Any transference of the tax liability or the tax debt of a taxable person to
third parties shall be prohibited. Provisions of this Item shall not be applied to cases when guarantors of full and timely tax liability payments of a taxable person are other persons, if such a right is provided for by this Code.

87.8. In addition to sources mentioned in Item 87.1 of this Article, sources of repayment of the tax debt of banks, non-bank financial institutions, including insurance organizations, can be the funds, regardless of their sources of origin and without the application of limitations set in Sub-Items 87.3.4 and 87.3.8 of item 87.3 of this Article, equal to the amount not exceeding their equity capital (excluding insurance provisions and reserves with the equivalent status made according to the legislation). The equity capital amount shall be determined according to the legislation of Ukraine.

87.9. If a taxable person has a tax debt, state tax service agencies shall be obliged to debit the funds paid by such a taxable person for repayment of the tax debt according to the order of occurrence thereof, regardless of the direction of payment determined by the taxable person.

Direction of funds by a taxable person to payment of tax obligation before a tax debt is repaid shall be prohibited, save for the cases when such funds are directed to payment of salaries and of the unified contribution for generally mandatory state social insurance.

87.10. From the moment From the date of issue of a judgement by the court on initiating bankruptcy proceedings in respect of a taxable person, the procedure for the tax liability payment or the repayment of the tax debt of such a taxable person mentioned in the application submitted to the court shall be specified according to the provisions of the Law of Ukraine “On Restoring Debtor's Solvency or Declaring a Debtor Bankrupt” without the application of provisions of this Code.

87.11. The collection agency may file a claim with the court for the collection of the tax debt of a taxable individual. Collection of the tax debt by the decision of the court shall be made by the state enforcement service according to the legislation on enforcement proceedings.

87.12. If a tax debt has come into existence under transactions carried out within the scope of joint business contracts, then the assets of taxable persons being parties to such a contract shall be the source for the repayment of such tax debt.

**Article 88. The Essence of Tax Pledge**

88.1. In order to ensure the fulfilment of duties set by this Code by a taxable person, assets of a taxable person who has the tax debt shall be transferred into a tax pledge.

88.2. The tax pledge shall arise pursuant to this Code and shall not require an execution in writing.

88.3. If a tax debt has come into existence under transactions carried out within the scope of joint business contracts, the tax pledge shall cover the assets of the taxable person, which was responsible for the transfer of taxes to the budget according
to terms and conditions of the contract and/or the property contributed into joint activities and/or is a result of joint activities of taxable persons. In case of the insufficiency of assets owned by such taxable person, the tax pledge shall cover the property of other parties to the joint business contract in proportion to their involvement into such joint business.

**Article 89. Emergence of Tax Pledge Right**

89.1. The tax pledge right shall emerge in the following cases:

89.1.1. Failure to pay the tax liability independently determined by a taxable person in a tax return within the time frames set by this Code: from the day following the last day of such set period;

89.1.2. Failure to pay the tax liability independently determined by a control agency within the time frames set by this Code: from the day of emergence of a tax debt.

89.2. Taking into consideration provisions of this Article, the tax pledge shall cover taxable persons’ assets which are in their ownership (economic control or operational management) on the date of occurrence of such a right, and the book value of which is equivalent to the tax debt amount of the taxable person, except for cases covered in Item 89.5 of this Article, as well as the other property which will come to the taxable person’s ownership in the future.

If the book value of such property is not determined, the inventory list thereof shall be compiled according to the results of appraisal to be held in compliance with the Law of Ukraine “On Appraisal of Property, Property Rights and Professional Appraisal Activities in Ukraine.”

In case of increase of the amount of tax debt, an inventory protocol shall be made out for the amount equivalent to the amount of the tax debt of a taxable person, under the procedure stipulated in this Article.

The right of tax pledge shall not be applicable to property described in Sub-Item 87.3.7 of Item 87.3 of Article 87 of this Code, to mortgage assets own by an issuer and are security for relevant issue of mortgage certificates with fixed income, to monetary income from such mortgage assets, until the full performance by the issuer of its obligations under such issue of mortgage certificates with fixed income, as well as to the matter of the mortgage security and to monetary income from it, until the full performance by the issuer of its obligations under relevant issue of ordinary mortgage bonds.

89.3. Assets covered by the tax pledge right shall be formalized by an inventory protocol.

The inventory protocol shall include liquid assets which may be used as a source for repayment of a tax debt.

Taking assets inventory to a tax pledge shall be carried out on the grounds of a decision of the head of a state tax service agency which shall be presented to relevant taxable person having a tax debt.
The inventory protocol pertaining to assets which are covered by a tax pledge right shall be compiled by tax agency head under the procedure and according to the form approved by the central agency of the state tax service.

A refusal by a taxable person to sign an assets inventory protocol covered by a tax pledge right shall not release such taxable person from application of the tax pledge right to inventory assets. In such case the inventory shall be taken in presence of at least two witnesses.

89.4. If the taxable person prevents a tax manager from taking an inventory of assets of such a taxable person for the tax pledge purposes and/or does not provide the documents needed for such an inventory, the tax manager shall draw up a protocol of refusal of the taxable person from the inventory of assets for the tax pledge purposes.

State tax service agency shall refer to a court for suspension of debit transactions on accounts of such a taxable person and for prohibition of disposal of assets by such taxable person and the obligation of such a taxable person to allow a tax manager to sequestrate the assets for the tax pledge.

The suspension of debit transactions on accounts of such a taxable person and prohibition of disposal of assets by such taxable person shall be in effect until compiling a protocol of inventory of taxable person’s assets and taking them on pledge by a tax manager, or until a protocol of unavailability of assets that may be taken inventory of to pledge, or until relevant tax debt is repaid in full. The tax manager shall, not later than the business day following the day of drawing up of protocols specified in this Item, be obliged to send the decision on drawing such protocols to banks and other financial institutions. Such decision shall be the grounds for renewal of debit operations on relevant taxable person’s accounts.

89.5. If, as of the date of the inventory protocol, the assets are absent or their book value is lower than the double amount of the tax debt, the tax pledge shall cover other assets for which a taxable person will acquire the ownership in future until the complete tax debt repayment.

A taxable person shall be obliged to notify the state tax service agency on the availability of assets not later that on the next business day from the date of acquiring ownership of any assets. The state tax service agency shall be obliged to take a decision on the inclusion of such assets into the inventory protocol on assets covered by tax pledge right, or on refusal to a taxable person to include assets into the inventory protocol, within three business days from the date of receipt of such notification.

If a state tax service agency makes a decision to include assets into the inventory protocol, an appropriate inventory protocol shall be compiled, of which one copy shall be sent to the taxable person with the notice of delivery.

A taxable person may not dispose of such assets until an appropriate decision is taken by the state tax service agency.

If a taxable person violates requirements of this item, it shall be liable according to the legislation.
89.6. If assets of a taxable person are indivisible and their book value is higher than the amount of the tax debt, such assets shall be subject to the sequestration for the tax pledge in full.

89.7. Replacement of assets included into the inventory protocol can only be made with the consent of the state tax service agency.

89.8. Relevant state tax service agency shall register the tax pledge free of charge with an appropriate state register.

**Article 90. Tax Priority**

90.1. The priority of the tax pledge versus priorities of other encumbrances (including other pledges) shall be stipulated by law.

**Article 91. Tax Manager**

91.1. The head of the state tax service agency in the place of registration of a taxable person who has tax debt shall appoint one or several tax managers to such a taxable person. The tax manager must be an officer (official) of a state tax service agency. A tax manager shall perform duties and functions vested to him by this Code.

91.2. The procedure for appointment and dismissal, as well as competencies of a tax manager, shall be specified by the central agency of the state tax service.

91.3. A tax manager shall take inventory of property of a taxable person having a tax debt, to a tax pledge, shall inspect the situation with storage of property being on tax pledge, shall take inventory of property covered by tax pledge for sale thereof in cases provided for by this Code, shall receive form the debtor information on operations with pledged property, and in case of alienation thereof without a consent from state tax service agency (provided that such consent is mandatory pursuant to requirements of this Code), request explanations from taxable person or its officers (officials). In case of sale of taxable person’s property covered by a tax pledge right for repayment of a tax debt, tax manager shall be entitled to receive from such taxable person documents evidencing the property right to such property.

91.4. If a tax payer having tax debt precludes a tax manager from exercising his/her authorities stipulated in this Code, such tax manager shall draw a protocol of preclusion by taxable person to exercising of such authorities, under the procedure and according to the form stipulated by the central agency of the state tax service.

A state tax service agency shall refer to a court for suspension of debit transactions on accounts of a taxable person and for enforcement of such taxable person’s obligation to meet lawful demands of tax manager provided for by this Code. The period for which debit transactions may be suspended shall be determined by court, but such period must not exceed two months.

Suspension of debit transactions on accounts of a taxable person may be early terminated upon decision of a tax manager or a court.

**Article 92. Coordination of Transactions with Pledged Assets**
92.1. A taxable person shall retain the right to use the assets covered by a tax pledge, unless the contrary is provided for by law.

A taxable person may alienate the assets covered by a tax pledge only upon consent of state tax service agency, and in the case if a state tax service agency did not provide relevant taxable person, within ten days from the moment of receipt of relevant application from taxable person, a response pertaining to granting (or refusal to grant) its consent.

If only finished products, goods and commodity stock are covered by a tax pledge, relevant taxable person may alienate such property without consent of state tax service agency, for money at the price which are not lower than regular prices, and provided that money received from such alienation will be fully directed to payment of salaries and of generally mandatory state social insurance and/or repayment of tax debt.

92.2. In case of transactions of the alienation or lease (leasing) of assets covered by the tax pledge, a taxable person shall replace them with other assets of the same or higher value. Decrease in value of the replaced assets shall only be allowed with the consent of the state tax service agency subject to the partial repayment of tax debt.

92.3. If transactions with assets covered by the tax pledge are performed without the prior consent of the state tax service agency, a taxable person shall be liable in compliance with law.

Article 93. Tax Pledge Termination

93.1. Taxable person's assets shall be released from the tax pledge from the date of:

93.1.1. Receipt of a document confirming the complete repayment of the tax debt by the state tax service agency under procedure prescribed by legislation;

93.1.2. Recognizing tax debt unrecoverable;

93.1.3. Appropriate judgement by the court within the procedures set by the legislation on bankruptcy;

93.1.4. Receipt by taxable person of a decision of relevant agency on cancellation of prior decisions in respect of accrual of an amount of monetary liability or of a part thereof (fine and penalty sanctions) in result of holding a procedure of administrative or judicial contestation;

93.1.5. Registration of a tax surety with the state tax service agency in cases specified by this Code.

93.2. The grounds for release of a taxable person’s property from tax pledge and deletion thereof from the state register of pledges of movable or immovable property shall be a relevant document evidencing the termination of any circumstances specified in Sub-Items 93.1.1 through 93.1.5 of Item 93.1 of this Article.
93.3. The procedure for application of tax pledge shall be set by the central agency of the state tax service.

**Article 94. Administrative Garnishment of Assets**

94.1. Administrative garnishment of taxable person's assets (hereinafter referred to as the “garnishment of assets”) shall be an exceptional method of ensuring the fulfilment by a taxable person of its/his/her the duties defined by law.

94.2. Garnishment of assets can be applied if any of the following circumstances is established:

94.2.1. A taxable person violates rules of the disposal of assets covered by the tax pledge;

94.2.2. An individual who has a tax debt leaves abroad;

94.2.3. A taxable person refuses to undergo a documentary inspection when legal basis exists for its performance or to grant access to officers of a state tax service;

94.2.4. Certificates of the state registration of economic entities, permits (licenses) for its conducting, trade patents, certificates of conformance of recording systems of payment transactions are missing;

94.2.5. Registration of a person as a taxable person with a state tax service agency is missing, if such registration is mandatory according to this Code, or if a taxable person who received a tax decision notice or has the tax debt carries out acts aimed at transfer of assets abroad, concealment thereof or transfer thereof to other persons

94.2.6. A taxable person refuses to make inspection of the status of storage of assets covered by tax pledge;

94.2.7. A taxable person does not allow a tax manager to draw up a protocol of sequestrating the assets which are to be pledged and/or a protocol of sequestrating (detaching) the assets for sale.

94.3. Garnishment of assets shall consist in the prohibition for a taxable person to perform any acts specified in Item 94.5 with its assets subject to such garnishment.

94.4. Any assets of a taxable person may be garnished by the state tax service agency, except for the assets that cannot be garnished under the law and the garnishment of funds on taxable person’s account.

94.5. Garnishment of assets can be full or notional.

Exclusive prohibition of a taxable person from exercising the rights to dispose of or use their assets shall be deemed to be full garnishment. In such case the risk connected with loss of functional or consumer qualities of such property shall be assumed by the agency which made the decision on such prohibition.

Limitation of a taxable person in exercising property rights on assets which consists of the mandatory preliminary obtainment of permission from the head of appropriate state tax service agency for any taxable person’s transaction with such assets shall be deemed to be the notional garnishment. The said permission can be
issued by the head of the state tax service agency if a tax manager concludes that an
individual taxable person’s transaction will not result in increase in the tax debt or
decrease in the probability of its repayment.

94.6. If any of the circumstances mentioned in item 94.2 of this article occur,
the (deputy) head of the state tax service agency shall make a decision to garnish
taxable person’s assets to be sent to:

94.6.1. The taxable person with the request to temporarily suspend the disposal
of their assets;

94.6.2. Other persons, who possess, dispose or use assets of such a taxable
person, with the request to temporarily suspend their disposal

The garnishment of funds on an account of a taxable person shall be carried out
on request of a state tax service agency solely on the basis of a court decision by way
of state tax service agency referring to a court.

Funds shall be released from the garnishment by a bank or another financial
institution on the basis of a court decision.

94.7. Garnishment of assets can also be applied to the goods produced, stored,
transported or sold with violation of rules set by the customs legislation of Ukraine or
legislation on excise taxation, or goods, including currency valuables, sold with the
violation of the procedure set by the legislation if their owner is not identified.

In this case officers (officials) of the state tax agencies or other law-
enforcement agencies within their powers may seize temporarily such assets drawing
up a protocol containing reasons for such seizure with the reference to breach of the
specific legislative regulation; description of assets, their generic features and
quantity; information about the person(s) whose goods (if any) have been seized; list
of rights and obligations of such persons in connection with such seizure.

The form of the mentioned protocol shall be specified by the Cabinet of
Ministers of Ukraine.

The head of the law-enforcement agency department to which officer who
made up the protocol on temporary seizure of assets is subordinated shall immediately
inform the (deputy) head of the state tax service on the territory of which such seizure
has been made, with mandatory handing the protocol.

On the basis of information indicated in the protocol, the (deputy) head of state
tax service agency may take decision on the garnishment of such assets or to refuse it
by not taking such a decision.

The decision on garnishment of assets must be taken by 0.00 a.m. of the
business day following the date of the protocol of the temporary seizure of assets, but
if, according to the legislation of Ukraine, the state tax service agency finishes work
earlier, then such a period shall expire as of the time of such end of work.

If the decision on garnishment of assets is not taken within the mentioned
period, assets shall be deemed released from the regime of temporary seizure, and
officers or officials who impede such a release shall be liable by law.

94.8. When garnishing assets in cases mentioned in Item 94.7 of this Article,
the decision of the (deputy) head of state tax service agency must be immediately presented to the person (persons, listed in Item 94.6 of this Article) indicated in the protocol of the temporary seizure of assets, without implementing provisions of Item 94.6 of this Article.

66.8. 94.9. If the location of the persons indicated in the protocol on temporary seizure of assets is not detected or if assets have been seized without finding the persons who own them by ownership right or other rights, the decision on garnishment of assets shall be made by the (deputy) head of state tax service agency without handing thereof to persons specified in Item 94.6 of this Article.

94.10. Assets can be garnished for the period up to 96 hours from the hour of signing the appropriate decision by the (deputy) head of the tax authority. The said period may not be extended in an administrative proceeding, including by the decision of other state authorities, except in cases specified by paragraph three of this item or cases when the owner of the garnished assets is not identified (found), - in this case, such assets shall remain under the regime of administrative garnishment for the period set by the legislation for declaring them as ownerless, or if such assets are perishable, - within the ultimate period specified by the legislation. Procedure for transactions with assets, whose owner is not detected, shall be set by the special legislation on treatment of ownerless property.

The period set by this sub-item shall not include hours of weekends and holidays.

94.11. The decision of the (deputy) head of state tax service agency on garnishment of assets can be appealed against by a taxable person in administrative or judicial proceedings.

In all cases when the higher-level state tax service agency or the court cancels the decision on the garnishment of assets, the higher-level state tax service agency shall carry out an internal investigation of reasons for the issue of the decision on garnishment of assets by the (deputy) head of state tax service agency and, if necessary, take a decision on bringing the guilty to liability set by the legislation.

94.12. When making decision on the garnishment of bank assets, the garnishment can not be imposed on the bank’s correspondent account.

94.13. A taxable person shall be entitled to the compensation for losses and non-pecuniary damage caused by the state tax service agency because of illegal garnishment of their assets, at the expense of the appropriate budget and in compliance with the legislation. The decision on such compensation shall be made by the court.

94.14. Functions of the executor of the decision on the garnishment of taxable person's assets shall be vested in the tax manager or another employee of the state tax service agency appointed by its (deputy) head. The executor of the garnishment decision shall:

94.14.1. Send the decision on garnishment of assets according to Item 94.6 of this Article;
94.14.2. Arrange for the sequestration of taxable person’s assets.

94.15. Taxable person’s assets shall be sequestrated in the presence of its officers or their representatives as well as witnesses.

If taxable person's officers or their representatives are absent, their assets shall be sequestrated in the presence of witnesses.

An appraiser shall be involved into the sequestration of assets, if necessary.

The representatives of the taxable person the property of which is subject to sequestration shall be explained to their rights and obligations.

Employees of the state tax service agencies and law-enforcement agencies cannot be witnesses, as well as other persons whose role as witnesses is limited by the Law of Ukraine “On Enforcement Proceedings”.

94.16. When taxable person’s assets are sequestrated, persons performing it shall present to such taxable person's officers or their representatives the appropriate decision on administrative garnishment, as well as documents testifying their powers to perform such sequestration. Based on the results of the sequestration of taxable person's assets, a protocol shall be drawn up containing a description and a list of assets being garnished, name, quantity, and measures of weight and individual features and, if an appraiser is present, prices determined by such appraiser. All assets subject to the sequestration shall be presented to officers of the taxable person or their representatives and witnesses or, in case of absence of officers or their representatives, to the witnesses for the visual inspection.

94.17. The officer of the state tax service agency implementing the decision on administrative garnishment of taxable person’s assets shall determine the procedure for storage and protection thereof.

94.18. Taking measures stipulated by Items 66.16 to 66.18 of this Article starting from between 8.00 p.m. and 9.00 a.m. of the next day shall be disallowed.

94.19. Termination of administrative garnishment of taxable person's assets shall take place in connection with:

94.19.1. Absence, within the period specified in Item 94.10, a court decision recognizing the garnishment grounded;

94.19.2. Repayment of the tax debt of a taxable person

94.19.3. Elimination, by taxable person, of the reasons for application of administrative garnishment;

94.19.4. Liquidation of a taxable person, including in result of bankruptcy procedure;

94.19.5. Presentation to relevant state tax service agency by the third party of the appropriate evidence that the garnished assets are objects of the ownership by such a third party;

94.19.6. Cancellation by a court or a state tax service agency of the decision of the (deputy) head on the garnishment;

94.19.7. Making the decision by a court on termination of administrative garnishment;
94.19.8. Presentation by a taxable person of a certificate of the state registration of a business entity, of permits (licences) for the carrying out activities, trade patents, certificates of conformity of payment transaction registers;

94.19.9. Actual carrying out by a taxable person of inventory of its capital funds, material assets, monetary funds, including taking the balances of material assets and cash money.

94.20. In cases determined by Sub-Items 94.19.2 to 94.19.4, 94.19.8, 94.19.9 of Item 94.19 of this Article, the decision on the release of assets from the garnishment shall be made by the state tax service agency.

If the decision on release of property from garnishment was made in respect of the garnishment which was recognized grounded by court, relevant state tax service agency shall notify relevant court about such decision not later than the next business day.

94.21. If a taxable person’s property is released from garnishment in cases stipulated in Items 94.19.1, 94.19.6, 94.19.7, 94.19.9, a repeated administrative garnishment on the reasons for the first garnishment shall not be allowed.

Article 95. Sale of Assets under Tax Pledge

95.1. A state tax service agency shall take measures in respect of a taxable person and in favour of the state aimed at repayment of the tax debt of such taxable person by collecting funds which he owns, and, if they are not sufficient, by way of selling assets of such taxable person covered by the tax pledge.

95.2. The collection of funds and sale of the property of a taxable person shall be carried out not earlier than 60 calendar days after sending a tax claim to such taxable person.

95.3. The collection of funds from taxable person’s accounts with banks servicing such taxable person shall be carried out upon a court decision which shall be forwarded for implementation to state tax service agencies, in the amount of the tax debt or part thereof.

A state tax service agency shall refer to court for granting a permit for collection of the full amount of tax debt on the account of relevant taxable person’s assets being under tax pledge.

The court decision on granting such permit shall be the grounds for state tax service agency to make a decision on collection of the full amount of the tax debt. Such decision of relevant state tax service agency shall be signed by the head thereof and sealed with an official seal of such state tax service agency. The list of information to be contained in such decision shall be set by the central agency of the state tax service.

95.4. A state tax service agency, on the grounds of a court decision, shall carry out collection of funds for repayment of a tax debt on the account of monetary assets owned by such taxable person. The collection of cash money shall be carried under the procedure stipulated by the Cabinet of Ministers of Ukraine.
95.5. Cash money collected in compliance with this Article shall be deposited by an officer of state tax service agency with a bank, on the day of collection thereof, for transfer to relevant budget or to a state special-purpose fund for repayment of a taxable person’s tax debt. In case if it is impossible to debit such fund during the same day, they should be deposited with a bank on the next business day. The preservation of such funds until the moment of depositing thereof with the bank shall be carried out by relevant state tax service agency.

95.6. In case if the amount of funds received from sale of taxable person’s assets is greater than the amount of the monetary obligations and tax debt of such taxable person, the difference shall be transferred to the accounts of such taxable person or its/his/her legal ancestors.

95.7. Taxable person’s assets shall be sold on public auctions and/or through trade organizations.

Taxable person's assets shall be sold on public auctions under the following procedure:

95.7.1. Assets which can be classified and standardized are subject to sale for money only at exchange biddings held by exchanges created according to the law and nominated by the state tax service agency on a competitive basis;

95.7.2. Securities shall be sold at stock exchanges under the procedure stipulated by the Law of Ukraine “On Securities and Stock Market”;

95.7.3. Other assets, items of movable property or immovable property, as well as integral property complexes of enterprises shall be subject to sale for money only at special-purpose auctions arranged as advised by the appropriate state tax service agency at the said exchanges.

95.8. Perishable assets as well as other assets, volumes of which are not sufficient for the arrangement of public auctions, shall be subject to sale for money on terms of commission through trade organizations determined by the state tax service agency on a competitive basis.

Debtor’s property, whose sale is limited by the law, shall be sold at closed biddings held on a competitive basis. Persons which, according to legislation, can own the said property or by other law of substance, shall take part in such closed biddings.

95.9. If the integral property complex of an entity whose assets are in state or community ownership is subject to sale, or if, according to legislation on privatisation a prior consent of a privatisation agency or other state agency authorized to manage corporate rights is necessary for disposal of an enterprise's assets, such enterprise's assets shall be sold on petition of the appropriate state tax service agency by the regional state privatisation service agency according to provisions of the legislation on privatisation. In this case, other methods of privatisation, except for monetary, shall be prohibited.

The regional privatisation agency must arrange the sale of the integral property complex within 60 days from the date of receipt of the state tax service agency
petition.

95.10. With the purpose to sell assets covered by the tax pledge, an expert evaluation of such assets’ value shall be made in order to determine the initial selling price. Such evaluation shall be made under the procedure set by the Law of Ukraine “On Appraisal of Property, Property Rights and Professional Appraisal Activities in Ukraine.”

95.11. Assets which can be classified and standardized or have market (current) value and/or are on the listing of commodity exchanges shall not be valued.

95.12. A taxable person may independently carry out the appraisal by conclusion of a relevant contract with an appraiser. If the taxable person fails to appoint an appraiser within two month after making the decision on sale of assets, the state tax service agency shall independently conclude a contract for valuation of assets.

95.13. When selling assets at commodity exchanges, the state tax service agency shall conclude an appropriate agreement with a broker (broker's office) who/which performs acts aimed at sale of such asset by order of the state tax service agency on the basis of the best pricing offer.

95.14. Buyer of the assets covered by the tax pledge shall acquire the ownership of such assets according to terms of the agreement (contract) concluded as the result of the biddings.

95.15. The procedure for increase or decrease in the initial price of taxable person's assets shall be set by the Cabinet of Ministers of Ukraine, except the cases stipulated by Item 95.9 of this Article, regulated by provisions of legislation on privatisation.

95.16. Information on the composition of taxable person's assets subject to sale shall be made public by appropriate exchange. The compensation for expenses on such publications shall be made at the expense of funds received from sale of taxable person's assets in compliance with the procedure determined by the Cabinet of Ministers of Ukraine.

95.17. Information on the time and terms of public sale of taxable person’s assets shall be made public by relevant exchange.

95.18. Information mentioned in Item 95.17 of this Article and the procedure for making thereof public shall be determined by the Cabinet of Ministers of Ukraine.

95.19. A taxable person or any other person managing taxable person’s assets or controlling their use must ensure free access of tax manager and participants of public auctions, on their first demand, for the inspection and evaluation of the assets offered for sale, and ensure the unhindered acquisition of the ownership of such assets by a person who purchased thereof at a public auction.

95.20. If a taxable person, at any moment before conclusion of the contract for purchase of their assets, repays the full amount of the tax liability and tax debt, the state tax service agency shall make a decision to release its assets from the tax pledge and take measures for suspension of auctions.
95.21. Transactions related to sale of the assets mentioned in this Article shall not be subject to notarization.

95.22. A state tax agency shall refer to a court for collection from the debtors of a taxable person having a tax debt the amounts of receivables which are due payable and the right to claim which is transferred to state tax service agencies for repayment of the tax debt of such taxable person. The amount received in result of collection of the receivables shall be fully (but within the limits equivalent to the amount of the tax debt) shall be fully debited to relevant budget or state special-purpose fund to the account of repayment of the taxable person’s tax debt. The amount of collected receivables exceeding the amount of the tax debt shall be transferred to such taxable person.

Article 96. Repayment of Tax Debt of State-Owned Enterprises which are not Subject to Privatisation and of Municipal Enterprises

96.1. If the amount of funds received from sale of assets of a municipal enterprise which are under tax pledge is insufficient for repayment of its tax debt and expenses on arrangement and holding public auctions, or in case if such a debtor hasn’t any own assets which may be covered by tax pledge and alienated pursuant to the legislation of Ukraine, a state tax service agency shall be obliged to address a local self-government authority or an executive authority which controls such assets, requesting a decision on:

96.1.1. Allocation of funds from local budget for repayment of the tax debt of such taxable person. The decision on financing such expenses shall be discussed at the upcoming session of relevant council;

96.1.2. Approval of the plan for pre-trial reorganization of such taxable person which provides for repayment of its tax debt;

96.1.3. Liquidation of such taxable person and appointment of liquidation commission;

96.1.4. Adoption at a session of relevant council of the decision on initiating bankruptcy proceedings against such taxable person.

96.2. If the amount of funds received from sale of assets under tax pledge of a state-owned enterprise which is not subject to privatisation, including of a treasury enterprise, is insufficient for repayment of the tax debt of such taxable person and expenses on arrangement and holding public auctions or in case if such a debtor hasn’t any own assets which may be covered by tax pledge and alienated pursuant to the legislation of Ukraine, a state tax service agency shall be obliged to address an executive authority which controls such taxable person, requesting a decision on:

96.2.1. Granting appropriate compensation from the budget at the expense of funds intended for maintenance of such executive agency to the control of which such taxable person belongs;

96.2.2. Pre-trial reorganization of such taxable person on the account of funds
96.2.3. Liquidation of such taxable person and appointment of liquidation commission;

96.2.4. Deletion of the taxable person from the list of state-owned objects which are not subject to privatisation pursuant to applicable laws, with the purpose of initiating bankruptcy proceedings, under a procedure set by the legislation of Ukraine.

96.3. The response on adoption of one of the said decisions must be sent to the state tax service agency within 30 calendar days from the date of sending the petition.

If the state tax service agency does not receive the said reply within the period set by this Item or receives reply on refusal to satisfy its request, such state tax service agency must file an application with the court for collection of the tax debt on the account of funds of the state authority which controls such state-owned (municipal) enterprise or assets thereof.

96.4. Occurrence of a tax debt with a state-owned or municipal enterprise shall be the grounds for the termination of a labour agreement (contract) with the director of such enterprise.

96.5. Labour agreements (contracts) concluded with director of a government or municipal enterprise must include the provisions covering such responsibility being their essential condition.

Provisions of this Item shall not cover cases of the tax debt occurrence as the result of circumstances of insuperable force (force-majeure) circumstances or non-fulfilment or improper fulfilment by the state authorities of obligations to pay for goods (works, services) purchased from such taxable person at the expense of budget funds, granting to a taxable person subsidies or grants stipulated by the legislation, or reimbursement to a taxable person overpaid taxes and duties or their budgetary compensation according to the provisions of this Code and Ukrainian tax legislation.

96.6. Any agreements on transfer of state or municipally owned shares (other corporate rights) under control of the third parties must contain obligations of such third parties to avoid occurrence of the tax debt after such transfer, as well as clause on termination of the agreement in case of the tax debt occurrence, right of appropriate state or territorial community to breach such agreements in unilateral (out-of-court) procedure in case of such tax debt occurrence. The same rule shall apply to any agreements on the privatisation of the state-owned or municipal property concluded under investment obligations.

Article 97. Repayment of Tax Liabilities or Tax Debt in Case of Taxable Person's Liquidation not Related to Bankruptcy

97.1. For the purposes of this Article, the liquidation of a taxable person shall mean the liquidation of a taxable person as a legal entity or termination of registration of an individual being entrepreneur, in the result of which their accounts are closed and/or their status as a taxable person is lost in compliance with the legislation.

97.2. If the owner or its authorized body makes decision on liquidation of a
taxable person not related to bankruptcy, assets of such a taxable person shall be used in the sequence determined by applicable laws of Ukraine.

97.3. If in consequence of liquidation of a taxable person or cancellation of registration of an individual being an entrepreneur part of their tax liabilities or tax debt remains outstanding because their assets are insufficient, such part shall be repaid at the expense of assets of founders or participants of such entity if they bear full or subsidiary liability for obligations of such taxable person according to legislation within full or subsidiary liability, and in case of liquidation of a branch, subsidiary or other separated unit of a legal entity - at the expense of a legal entity whether it is a taxable person or not relating to which the tax liability or the tax debt of such branch, subsidiary, other separated unit occurred.

In other cases, tax liabilities or the tax debt which remain outstanding after the liquidation of a taxable person shall be deemed unrecoverable debt and are subject to writ-off as per procedure set by the Cabinet of Ministers of Ukraine. The same shall apply to an individual being a taxable person who dies or is declared missing or deceased or legally incapable by the court, except for cases when there are other persons who acquire right to inherit, regardless of the time of acquisition of such rights.

97.4. The person responsible for the repayment of the tax liabilities or the tax debt of a taxable person shall be:

97.4.1. In respect of a taxable person being liquidated, – the liquidation commission or another agency conducting liquidation according to Ukrainian legislation;

97.4.2. In respect of branches, subsidiaries, other separated units of a taxable person being liquidated – such taxable person;

97.4.3 In respect of an individual being private entrepreneur – the individual in question;

97.4.4. In respect of an individual who died or declared missing or deceased or disabled by the court – persons who acquire right to inherit and authorized to manage assets of such person;

97.4.5. In respect of cooperatives, credit unions, associations of joint owners of dwelling or other collective entities – their members (shareholders) jointly;

97.4.6. In respect of investment funds – the investment company managing such investment fund.

97.5. If a taxable person being liquidated has amounts of overpaid or non-refunded taxes from appropriate budget, such amounts shall be offset on account of their tax liabilities or tax debt to such budget.

70.6. 97.6 If the amounts of overpaid or non-refunded taxes from appropriate budget exceed amounts of the tax liabilities or the tax debt to such budget, the excess amount shall be used for repayment of the tax liabilities or the tax debt to other budgets, and if such liabilities (debt) are absent, transferred to such taxable person.
The procedure for offsetting mentioned in this Item shall be determined by the Ministry of Finance of Ukraine.

Article 98. Procedure for Repaying Tax Liabilities or Tax Debt in Case of Taxable Person’s Reorganization

98.1. For the purposes of this Article, reorganisation of a taxable person shall be understood as the change in their legal status providing for any of the following actions or their combination:

98.1.1. Changes in a taxable person name, and for corporations, the change in the incorporation status of an entity resulting in the change of their identification code according to the Unified State Register of Enterprises and Organisations of Ukraine and/or of their tax number;

98.1.2. Merger of a taxable person, namely the transfer of the assets into statutory funds of other taxable persons resulting to liquidation of a legal status of a taxable person merging with others;

98.1.3. Split of a taxable person into several persons, namely distribution of their assets among statutory funds of newly created legal entities and/or among individuals resulting in liquidation of the legal status of a taxable person being split;

98.1.4. Separation of other taxable persons from a taxable person, namely the transfer of a part of the taxable person’s assets being reorganised to statutory funds of other taxable persons in exchange for their corporate rights not resulting in liquidation of a taxable person being reorganised;

98.1.5. Registration of an individual as an economic entity with or without cancellation of its previous registration as another economic entity.

98.2. If the owner of a taxable person or the body authorized by him/her takes decision on reorganisation of such taxable person, their tax debt is subject to settlement in the following order:

98.2.1. If the reorganisation is carried out by way of changing the name, incorporation status or place of a taxable person registration, such a taxable person shall, after reorganisation, acquire all rights and obligations concerning repayment of the tax liabilities or the tax debt occurred before its reorganisation;

98.2.2. If the reorganisation is carried out by way of merging two or more taxable persons into one taxable person with liquidation of taxable persons which merged, such a merged taxable person acquire all rights and obligations concerning repayment of the tax liabilities or the tax debt of all taxable persons which have merged;

98.2.3. If reorganisation is carried out by way of division of a taxable person into two or more persons with the liquidation of such taxable person being divided, all taxable persons appearing after such reorganisation shall acquire all rights and obligations concerning repayment of the tax liabilities or the tax debt occurred before such reorganisation.

The said liabilities or debt shall be distributed among newly created taxable
persons in proportion to the shares of the book of assets received by them in the process of reorganisation according to the distributing balance.

If one or more newly created persons are not taxable persons to which the tax liabilities or the debt of a taxable person who has been reorganised occurred, such tax liabilities or debt shall be completely distributed among the persons who are taxable persons proportionally with the shares of the assets received by them, except assets transferred to the persons who are not taxable persons.

98.3. Reorganisation of a taxable person by means of the separation of another taxable person therefrom or the transfer of part of taxable person's assets to the statutory fund of another taxable person without the liquidation of a taxable person being reorganised, shall not lead to the distribution of the tax liabilities or the tax debt among such taxable person and persons created in the process of reorganisation, or determination of their joint tax liability, except for cases when the state tax service agency of Ukraine concludes that such reorganisation can lead to improper fulfilment of the tax liabilities or repayment of the tax debt by a taxable person being reorganised. A decision on the application of joint or several tax liabilities can be taken by the state tax service agency when taxable person's assets being reorganised are covered by the tax pledge on the date of taking decision on such reorganisation. For the purposes of this article, the said kinds of reorganisations shall be deemed equivalent to the rent of an integral property complex according to Ukrainian legislation on renting state and municipal property.

98.4. A taxable person, whose assets are covered by the tax pledge or the one who has used the right of the tax debt restructuring, shall inform a state tax service agency in advance on taking the decision on carrying out any kinds of reorganisations and submit to the state tax service agency a plan of such reorganisation. If the state tax service agency establishes that the reorganisation plan leads or may lead in the future to the improper repayment of the tax liabilities or the tax debt, it may take decision on:

98.4.1. Distribution of the tax liabilities or the tax debt amounts among taxable persons appearing as the result of reorganisation on the basis of expected profitability (liquidity) of each of such taxable persons, without applying principle of the proportional distribution introduced in Items 98.2 and 98.3 of this Article;

98.4.2. Repayment of the tax liabilities or the tax debt secured by the tax pledge, before such a reorganisation;

98.4.3. Establishing a joint liability for the repayment of the tax liabilities of a taxable person being reorganised concerning all persons created in the process of reorganisation leading to the application of the tax pledge regime relating to all assets of such persons;

98.4.4. Extension of the right of the tax pledge to all taxable person's assets created by merging with other taxable persons, if one or more of them had tax liabilities or tax debt secured by the tax pledge.

98.5. Decisions of the state tax service agency made pursuant to Item 98.4 of
this Article may be contested under the procedure and within the period set by this Code for contestation of a tax liability charged by the control agency.

98.6. A reorganisation with the violation of rules defined in Item 98.4 of this Article shall result in the liability by law.

98.7. Reorganisation of a taxable person shall not change the repayment period of the tax liabilities and the tax debt by taxable persons created as the result of such reorganisation.

98.8. If a taxable person being reorganised has amounts of overpaid or non-refunded taxes, then such amounts shall be subject to the offset on account of their outstanding tax liabilities and tax debt for other taxes. The said amount shall be distributed among budgets and state allocated funds proportionally with total amounts of the tax liability or the tax debt of such taxable person.

98.9. If the amount of overpaid or non-refunded taxes and duties/statutory fees of a taxable person exceeds the amount of the tax liabilities or the tax debt for other taxes, the exceed amount shall be remitted to successors of such taxable person in proportion to their share in assets being distributed according to the distributing balance and transfer statement.

**Article 99. Procedure for Discharging Monetary Liabilities of Individuals in Case of their Death or Being Declared Missing or Legally Incapable, as well as of Underage Individuals**

99.1. Monetary liabilities of an individual in case of his/her death or declaration deceased by the court shall be discharged by his/her successors who have accepted the succession (except for the state) within the value of the property being inherited and in proportion to their interest in the inheritance as of the date of its opening.

Claims to successors shall be set forth by the state tax service agencies under the procedure set by civil legislation of Ukraine for lodging claims against creditors of an ancestor.

On termination of the period for accepting the inheritance, the tax liabilities and/or tax debt of the testator shall become the tax liabilities and/or the tax debt of relevant successors.

No forfeiture penalty shall be accrued on the tax liabilities and/or the tax debt of testators within the period of acceptance of the inheritance.

If the heritage is conveyed to the state, the tax liabilities of the deceased individual shall be terminated.

99.2. Monetary liabilities of underage persons shall be discharged by their parents (adoptive parents), guardians (custodians) until such underage person acquires full civil capacity.

Parents (adoptive parents) of underage persons and underage persons shall bear joint property liability for failure to repay monetary liabilities and/or tax debt.

99.3. Monetary liabilities of an individual declared missing by the court shall be discharged by the person who is appointed a guardian of the missing person on the
account of the property of such individual, under the procedure stipulated in this Code.

A guardian of a legally incapable person shall discharge monetary obligations which occur as of the date of recognition of such person legally incapable, on the account of the property of such individual which may be collected pursuant to law.

99.4. Monetary liabilities of an individual declared missing by the court shall be discharged by the person who, according to the set procedure, is vested with guarding the property of the missing person.

A guardian of an individual declared missing shall discharge monetary obligations which occur as of the date of recognition of such person as missing, on the account of the property of such individual which may be collected pursuant to law.

99.5. Parents (adoptive) and guardians of underage persons, guardians of legally incapable persons, persons who are guardians of the property of missing persons (legal representatives of individuals being taxable persons) shall be obliged, on behalf of relevant individuals, to:

99.5.1. Submit an application for the registration of these individuals with the State Register of Individual Taxable Persons to the state tax service agency subject to the availability of grounds therefor and, in the cases described in this Code, other information necessary for keeping the said register;

99.5.2. Submit properly filled in income and property declarations in due time;

99.5.3. Keep records of incomes and expenses in cases described in this Code;

99.5.4. Fulfil other duties directly vested in them by this Code.

99.6. Legal representatives of taxable individuals shall bear responsibility described in this Code and other laws for taxable persons for the failure to fulfil the duties listed in Item 99.5 of this Article.

99.7. If the property of legally incapable or missing person is insufficient for ensuring the repayment of the monetary liability of such individual, as well as for payment of accrued penalty sanctions (fines), then the amounts of the monetary liability shall be writ-off under the procedure set by the central state tax service agency.

99.8. If a court reverses its decision declaring an individual missing or takes a decision on renewal of the legal capability of a person previously found legally incapable, then the monetary liability of such individual shall be restored to the extent of taxes which had been writ-off pursuant to Item 99.7 of this Article. In this case, the accrued penalty sanctions (fines) shall not be paid for the period from the date of entry into force of the decisions of the court on declaration an individual missing or legally incapable till the date of entry into force of the decisions on the cancellation of the decision on declaration of an individual missing or the decision on restoring an individual’s legal capability.

Article 100. Instalment Arrangement and Deferment of a Taxable Person’s Monetary Liabilities or Tax Debt
100.1. The instalment arrangement or respite in respect of the monetary liabilities or the tax debt shall be understood as postponing the due date for payment of its/his/her monetary liabilities or the tax debt by a taxable person against an interest at the rate equal to forfeiture penalty defined in Item 129.4 of Article 129 of this Code.

If the amount of instalment arrangement (respite) includes a forfeiture penalty, the amount with deduction of the forfeiture penalty should be used for calculation of the interest.

100.2. A taxable person may apply to a state tax service agency for the instalment arrangement and the deferment of the tax liabilities or the tax debt. A taxable person applying to the state tax service agency for the instalment arrangement or deferment of the tax liabilities shall be deemed to be a person who agreed to the amount of such tax liability.

A taxable person may apply to a state tax service agency for the instalment arrangement and the deferment of the monetary liabilities or the tax debt. A taxable person applying to the state tax service agency for the instalment arrangement or deferment of the monetary liabilities shall be deemed to be a person who agreed to the amount of such tax liability.

100.3. The instalment arrangement and deferment of monetary liabilities and the tax debt within the procedure for the renewal of a debtor's solvency shall be carried out in compliance with the legislation pertaining to bankruptcy proceedings.

100.4. The grounds for the instalment arrangement of monetary liabilities or of the tax debt of a taxable person shall be the presentation by it/him/her of the sufficient evidence of the existence of circumstances, the list of which is determined by the Cabinet of Ministers of Ukraine, which evidence a risk of occurrence or accumulation of the monetary debt of such taxable person, as well as economic justification testifying possibility of repayment of the monetary liabilities and the tax debt and/or increase of tax payments to relevant budget in result of application of the instalment arrangement, in the course of which the production or sales management policy of such a taxable person will be changed.

100.5. The grounds for deferment of monetary liabilities or of the tax debt of a taxable person shall be the presentation by it/him/her of evidences, the list of which is determined by the Cabinet of Ministers of Ukraine, of existence of circumstances of insuperable force which resulted in occurrence or accumulation of the monetary debt of such taxable person, as well as economic justification testifying possibility of repayment of the monetary liabilities and the tax debt and/or increase of tax payments to relevant budget in result of application of the instalment arrangement, in the course of which the production or sales management policy of such a taxable person will be changed.

100.6. Amounts of monetary liabilities and the tax debt (including, separately, amounts of penalty sanctions (fines)) payable by instalments shall be repaid in equal instalments starting from the month following the month of taking the decision on
granting such an instalment arrangement.

100.7. Deferred amounts of monetary liabilities or the tax debt shall be repaid in equal instalments starting from any taxable period determined by the appropriate state tax service agency or appropriate local self-government body, which approves decisions on the instalment arrangement or the deferment of the tax liabilities or the tax debt according to sub-item 100.8 of this article, but no later that 12 calendar month from the moment of such tax liability or tax debt occurrence, or by means of one-time repayment.

100.8. The decision on the instalment arrangement and deferment of monetary liabilities or of the tax debt within one budget year shall be taken in accordance with the following procedure:

In respect of general national taxes and duties – by the (deputy) head of relevant control agency;

In respect of local taxes and duties – by the (deputy) head of the state tax service agency and must be approved by the financial agency of the local executive body to whose budget such local taxes and duties are transferred.

100.9. The decisions on the instalment arrangement and deferment of monetary liabilities or the tax debt in respect of general national taxes and duties for a period exceeding one budget year shall be made by (deputy) head of the central state tax service agency in concurrence with the Ministry of Finance of Ukraine.

100.10. Any decisions on the instalment arrangement and deferment of the monetary liabilities or the tax debt of specific taxable persons must be made public by the central control agency on an annual basis.

100.11. The instalment arrangement or deferment shall be granted separately for each tax and duty. The time frames for repayment of instalment arrangement (or deferred) amounts or of portions thereof may be postponed by way of making a separate decision and introducing relevant amendments to instalment arrangement (or deferment) agreements.

100.12. Agreements on the instalment arrangement (or deferment) may be early terminated:

100.12.1. On the initiative of taxable person – in case of the early repayment of the amount of monetary liability or the tax debt payable by instalments or the deferred monetary liability or the tax debt, on which an agreement on the instalment arrangement, deferment was reached;

100.12.2. On the initiative of the state tax service agency, if:

it has been found out that the information supplied by a taxable person when concluding the said agreements is false or distorted;

a taxable person is found to have the tax debt resulting from the monetary liabilities that have arisen after the conclusion of the said agreements;

a taxable person violates the terms and conditions of repayment of the monetary liability or the tax debt payable by instalments or the deferred tax liability monetary liability or tax debt.
100.13. The procedure for the instalment arrangement and deferment of monetary liability or tax debt of a taxable person shall be determined by the central agency of the state tax service or by specially authorised central customs agency within the frames of their competence.

100.14. Instalment arrangement and deferment of tax debt shall not release taxable person’s assets from tax pledge.

**Article 101. Writ-Off of Bad Tax Debt**

101.1. A bad tax debt, including the fine charged on such tax debt and penalties, shall be written off.

101.2. The term “bad” shall be understood as:

101.2.1. Tax debt of a taxable person, who has been declared bankrupt according to the established procedure and claims to which have not been satisfied due to the insufficiency of the bankrupt person’s assets;

101.2.2. Tax debt of an individual who:

*has been declared missing or deceased by a court, in case his property, on which the collection may be enforced according to the law, is insufficient;*

*has deceased, in case his/her property, on which the collection may be enforced according to law, is insufficient;*

*has been on the search list for over 720 days;*

101.2.3. Tax debt of legal entities and individuals, the period of limitation for which under this Code has expired;

101.2.4. Tax debt of legal entities and individuals, which has arisen due to the force majeure; and

101.2.5. Tax debt of taxable person, the state registration of which is suspended under a court decision and a record was made on deletion of such taxable person from the State Register.

101.3. If the individual, who has been declared missing or deceased by court, appears, or if an individual, who has been on the search list for over 720 days, has been detected, the written-off debt of such persons shall be restored and collected from the date of such renewal under the generally applicable procedure disregarding any periods of limitation.

101.4. Collection agencies shall withdraw the settlement documents which provide for the collection of fine, penalties and bad tax debt that have been written off pursuant to this Code.

101.5. State tax service agencies shall write off the bad tax debt on a quarterly basis. The procedure for such write-off shall be determined by the central state tax service agency.

**Article 102. Periods of Limitation and Their Use**

102.1. A control agency may, except as provided by Item 102.2 of this Article, independently determine the sum of taxable person’s monetary liabilities, if required
under in this Code, not later than the end of the 1095th day that follows the deadline for submitting tax return and/or the deadline for paying monetary liabilities as charged by the control agency, and if such a return is submitted later, the day of its actual submission. If, within the said period, the control agency fails to determine the amount of monetary liabilities, the taxable person shall be deemed exempt from such monetary liability and a dispute over such return and/or tax notice shall not be administratively or judicially examinable.

In case if taxable person submits an updating calculation to tax return, the control agency shall be entitled to determine the amount of tax liabilities under such tax return within 1095 days from the day of submission of such updating calculation.

102.2. Monetary liability may be charged or collection proceedings in respect of such tax may be initiated disregarding the period of limitation specified in part one of this Article, if:

102.2.1. No tax return has been submitted for the period in which the tax liability arose;

102.2.2. Taxable person’s officer (or taxable individual) was sentenced for evasion of the repayment of the said monetary liability, or a decision of closure of a criminal case on non-rehabilitative reasons, which decision came into legal effect.

102.3. The count of the period of limitation shall be suspended for any period, during which it is prohibited for control agency, by a court decision, to carry out inspections of taxable person, or taxable person stays outside Ukraine, if such a period is continuous and equals or exceeds 183 days.

102.4. If the monetary liability is charged by the state tax service agency before the expiry of the period of limitation as specified in Item 102.1 of this Article, the tax debt that arises due to no voluntary repayment of such tax liability may be collected within next 1095 calendar days from the day of occurrence of such tax debt. If the payment is collected under court decision, the collection period shall be set until such payment is made in full or debt is held bad.

102.5. Applications for the refund of the excessively paid taxes or the refund thereof in events covered by this Code may be submitted not later than on the 1095th day following the date of the said excessive payment or the emergence of the eligibility for the said refund.

102.6. Deadlines for filing tax return, applications for revising control agency decisions or applications for refunding excessively paid taxes shall be extendable by the control agency (deputy) head following taxable person’s written request, if, in respective period, such a taxable person:

102.6.1. Stayed outside Ukraine;

102.6.2. Sailed on seagoing vessels outside Ukraine as such vessel company (crew) member;

102.6.3. Stayed at confinement facilities under a court sentence;

102.6.4. Had his/her freedom of movement restrained due to imprisonment or captivity in other countries or other insuperable force circumstances that are
confirmed with documents;

102.6.5. Was held missing by court decision or held on the search list as provided by law.

The penalties described herein shall not be imposed during periods of extension of deadlines for the submission of the tax return under the provisions of this Item.

102.7. Provisions of item 102.6 of this Article shall apply to:

102.7.1. Taxable individuals;

102.7.2. Legal entity's officers if, within said deadlines, such a legal entity had no other officers who were, under the legislation of Ukraine, authorized to accrue, to charge and to pay taxes to the budget, and to maintain tax accounting, compile and submit tax reporting.

102.8. The procedure of the application of provisions of Items 102.6 to 102.7 of this Article shall be specified by central control agencies according to their competence.

CHAPTER 10. APPLICATION OF INTERNATIONAL TREATIES AND REPAYMENT OF TAX DEBT ON REQUESTS OF COMPETENT AGENCIES OF OTHER STATES

Article 103. Procedure for Application of the Ukraine’s Double Taxation Treaties in Respect of Full or Partial Release from Taxation of the Income of Non-Resident Persons Originating from Ukraine

103.1. The rules of Ukraine’s international treaty shall be applied by way of release from taxation or a reduced tax rate, or by way of refund of the difference between the paid amount of tax and the amount which a non-resident person should pay pursuant to Ukraine’s international treaty.

103.2. A person (or tax agent) shall be entitled to independently apply the release from taxation or a reduced tax rate provided for by relevant Ukraine’s international treaty at the moment of payment of income to a non-resident person, if such non-resident person is a beneficiary (actual) receiver (owner) of the income and is a resident of a country, with which relevant Ukraine’s international treaty was signed.

Application of relevant Ukraine’s international treaty in the part of release from taxation or use of a reduced tax rate shall be only allowed subject to presentation by a non-resident person to a person (tax agent) of a document evidencing the status of a tax resident in compliance with the requirements of Item 103.4 of this Article.

103.3. The beneficiary (actual) receiver (owner) of the income for the purposes of application of a reduced tax rate, pursuant to the rules of Ukraine’s international treaty, to dividends, interest, royalty, remuneration, etc., of a non-resident, received from sources originating in Ukraine, shall be deemed the person which is entitled to receive such income.
Herewith, the beneficiary (actual) receiver (owner) of the income cannot be a legal entity or an individual, even if such person is entitled to receive income but is an agent, nominal holder (nominal owner) or just an intermediary in respect of such income.

103.4. The grounds for release from taxation (reduction of the tax rate) of the income originating from Ukraine is presentation by a non-resident person, with taking into account the peculiarities stipulated in Items 103.5 and 103.6 of this Article, to a person (tax agent) which pays such income to such non-resident person, of a statement (or of a notarized copy thereof) evidencing that such non-resident person is a resident of the country, which has signed an international treaty with Ukraine (hereinafter referred to as the “statement”), as well as presentation of other documents, if that is stipulated by such Ukraine’s international treaty.

103.5. The statement shall be issued by a competent (authorised) body of relevant country defined in relevant Ukraine’s international treaty, in the form approved in compliance with the legislation of relevant country and shall be duly legalised and translated in compliance with the legislation of Ukraine.

103.6. If necessary, such statement may be requested from relevant non-resident person by a person paying income to such non-resident person, or by an agency of the state tax service when considering upon the issue of refunding the amounts of overpaid monetary liabilities on another date which is preceding the date of such income payment.

If necessary, the person which pays income to a non-resident person may address the state tax service agency at its location (place of residence) requesting that the central agency of the state tax service make an inquiry to a competent body of the country which has signed an international treaty with Ukraine, for confirmation of the information specified in the statement.

103.7. When banks and financial institutions of Ukraine carry out transactions with foreign banks, connected with payment of interest, no confirmation of the fact that such foreign bank is a resident of the country which has signed an international treaty with Ukraine shall be required, if such fact is confirmed by an extract from the International Bank Identifier Code international catalogue (a publication by S.W.I.F.T., Belgium International Organization for Standardization, Switzerland).

103.8. The person which pays income to a non-resident person in a reporting (tax) year, subject to submission by such non-resident person a reference with information pertaining to the previous tax period (year), may apply the rules of Ukraine’s international treaty, in particular, the rules connected with release from taxation (reduction of the tax rate), in the reporting (tax) year with obtaining of the statement after the end of the reporting (tax) year.

103.9. The person which pays income to a non-resident person, shall be obliged, in case of making payments of income originating from Ukraine to non-resident persons in a reporting period (quarter), to submit report to the state tax service agency at its location (place of residence) on such paid income, withheld and
transferred to the budget tax on income of non-resident persons, within the time frames and in the form stipulated by the central agency of the state tax service.

103.10. In case of failure by a non-resident person to present of a statement in compliance with Item 103.4 of this Article, such non-resident person’s income originating from Ukraine shall be subject to taxation in compliance with the tax legislation of Ukraine.

103.11. If in a non-resident person considers that an amount of tax greater than the amount payable in compliance with Ukraine’s international treaty was collected from such non-resident person, the review of the issue of refunding the difference shall be carried out on the basis of an application for refund of the amount of tax on income originating from Ukraine lodged by the person which paid such income to such non-resident person and withheld the tax therefrom, with a state tax service agency at its location (place of residence).

103.12. Relevant state tax service agency shall verify the conformity of information specified in the application and in supporting documents with the actual information and relevant Ukraine’s international treaty, as well as the fact of transfer of relevant amounts of tax by the person which paid income to relevant non-resident person.

If the fact of overpaid tax is confirmed, the state tax service agency shall make a decision on refunding of relevant amount to such non-resident person, the copies of which decision shall be delivered to the person which withheld the tax when paying income and to the non-resident person (or its authorised person). The decision on refunding the amount of overpaid tax shall be sent to relevant agency of the State Treasury of Ukraine.

In case of refusal to refund the amount of tax, relevant state tax service agency must provide the non-resident person (or its authorised person) with a reasoned reply.

103.13. The agency of the State Treasury of Ukraine, on the grounds of the decision of the state tax service agency, shall transfer the funds, in the amount specified in the decision, to the account of the person which withheld an excess amount of non-resident person’s income tax.

103.14. The person which paid income to relevant non-resident person shall refund it with the amount of difference between the withheld amount of tax and the amount due in compliance with Ukraine’s international treaty, after receipt of the copy of the decision of the state tax service agency on the refund of the amount of overpaid monetary obligations or after relevant amount is received from relevant agency of the State Treasury of Ukraine.

The amounts which shall be refunded to the person which withheld an excess amount of non-resident person’s income tax under the decision of the state tax service agency may be accounted for payment of other tax liabilities of such person upon its written request lodged in the course of the review of the issue of the refund of the amount of tax withheld in excess. In such case, no decision on the refund of the amount of overpaid tax shall be forwarded to the relevant agency of the State
Treasury of Ukraine.

**Article 104. Procedure for Providing Assistance with the Recovery of the Tax Debt in International Legal Relationship**

104.1. The assistance with the recovery of the tax debt in international legal relationship, under Ukraine’s international treaties, shall be provided under the procedure stipulated by this Code subject to specific features as described in this Article.

104.2. The control agency, on receipt of a foreign state document, under which an amount of tax liability is collected, within the frames of international legal relationship, shall, within thirty days, determine with the said document complies with international treaties of Ukraine. If the document does not comply therewith, the agency shall return the same to the foreign state competent authority. If such a document is found to be in compliance with international treaties of Ukraine, the control agency shall send its tax decision notice, within the frames of international legal relationship, to the taxable person under the procedure set forth in Article 42 of this Code.

104.3. Tax debt, within the frames of international legal relationship, shall be converted into hryvnias at the official exchange rate set by the National Bank of Ukraine as of the date of sending the said tax notice to the taxable person.

**Article 105. Agreement of the Tax Debt Amount in International Legal Relationship**

105.1. If the taxable person believes that the tax debt in international legal relationship as determined by the control agency on the basis of a foreign state document, under which an amount of tax liability is collected, does not represent the facts, such a taxable person may, within ten days that follow the day of receipt of the tax notice of determining the tax debt, file their complaint with the foreign state competent authority via the control agency and request that such decision be revised.

105.2. In the period the tax debt amount in international legal relationship is contested, the tax liability shall not be deemed agreed until a final document on charging the tax debt is received from the foreign state competent authority. The said document shall be sent by the control agency to the taxable person together with tax decision notice in international legal relationship under the procedure set forth in Article 58 of this Code. Such a tax notice shall not be subject to the administrative appeal.

105.3. Provisions of Article 56 of this Code shall not apply to the examination of taxable person applications for revising the foreign state competent authority's decisions.

**Article 106. Revocation of Tax Notices in International Legal Relationship or of Tax Claims**
106.1. Tax notices in international legal relationship or tax claims shall be deemed revoked if the foreign state competent authority cancels or modifies the foreign state document under which an amount of the tax debt is recovered. Such tax notices in international legal relationship or tax claims shall be deemed withdrawn from the day the control agency receives a foreign state competent authority's document regarding its decision to cancel or modify the previously charged amount of the tax debt in international legal relationship which arose in the foreign state.

**Article 107. Measures for Collection of a Tax Debt Amount in International Legal Relationship**

107.1. State tax service agency shall independently convert tax debt amount in international legal relationship into hryvnias and take measures to collect the amount of the taxable person's tax debt no later than the end of the 1095th day that follows the deadline for the tax and duty payment in the foreign state as specified in the foreign state competent authority's document under which the amount of tax liability in international legal relationship is collected. The deadline for collecting the tax debt in international legal relationship shall be set in accordance with Item 102.4 of Article 102 of this Code, unless otherwise required under the international treaty of Ukraine.

**Article 108. Accrual of Fine and Penalties on Tax Debts in International Legal Relationship**

108.1. No fine shall be charged on the tax debt amount in international legal relationship when enforcing a foreign state document under which an amount of tax debt in international legal relationship is collected.

108.2. No penalties shall be charged on the tax debt amount in international legal relationship when enforcing a foreign state document under which an amount of tax debt in international legal relationship is collected.

**CHAPTER 11. LIABILITY**

**Article 109. General Provisions**

109.1. Misdemeanour shall be understood as unlawful acts (actions or inaction) of taxable persons, of tax agents, and/or of their officers, as well as of officers of control agencies resulting in the non-fulfilment or inadequate fulfilment of requirements of the requirements stipulated in this Code and in other legislation subject to control by the state tax service agencies.

109.2. Violations of the tax and other legislation subject to control by control agencies on the part of taxable persons, of their officers, and of officers of control agencies, shall entail liability under this Code and under other laws of Ukraine.

**Article 110. Persons to be Held Liable for Misdemeanour**

110.1. Taxable persons, tax agents, and/or their officers shall be liable if they
commit violations stipulated by the tax legislation and other legislation subject to control by control agencies.

Article 111. Kinds of Liability for Violation of Tax and Other Legislation Subject to Control by Control Agencies

111.1. For violation of the tax and other legislation subject to control by control agencies, the following kinds of liability shall be applied:

111.1.1. Financial liability;
111.1.2. Administrative liability;
111.1.3. Criminal liability.

111.2. Financial liability for violation of the tax and other legislation shall be set and imposed under this Code and other legislative acts. Financial liability shall be applied in the form of sanctions (financial sanctions/penalties) and/or fine.

Article 112. General Conditions of Imposing Financial Liability

112.1. Calling of taxable persons to financial liability for violation of tax and other legislation subject to control by control agencies shall not relieve officers, subject to existence of appropriate grounds, from administrative or criminal liability.

Article 113. Sanctions (Financial Sanctions/Penalties)

113.1. Sanctions (financial sanctions/penalties) shall be imposed in such time, and their amounts shall be paid, charged or contested under such procedure, as set forth in this Code for paying/charging and contesting monetary liability amounts. The amounts of sanctions (financial sanctions/penalties) shall be allocated to budgets to which relevant taxes and duties shall be paid pursuant to legislation.

113.2. Imposing of sanctions (financial sanctions/penalties) as contemplated in this Chapter shall not relieve taxable persons from their duty to pay to the budget the due amounts of taxes and duties the collection of which is subject to control by control agencies, and from the application of other measures to be taken under this Code in respect of taxable persons.

113.3. Sanctions (financial sanctions/penalties) for breach of provisions of the tax legislation or other legislation subject to control by state tax service agencies shall be imposed under such procedure and in such amounts as prescribed by this Code and other laws of Ukraine.

Application of sanctions (financial sanctions/penalties) for breach of provisions of the tax legislation or other legislation subject to control by state tax service agencies, which are not provided for by this Code or other laws of Ukraine, shall be prohibited.

Article 114. Periods of Limitation for Imposing Sanctions (Financial Sanctions/Penalties)

114.1. Deadlines for imposing sanctions (financial sanctions/penalties) on
taxable persons shall be in conformity with the periods of limitation for charging tax liabilities as described in Article 102 of this Code.

**Article 115. Application of Sanctions in Case of Several Violations**

115.1. In the event that taxable persons committed two or more violations of the tax and other legislation subject to control by control agencies, the sanctions (financial sanctions, penalties) shall be imposed separately for each committed violation.

**Article 116. Decision on Application of Sanctions**

116.1. In case of the application of sanctions (financial sanctions, penalties) by control agencies to taxable persons for the violation of the tax legislation and other legislation subject to control by control agencies, the tax decision notices shall be sent (delivered) to such taxable persons.

116.2. Control agency shall apply only one kind of sanctions (financial sanctions, penalties) provided for by this Code and other Laws of Ukraine, for one tax misdemeanour.

**Article 117. Violation of the Instituted Procedure for Entry into Records (Registration) with State Tax Service Agencies**

117.1. The failure of taxable persons to submit applications and/or documents for the entry into records to the appropriate state tax service agency, the registration of the changes in the location and the introduction of other changes in their registration data, the submission of corrected documents for the entry into records or the introduction of changes or the repeated failure to submit such documents, the submission with errors or not in the full scope, the failure to provide information about individuals responsible for accounting and/or tax reporting within time frames and in cases covered by this Code shall entail the penalty of UAH 170 in case of self-employed individuals; UAH 340 for the same actions committed during a year, UAH 510 in case of legal entities, separated units of legal entities or the legal entity responsible for the accrual and payment of taxes to the budget in the course of the implementation of a joint business contract, UAH 1020 in case of the failure to make good the violations or for the same actions committed during the year.

117.2. The violation of requirements for the mandatory registration as excise duty payers with state tax service agency in the place of the state registration within five days of the obtainment of the production licence by the taxable persons that produce ethyl, cognac and fruit alcohol, alcoholic beverages and tobaccos shall entail a penalty of UAH 1700.

**Article 118. Violation of the Time Frames and Procedure for the Provision of the Information on the Bank Account Opening or Closure**

118.1. The failure of banks and other financial institutions to provide the
appropriate state tax service agencies with notices of taxable persons' account opening or closure within the time frame prescribed by Article 69 this Code shall entail a fine of UAH 340 for each instance of the failure to provide or the delay with the provision.

118.2. The performance of debit transactions on the account of the taxable person before the receipt of a notice from the relevant state tax service agency on the entry of the account into records with the state tax service agencies shall entail a penalty for the bank in the amount of 10 per cent of the amount of all transactions for the whole period until the receipt of such a notice carried out on such accounts (other than transactions of the transfer of funds to budgets or state special purpose funds) and not less than UAH 850.

118.3. The failure of individuals being entrepreneurs and individuals exercising independent professional activities to notify a bank or another financial institution of their status while opening an account shall entail a fine of UAH 340 for each instance of the failure to notify.

Article 119. Violation by Taxable Persons of the Procedure for Provision of Information about Taxable Individuals

119.1. The violation of the procedure of the provision or the failure to provide the information for the generation and maintenance of the State Individual Taxable Person Register envisaged by this Code shall entail a penalty of UAH 85; the same acts committed by a taxable person subjected to the penalty for the same violation during a year shall entail a penalty of UAH 170.

119.2. The failure to provide, the incomplete provision or the provision with errors of the information about the income of individuals, the tax accrued (paid) thereon shall entail a penalty of UAH 510.

The same violations committed by a taxable person who was fined for the same violation during the same year shall entail a penalty of UAH 1020.

119.3. The execution of documents containing the information about objects of taxation of individuals or the payment of taxes without indicating the taxable person record card registration number or using a false taxable person record card registration number, except for cases covered in Item 119.2 of this Article shall entail a penalty of UAH 170.

Article 120. Failure to Provide or Untimely Provision of Tax Returns and Failure to Comply with Demands for the Introduction of Changes in Tax Reports

120.1. The non-provision and/or the untimely provision of tax returns (calculations) by taxable persons or other parties required to accrue and pay taxes and duties shall entail a penalty of UAH 170 for each instance of the non-provision or the delay for the taxable person or such another party.

The same violations committed by a taxable person who was fined for the same violation during the same year shall entail a penalty of UAH 1020 for each instance of such non-provision or untimely provision.
120.1.1. The non-provision of tax returns by a taxable individual or specification of distorted (inaccurate) information of the amount of received income and incurred expenses in the tax return, if such actions of the taxable person resulted in understating of the amount of taxable income, shall entail charging such taxable person with a penalty of 25 percent of the difference between the understated amount of tax liability and the amount determined by a tax agency.

120.2. The failure of a taxable person to abide by requirements of paragraph two of Item 50.1 of Article 50 of this Code in respect of the independent accrual of penalties in case of the introduction of changes into tax reports shall entail a penalty of 5 percent of the amount of understated tax liability (underpayment).

In case of independent additional accrual of the amount of tax liabilities, other penalties provided for by this Chapter of the Code shall not be applied.

**Article 121. Violation of Time Frames Set by the Legislation for Storage of Documents Pertaining to Accrual and Payment of Taxes and Duties and Other Fees, and of other Documents Connected with Compliance with Requirements of other Legislation Subject to Control by State Tax Service Agencies**

121.1. The failure of taxable persons to provide for the storage of source documents, accounting and other registers, accounting and statistical reports, other documents on the accrual and payment of taxes and duties, and the performance of requirements of other legislation subject to control by the state tax service agencies during the time frames of the storage thereof prescribed by Article 44 of this Code, and/or the failure of taxable persons to provide control agencies with original documents or their copies in the course of the exercise of the tax control in cases covered by this Code, shall entail a penalty of UAH 510.

The same acts committed by a taxable person subjected to the penalty for the same violation during a year shall entail a penalty of UAH 1020.

**Article 122. Violation of Rules of the Application of the Simplified Taxation System by Individuals Being Entrepreneurs**

122.1. The failure to pay (the failure to transfer) the unified tax amounts by an individual tax payer according to the procedure and within time frames prescribed by a legislative act shall entail the imposition of penalties in the amount of 50 percent of the tax rate set for individuals being payers of the unified tax as prescribed by relevant legislative act.

**Article 123. Sanctions (Financial Sanctions/Penalties) in Case of the Determination of the Tax Liability Amount by the Control Agency**

123.1. If a control agency independently determines the amount of tax liability, the reduction of the amount of the refund from the budget and/or the reduction of a negative value of an object of income tax or a negative value of the amount of the value added tax on the grounds stipulated in Sub-Items 54.3.1, 54.3.2, 54.3.5, 54.3.6
of Item 54/3 of Article 54 of this Code, this shall entail a penalty imposed on the taxable person in the amount equal to 25 percent of the amount of accrued tax liability, unlawfully claimed amount of the budget refund and/or of the unlawfully declared negative value of an object of income tax or a negative value of the amount of the value added tax; in case of a repeated determination by the control agency of the amount of tax liability, the reduction of the amount of the refund from the budget and/or the reduction of a negative value of an object of income tax or a negative value of the amount of the value added tax within 1095 days, this shall entail a penalty imposed on the taxable person in the amount equal to 50 percent of the amount of accrued tax liability, unlawfully claimed amount of the budget refund and/or of the unlawfully declared negative value of an object of income tax or a negative value of the amount of the value added tax; in case of a repeated determination by the control agency of the amount of tax liability, the reduction of the amount of the refund from the budget and/or the reduction of a negative value of an object of income tax or a negative value of the amount of the value added tax three-fold and more within 1095 days this shall entail a penalty imposed on the taxable person in the amount equal to 75 percent of the amount of accrued tax liability, unlawfully claimed amount of the budget refund and/or of the unlawfully declared negative value of an object of income tax or a negative value of the amount of the value added tax.

123.2. Use by a taxable person (by taxable person’s officers) of amounts which were not paid to the budget in connection with obtainment (application) of a tax allowance, not for purposes and/or with violation of the terms and conditions or purpose of granting such an allowance in compliance with relevant law on tax or duty (mandatory payment), shall entail, in addition to penalties stipulated in Item 123.1 of this Article, collection to the budget of the amounts of tax or duty (mandatory payment) which were due payable without application of the tax allowance. The payment of penalty shall not release such persons from liability for intended tax evasion.

Article 124. Alienation of Assets Covered by the Tax Pledge without Consent of the State Tax Service Agency

124.1. The alienation by a taxable person of assets that covered with the tax pledge without a prior consent of the state tax service agency, if such a consent is required under this Code shall entail a penalty in the amount of the value of the alienated property.

Article 125. Violation of the Procedure for Obtaining and Use of Patents

125.1. Economic entities which carry out trade activities, trade of cash currency
valuables, activities in the sphere of entertainment and provide paid services:

Shall pay a penalty amounting to the fee for one month (a one quarter fee in case of activities in the sphere of entertainment) for violation of the procedure of use of a trade patent stipulated in Sub-Items 267.6.1 to 267.6.3 of Item 267.6 of Article 267 of this Code;

Shall pay a penalty amounting to the double amount of fee for the entire period of such activities, but not less than the double amount of fee for one month, for carrying out activities covered by Article 267 of this Code without obtaining relevant patents or with violation of the procedure for use of a trade patent stipulated in Sub-Items 267.6.4 to 267.6.6 of Item 267.6 of Article 267 of this Code (save for activities in the sphere of entertainment);

Shall pay a penalty amounting to five-fold amount of the proceeds from relevant activities for the entire period of carrying such activities, but not less than the five-fold amount thereof for one year, for carrying out trade of goods specified in Item 267.2 of Article 267 of this Code without obtaining a preferential trade patent or obtaining thereof with violation of the procedure for obtaining and use thereof stipulated in Sub-Items 267.6.4 to 267.6.6 of Item 267.6 of Article 267 of this Code;

Shall pay a penalty amounting to double amount of the proceeds from relevant activities for the entire period of carrying such activities, for carrying out trade activities without obtaining a short-term patent or with violation of the procedure for obtaining and use thereof stipulated in Sub-Items 267.6.4 to 267.6.6 of Item 267.6 of Article 267 of this Code;

Shall pay a penalty amounting to eight-fold amount of the proceeds from relevant activities for the entire period of carrying such activities, but not less than the eight-fold amount thereof for one quarter, for carrying out activities in the sphere of entertainment, stipulated in Article 267 of this Code, without obtaining a relevant trade patent or with violation of the procedure for use thereof stipulated in Sub-Items 267.6.4 and 267.6.5 of Item 267.6 of Article 267 of this Code.

Failure to pay (to transfer), by an economic entity, the amounts of fees for certain kinds of entrepreneur activities stipulated in Sub-Item 267.1.1 of Item 267.1 of Article 267 of this Code, within the time frames and under the procedure stipulated in this Code, shall entail a penalty imposed on the taxable person in the amount equal to 50 percent of the amount of fees stipulated in Article 267 of this Code.

**Article 126. Violation of Rules for Payment (Transfer) of Tax**

126.1. In case if a taxable person doesn’t pay the amount of independently calculated monetary obligations within the time frames stipulated in this Code, such a taxable person shall be called to liability, in the form of penalty, in the following amounts:

In case of delay of up to 30 days following the deadline for payment of the amount of monetary liability: 10 percent of the paid-up amount of a tax debt;
In case of delay of over 30 days following the deadline for payment of the amount of monetary liability: 20 percent of the paid-up amount of a tax debt

**Article 127. Violation of Rules of the Accrual, Withholding and Payment (Transfer) of the Tax at the Source of Payment**

127.1. The failure to accrue, withhold and/or pay (transfer) the taxes by a taxable person, including by a tax agent, before or during the income disbursement to the benefit of another taxable person shall entail a penalty in the amount of 25 percent of the tax which is chargeable and/or payable to the budget.

The same actions repeatedly committed within 1095 days shall entail a penalty in the amount of 50 percent of the tax which is chargeable and/or payable to the budget.

The actions described in paragraph one of this Item, repeatedly committed within 1095 days for the third time and more, shall entail a penalty in the amount of 75 percent of the tax which is chargeable and/or payable to the budget.

The liability for the repayment of tax liability or tax debt amount that results from such actions and the duty to repay such a tax debt shall be vested by the entity determined by this Code, including by a tax agent. In such a case, the taxable person, who is the recipient of such income, shall be relieved from the duty to repay such an amount of tax liabilities or tax debt.

**Article 128. Failure to Provide or Untimely Provision of the Tax Information to State Tax Service Agencies by Banks and Other Financial Institutions**

128.1. The failure to provide or untimely provision of the tax information in violation of the period(s) set forth herein to state tax service agencies on the part of banks and other financial institutions shall entail a fine of UAH 170.

The same actions committed within one year after the penalty has been applied shall entail a fine of UAH 340.

**CHAPTER 12. FINES**

**Article 129. Fine**

129.1. The fine shall be charged:

129.1.1. Upon termination of the time frames stipulated by this Code for repayment of an agreed monetary liability, fine shall be accrued on the amount of tax debt.

The accrual of fine shall begin:

a) In case of independent accrual of an amount of monetary liability by a taxable person: from the first business day following the deadline for payment of monetary liability stipulated by this Code;

b) In case of accrual of the amount of monetary liability by control agencies:
from the first business day following the deadline for payment of monetary liability specified in a tax decision notification in compliance with this Code;

129.1.2. On the due date for payment of the amount of tax liability accrued by control agency or by taxable person in case if understating thereof is discovered, the fine shall be charged on the amount of such understatement for the entire period of understatement (including the period of administrative and/or judicial contestation);

129.1.3. On the due day for the repayment of the monetary liability calculated by a tax agent at the time of payment (accrual) of income for the benefit of taxable individuals and/or by a control agency during an inspection of such tax agent.

129.2. In case of cancellation of a monetary liability (or of a part thereof) charged by a tax service agency under the procedure of an administrative and/or judicial contestation, the fine for the period of understatement of such monetary liability (or of a part thereof) shall be cancelled.

129.3. The accrual of fine shall terminate:

129.3.1. On the day funds are credited to the appropriate account with the State Treasury of Ukraine and/or in other cases of the repayment of the tax debt and/or monetary liabilities;

129.3.2. On the day outstanding monetary counter-liabilities of the relevant budget to such taxable persons are settled;

129.3.3. On the day the moratorium on the satisfaction of creditor claims is introduced (subject to the appropriate bankruptcy case court resolution or adoption of relevant decision by the National Bank of Ukraine)

129.3.4. When a decision to cancel or write off (a part of) the tax debt amount is made.

In case of the partial tax debt repayment, the amount of such a part shall be identified considering the fine charged on such a part.

129.4. The fine defined in Sub-Item 129.1.1 of Item 129.1 of this Article, shall be charged on the amount of the tax debt (including the amount of sanctions, if any, and without taking into account of the amount of fine) at the rate of 120 percent per annum of the discount rate of the National Bank of Ukraine effective on the date of occurrence of such tax debt or on the date of repayment thereof (of part thereof), depending on which of such rates is greater, per each calendar month in arrears.

The fine defined in Sub-Item 129.1.2 of item 129.1 of this Article shall be charged at the rate of 120 percent per annum of the discount rate of the National Bank of Ukraine effective on the date of understatement.

The fine defined in Sub-Item 129.1.2 of item 129.1 of this Article shall be charged at the rate of 120 percent per annum of the discount rate of the National Bank of Ukraine effective on the date of payment (accrual) of income for the benefit of taxable individuals.

129.5. The above specified amount of fine shall be applied to all kinds of taxes, duties and other monetary liabilities, save for the fine which is charged for breach of
the time frames for payments in the sphere of foreign economic activities set by relevant laws.

129.6. For the breach of deadlines for crediting taxes to budgets or state special-purpose funds as prescribed by the Law of Ukraine “On Payment Systems and Money Transfer in Ukraine” through the fault of a bank, such a bank shall pay a fine per each day of delay, the payment day inclusive, and sanctions in such amounts as specified in this Code and shall incur other liability as prescribed hereby for violating the procedure for the timely and full payment of taxes or duties (statutory fees) to the budget or the state special-purpose fund. In such a case, a taxable person shall be relieved from the liability for the late or incomplete transfer of such taxes or duties and other fees to budgets and state special-purpose funds, including the fine or sanctions charged.

129.7. If a breach is has resulted from the regulation by the National Bank of Ukraine of the banks economic target ratios, which results in the lack of the disposable balance of funds on such a correspondent account available for crediting, this shall not be deemed a breach of deadlines for transferring taxes or duties (statutory fees) through the fault of the bank.

If, in the future, the bank or its successors restore the solvency, the count of the periods for crediting taxes or duties and statutory fees shall resume from the date of such restoration.

129.8. When collecting funds and property of taxable persons, who are clients of banks, insurers of insurance organizations or members of other legally established non-banking financial institutions, the state tax service agencies or state bailiffs may not enforce recovery on bank correspondent account balances or insurance provisions or equivalent reserves of banks, insurance organizations or financial institutions that have been made under the legislation of Ukraine.

Article 130. Suspension of Fine Charging Periods
130.1. If (deputy) head of a control agency, in compliance with an administrative contestation procedure, makes a decision on extension of the period for examination of a taxable person’s complaint over the period stipulated in Article 56 of this Code, the fine shall not be charged during such extension period, regardless of the results of such administrative contestation.

Article 131. Procedure for the Payment of a Fine Charged for the Non-Performance of a Tax Liability
131.1. Fines charged by a control agency shall be independently paid by taxable person.

131.2. When (a part of) tax debt amount is repaid, the amount paid by relevant taxable person shall firstly be directed for repayment of tax liability. In case of full repayment of the amount of the tax debt, the amount paid by relevant taxable person shall secondly be directed for repayment of the amounts of penalties, and in the last turn it shall be directed for payment of fine.
If a taxable person fails to abide the order of payments stipulated in this Item or to specify such order in a payment document (or defines it with violations of the set procedure), a state tax service agency shall independently make relevant distribution of such amount according to the order stipulated in this Item.

131.3. The amounts of fines shall be debited to budgets or state special-purpose funds to which relevant taxes shall be allocated pursuant to law.

Article 132. Procedure for Fine Accrual in Case of the Violation of Conditions of Granting the Exemption (Notional Exemption) from Taxation in Case of Importation of Commodities into the Customs Territory of Ukraine

132.1. In case of the violation of conditions of customs regime, the placement into which has resulted in the notional exemption from the taxation, and in case of the violation of conditions related to the use of commodities subject to the exemption from the taxation under this Code for designated purposes, the person responsible for the compliance with the customs regime and the person responsible for the compliance of conditions of the exemption from the taxation (in respect of the use of commodities for designated purposes) shall be required to pay the amount of the tax liability, for which the exemption (notional exemption) has been granted, and the fine accrued on the amount of such a tax liability over the period from the date of the exemption (notional exemption) from the taxation until the payment date.

In case of sending claims in respect of payment of tax liabilities to the guarantor, the fine shall be accrued for the period which shall not exceed 3 months following the next day after the deadline for discharging the obligations secured by a guarantee.

132.2. For the purposes of calculation of fine, the due date for payment of customs duties shall be deemed:

132.2.1. When using the commodities for the purposes different from those in connection with which an exemption (notional exemption) in respect of customs duties has been granted: the first day when the person violated the limitations in respect of use and disposal of commodities.

If such day cannot be identified, the deadline for payment of customs duties shall be the date when a customs agency received a customs declaration on such commodities;

132.2.2. In case of violation of requirements and terms and conditions of customs procedures resulting, pursuant to tax legislation, the obligation to pay customs duties: the day of commitment of such violation.

If such day cannot be identified, the deadline for payment of customs duties shall be the date of commencement of relevant customs procedure;

132.2.3. In other cases: the date of emergence of an obligation in respect of payment of customs duties.

132.3. If a taxable person, before the commencement of inspection of such taxable person by a control agency, independently discovers the fact of
understatement of a tax liability and repays thereof, no fine shall be charged.

This rule shall not apply if:

a) A taxable person does not submit a tax return for the period during which such understatement took place;

b) A court establishes commitment of crime by officers of a taxable person or by taxable individual, related to evasion from payment of the said tax liability.

SECTION III. CORPORATE PROFIT TAX

Article 133. Taxable Persons

133.1. Taxable persons among the residents shall be:

133.1.1. business entities – the legal entities conducting business activities both in the territory of Ukraine and beyond its borders;

133.1.2. railroad administration which receives profit from the core activities of the railroad transport. The list of works and services deemed as core activities of the railroad transport shall be compiled by the Cabinet of Ministers of Ukraine. Profit of railroads received from the core activities of the railroad transport shall be determined within the proceeds of the income redistributed among railroads in accordance with the procedure established by the Cabinet of Ministers of Ukraine;

133.1.3. railroad transport enterprises and their structural sub-units, which receive profit from non-core activities of the railroad transport;

133.1.4. not-for-profit institutions and organizations in cases when the profit is received from non-core activity or/and profit which is subject to taxation in accordance with the present (current) section;

133.1.5. separated units (branches) of taxable persons, mentioned in sub-item 133.1.1. of this item, defined as such under the Section I of this Code, except for the representative offices.

For the purposes of this Section, a representative office of a taxable person shall be understood as a separated unit of a legal entity located outside its site, which represents and protects the interests of the legal entity, is funded by the said legal entity, and does not receive income other than the passive income.

133.2. Taxable persons among the non-residents shall be:

133.2.1. legal entities of any form of incorporation, which receive profits with the source thereof being in Ukraine, except for the institutions and organizations that enjoy diplomatic privileges and immunity in accordance with the international treaties of Ukraine;

133.2.2. permanent representative offices of non-residents, which receive profits with the source thereof being located in Ukraine or which perform agent (representation) and other functions with regard to such non-residents or their founders.
133.3. permanent representative office shall be registered prior to the commencement of its business with the tax agency in its location according to the procedure established by the central tax agency of Ukraine. Permanent representative office that commenced its business activity prior to the registration with the state tax agency shall be deemed to be evading taxation and the profits received shall be deemed to be concealed from taxation.

133.4. The National Bank of Ukraine shall settle accounts with the State Budget of Ukraine in accordance with the Law of Ukraine "On National Bank of Ukraine".

133.5. Penitentiary institutions and their enterprises that use the labour of the special contingent shall use the income received from the activities specified by the authorized central executive agency in charge of the penitentiary issues of Ukraine for funding the business activities of such institutions and enterprises, with the inclusion of amounts of such income into appropriate budget estimate for their funding approved by the said executive agency.

**Article 134. Object of Taxation**

134.1. For the purpose of this section the object of taxation shall be:

134.1.1. profit from the source located in Ukraine and beyond its borders which shall be calculated by reducing the amount of income received over the reporting period, as defined in Articles 135 – 137 of this Code, by the production cost of the goods, work, services sold and by the amount of other expenses incurred over the reporting period, as defined in the Articles 138 - 148 of this Code, taking into account the rules stipulated in the Article 152 of this Code;

134.1.2. profit (income) of a non-resident which is subject to taxation as defined in the Article 160 of this Code, its source being located in Ukraine.

**Article 135. Profit Calculation Procedure and its Structure**

135.1. The profits, taken into account while calculating the object of taxation, shall be included into the profits of the reporting period as per date defined according to the Article 137, on the ground of the documents defined in the item 135.2 of this Article and shall consist of:

- profit received from the operating activity calculated in accordance with the item 135.4 of this Article;

- other profits calculated in accordance with the item 135.5 of this Article, except for the profits specified in the item 135.3 of this Article and in the Article 136 of this Code.

135.2. The profit shall be calculated on the basis of the source documents that confirm the receipt by the taxable person of the revenues that are mandatory for the
registration and storage according to the accounting rules, and other documents listed in the Section II of this Code.

135.3. The amounts reflected in the income of the taxable person shall not be subject to repeated inclusion into its income.

135.4. The profit from the operating activity shall be admitted as per amount of agreed (contract) cost but not less than the compensation amount received in any form including when the obligations are being reduced and includes:

135.4.1. the profit from the sales of goods, performed work, provided services, including remuneration of the middleman (proxy, agent, etc.); peculiarities of definition of profits from the sales of goods, performed work, provided services for particular categories of taxable persons or profits from the particular operations shall be stipulated by provisions of this Section;

135.4.2. the profit of the banking institutions which includes:

a) the interest income from the credit and deposit operations (including the correspondent accounts) and from the securities purchased by the bank;

b) the commission income, including from the credit and deposit operations, submitted guarantees, cash management services, encashment and transportation of valuables, securities transactions, currency market transactions, trust management operations;

c) the profit from securities trading operations;

d) the profit from the foreign currency and bank ore buy and sell operations;

e) the positive value of the currency exchange differences in accordance with the sub-item 153.1.3 of the item 153.1 of the Article 153 of this Code;

f) insurance reserve excessive amounts that shall be included to the profit amount in accordance with the items 159.2, 159.4 of the Article 159 of this Code and outstanding amounts that shall be included to the profit amount in accordance with the item 159.5 of the Article 159 of this Code;

g) the profit from the right of debt claim of the third party or from performance of the claim by the debtor (factoring) in accordance with the item 153.5 of the article 153 of this Code;

h) the profit from realization of the secured property;

i) other profits directly related to the banking transactions and banking services;

j) other profits contemplated in this Section.

135.5. Other profits include:

135.5.1. the profits in form of the dividends received from non-residents, except for those described in the sub-item 153.3.6 of the item 153.3 of the Article 153 of this Code, interests, royalty, from the ownership of active debt;
135.5.2. the profits from the lease/leasing operations stipulated in accordance with the item 153.7 of the Article 153 of this Code;

135.5.3. the amounts of fines and/or forfeit or penalty actually received by the decision of the contract parties or respective state agencies, the court;

135.5.4. the cost of goods, works, services received by the taxable person over the reporting period free of charge, calculated at a level no lower than the regular price, the amount of non-repayable financial aid received by the taxable person over the tax reporting period, irretrievable credit debt, except for the cases when the operations of giving/receiving the non-repayable financial aid are held by the taxable person and its separate units having no legal status;

135.5.5. the amounts of returnable financial aid, received by the taxable person over the reporting period which remain outstanding by the end of such reporting period, from the persons who are not payers of this tax (including non-residents) or from the persons having breaks on this tax according to this Code, including the rights to use tax rates lower than those stipulated in the item 151.1 of the Article 151 of this Code.

If in the following reporting tax periods the taxable person pays back this repayable financial aid (its part) to the person who granted it, such taxable person increases the expense amount by the sum of such repayable financial aid (its part) following the results of the reporting period in which such repay took place.

At the same time the income of such taxable person shall not be increased by the amount of imputed interest and the tax liabilities of the person who granted returnable financial aid shall not change while granting and receiving back of aforesaid aid.

Provisions of this item shall not be applied to the amounts of returnable financial aid granted by the founder/member (including non-resident) of such taxable person when such aid is repaid no later than 365 calendar days from the days of its receive.

Operations on granting/receiving of the financial aid between the taxable person and its separate units having no legal status shall not lead to change of their expenses or profits.

135.5.6. the sums of uncommitted funds returning from the insurance reserves in accordance with the procedure stipulated in the item 159.2 of the Article 159 of this Code;

135.5.7. the amounts of indebtedness subject to inclusion to the profits in accordance with the items 159.3 and 159.5 of the Article 159 of this Code;

135.5.8. actually received amounts of the state duty prepaid by the plaintiff and returned to him/her in fulfillment of court’ judgment;
135.5.9. excise tax amounts paid/charged by the buyers/to the payers of the excisable goods (at their expense) to the benefit of the payer of such excise tax who is authorized by this Code to pay it to the budget, and the rent payment as well as amount of duty in form of targeted mark-ups to for effective electricity and heat energy tariffs;

135.5.10. the amounts of government grants, subsidies and capital investments received by the taxable person from the national universal social insurance funds or budgets;

135.5.11. the profits defined in accordance with the Articles 146, 147, 153 and 155 – 161 of this Code;

135.5.12. the profits that have not been accounted during the periods preceding the reporting one and which have been discovered in the reporting tax period;

135.5.13. the profit from the sale of non-negotiable material assets, property complexes, negotiable assets calculated taking into account provisions of the Articles 146 and 147 of this code;

135.5.14. other profits of taxable person over reporting tax period.

Article 136. Incomes Which Shall not be Accounted while Determining the Object of Taxation

136.1. To determine the object of taxation the following incomes shall not be taken into account:

136.1.1. the amount of previous payments and advances received as a payment for goods, performed work, provided services;

136.1.2. the VAT amounts received/accrued by the VAT payer accrued on the value of the sale of goods, performed work, provided services, except for cases, when the seller enterprise is not a VAT payer;

The incomes of the taxable person registered as the subject to the special tax treatment regime according to the Article 209 of this Code shall be calculated with inclusion of the positive difference between the VAT sums accrued by the agricultural enterprise to its prices for the agricultural goods over the reporting period or the periods prior to the reporting one and the sums of VAT paid (accrued) over the reporting period on the price of production factors specified in the Article 209 of this Code;

136.1.3. the monetary amounts or the property value transferred to the taxable person in form of direct investments or re-investments for corporate rights issued by such taxable person, including monetary or in kind contributions, in accordance with agreements on joint business on the territory of Ukraine without setting up a legal entity;
136.1.4. the amounts of funds or the value of the property received by a taxable person as a compensation (the refund) for the forced alienation of other property of the taxable person by the state in cases covered by law;

136.1.5. the amounts of funds or the value of the property received by a taxable person by virtue of a court decision or as a result of the satisfaction of claims under the procedure prescribed by the law by way of the compensation for direct expenses or losses incurred by the taxable person as a result of the violation of his rights and interests protected by law in case if they have been attributed by such taxable person as expenses, or had been reimbursed from the insurance reserves;

136.1.6. the funds amounting to the taxes, duties paid in excess that are refunded or have to be refunded to the taxable person from the budgets if such amounts have not been included into the expenses;

136.1.7. the income amounts received by the executive agencies and the local self-governance bodies from rendering state services (issuing permits (licenses), certificates, identification documents, registration documents, other services whose obligatory purchase is provided for by the legislation), in case such incomes have been included into the relevant budget;

136.1.8. the amounts of funds as contributions (installments), which:

a) are received by the taxable persons, which operate the non-state pension coverage schemes in accordance with the law, from pension fund investors, from pension accounts depositors, as well as from the persons that concluded insurance contracts in accordance with the Law of Ukraine "On Non-State Pensions", and the persons that concluded insurance contracts as to the risk of disability or the death of the member of non-state pension fund in accordance with the said law;

b) come and accrue on the pension deposits, on accounts of the banking management funds in accordance with the law;

c) are transferred to not-for-profit institutions and organizations as required by the Article 157 of this Code;

136.1.9. the amounts of joint investment funds, mainly the funds raised from the joint investment institutions investors, proceeds from conducting transactions with the assets of the aforesaid institutions as well as proceeds accrued on assets thereof and the funds received from certificate owners of the real estate transaction funds, proceeds from effecting transactions with assets of real estate transaction funds and the proceeds accrued on the assets of real estate operations transactions established in accordance with the law;

136.1.10. the amounts of the issuance income received by the taxable person;

136.1.11. the par value of accounted but not repaid securities, which certify the lending relations, as well as the payment documents issued (provided) by the debtor to the benefit of (to the name of) the taxable person as a security or a confirmation of
commitment of such debtor before such taxable person (bonds, savings certificates, treasury obligations, bills of exchange, loan certificates, letters of credit, checks, guarantees, banking orders and other similar payment instruments);

136.1.12. the dividends received by the taxable person from other taxable persons in cases foreseen by the item 153.3 of the Article 153 of this Code;

136.1.13. the funds or property returned to the owner of corporate rights issued by legal entity after full and final liquidation of such issuer legal entity or in case of downsizing statutory fund of such entity, or upon termination of the joint activities contract, but not higher than the value of purchased shares;

136.1.14. the funds or property returned to a party to a joint business contract without establishing a legal entity in case of the termination, rescission or appropriate amendment of the joint business contract, but not more than the contribution value;

136.1.15. the funds or the property received in the form of the international technical assistance provided under the acting international agreements;

136.1.16. the value of the fixed assets received by a taxable person free of charge for the purposes of the operation thereof in the events covered by legislation:

if such fixed assets have been received upon the decisions of the central executive agencies;

if received by the specialized enterprises operating energy supply facilities, gas, heat and water supply facilities, sewage networks in accordance with decisions of the local executive agencies and executive bodies of the councils adopted within their competence;

in cases when public utility companies receive social infrastructure objects that previously have been booked on the balance of other enterprises and have been maintained at their expense.

The procedure for free of charge transfer of such fixed assets shall be established by the Cabinet of Ministers of Ukraine;

136.1.17. the funds or property provided as the aid to public organizations of the disabled people, unions of social organizations of the disabled people, organizations and enterprises mentioned in the item 154.1 of the Article 154 of this Code;

136.1.18. the amounts of funds or the property value of the received by a founder of an arbitration tribunal as an arbitration tribunal duty or for covering other expenses connected with resolving cases by the arbitration tribunal in accordance with the law;

136.1.19. the funds or value of property that come to the commissionaire (proxy, agent, etc.) in terms of commission agreements, power of attorney, consignment and other corresponding civil-law contracts;
136.1.20. the principal amount of received credits, loans and other incomes stipulated by the norms of this Section which are not taken into account while determining the object of taxation;

136.1.21. the income from the non-negotiable material assets received free of charge, mentioned in the item 137.17 of the Article 137 of this Code, and from the social, cultural and utility facilities of the national property that are booked on the balance of the taxable person which shall be calculated as a sum proportional to the sum of amortization of the respective assets accrued in the book-keeping simultaneously with its accrual;

136.1.22. the value of railway transport rolling equipment transferred from one subdivision of the railway to another or from one railway to another pursuant to the decision of Ukrzaliznytsia state railway service. Such transfer shall be deemed as a free of charge operation and the balance value of the respective group of the fixed assets shall not change;

136.1.23. the value of property received by the taxable person free of charge which was generated as a result of the events provided by the state target, sectoral, regional programmes on the improvement of the safety, working conditions and environment, by the programmes on organization of development and production of the means of individual and collective protection of the workers and by other preventive measures taken pursuant to the requirements of the accident insurance.

**Article 137. Procedure of Income Recognition**

137.1. The income from realization of goods shall be recognized as per date of transfer of the property right to the buyer of such goods.

The income from the services rendered and works fulfilled shall be recognizes as per date of the drawing up and act or other document executed in accordance with the requirements of the acting legislation which proves that the works and services were rendered.

137.2. The following shall be recognized as the income in case of receipt of targeted funds from the universal state social insurance funds or budgets:

137.2.1. amount of money equal to the part of amortization of the investment object (the fixed assets, non-material assets), proportional to the share of the capital investments given to the taxable person by the target financing budget in the total value of such investments into the object;

137.2.2. the targeted financing for the compensation of expenses (losses) incurred by the enterprise and the financing provided to the enterprise as financial support without specifying conditions for utilization of such financial support for carrying out future activities at the moment of the actual receipt;
137.2.3. the targeted financing, except for the cases mentioned in sub-items 137.2.1 and 137.2.2 of this item during the periods when the enterprise incurred expenses connected with meeting requirements of targeted financing.

137.3. If the taxable person produces the goods, performs works, renders services with the long-term (over one year) process cycle of production, and if the agreements concluded for production of such goods, works, services do not provide for their staged delivery, the revenues shall be accrued by the taxable persons at their own discretion in accordance with the stage of completeness of production (service rendering operation), which shall be designated basing on the share of expenses incurred in the reporting tax period in the expected amount of such expenses and/or the share of services provided in the reporting tax period in the overall volume of the services to be provided.

After the transfer of ownership of the goods (works, services) with the long-term process cycle of production, specified in the previous paragraph, the provider correlates the income actually received from the production of such goods (works, services) accrued over the previous periods during the term of fulfillment thereof.

At the same time, if the actually received profit in the form of final contract price (including additional agreements) exceeds the income sum, preliminary accrued by the results of each tax period during the term of production of such goods (works, services), such exceedence shall be subject to inclusion to the incomes of the reporting period in which the transfer of ownership to such goods (works, services) takes place.

If the actually received income in the form of final contract price (including additional agreements) is smaller than the sum of the income preliminary calculated by the results of each tax period during the term of production of such goods (works, services), such difference is a subject to inclusion to the income reduction of the reporting period in which the transfer of ownership to such goods (works, services) takes place.

137.4. The date of receipt of income, accounted for when determining the object of taxation, shall be the reporting period, when such income has occurred in accordance with this Article, irrespective of actual receipt of the funds (accrual method), determined in accordance with provisions contained in this item and the Article 159 of this Code.

137.5. When selling goods in fulfillment of the contract of commission (agency agreement) by the consignor-taxable person, the date of the income receipt from such sale shall be considered the date of sale of the goods that belong to consignor, indicated in the agent’s (middleman’s) report.

137.6. In cases of the trade in goods or services through the vending machines for sale of goods (services) or other similar equipment, which does not presuppose the presence of the registrar of clearing transactions operated by the authorized
individual, the date of income receipt shall be the date of extraction of proceeds from such vending machines or similar handling of the proceeds.

If the trade in goods (work, services) via the vending machines is exercised using the tokens, cards or other monetary substitutes denominated in the currency of Ukraine, the date of sale of such tokens, cards or other monetary substitutes denominated in the currency of Ukraine shall be deemed to be the income receipt date.

137.7. If trade in goods, works, services is effected using credit or debit cards, traveler’s, commercial, personal or other checks, the date of receiving the income shall be the date of the issue of the relevant invoice (payment document).

137.8. The date of income receipt of a taxable person resulting from the credit and deposit operations shall be the date of acknowledgment of interests (commission and other fees for the establishment or acquisition of loans, deposits), determined in accordance with the regulations of book-keeping.

137.9. The date of the income receipt by an owner of a mortgage certificate of participation in operations with such mortgage certificate shall be the date of income accrual over the relevant reporting period on the consolidated mortgage debt (reduced by the amount of remuneration for management and maintenance of mortgage assets).

If the borrower (debtor) delays the payment of interest (commissions), the creditor shall settle such debt in accordance with the item 159.1 of Article 159 of this Code.

This method of interest (commissions) accrual on such loan (deposit) shall not be applied to the full discharge of the debt by the debtor or debt forgiveness which was acknowledged as bad debt pursuant to the article 159 of this Code.

137.10. The amounts of non-returnable financial aid and goods (work, services) supplied on the free-of-charge basis shall be deemed income received on the date of actual receipt by the taxable person of goods (work, services) or on the date of receipt of monetary funds onto the bank account or to the cash desk of the taxable person, unless otherwise provided for in this Section.

137.11. The date of income received as rent/leasing payments (not taking into account part of the leasing payment given on account of the compensation of the part of value of financial leasing object) for the property transferred by the taxable person to rent/leasing, as license payments (including royalty) for usage of intellectual property objects shall be the date of accrual of such incomes set under the terms and conditions of the concluded contrast.

137.12. The date of receipt of income from the sale of foreign currency shall be the date of transfer of the right of ownership over such currency.
137.3. Amounts of fines and/or penalties sums received by the decision of the parties to a contract or by the decision of the relevant state bodies, court, tribunal shall be included into the income of taxable person on the date of its actual receipt.

137.4. The date of increasing income received from the insurance activities shall be the date when the taxable person - insurer assumes responsibility before the insured in accordance with concluded agreement, as specified in the insurance/re-insurance contracts, irrespective of the procedure of repayment of insurance amount mentioned in the respective agreement (except for the long-term life insurance contracts and other insurance contracts concluded for the period over one year, the insurance contracts concluded in accordance with the Law of Ukraine "On Non-state Pension Provision").

137.15. In case of long-term life insurance contracts concluded for the period over one year, insurance contracts concluded in accordance with the Law of Ukraine "On Non-state Pension Provision" the income in the form of a part of insurance premium shall be determined at the moment when the taxable person acquires the right to receive due insurance premium as specified in the contracts.

137.16. The date of receipt of other incomes shall be the date when such incomes occur in accordance with the accounting standards, unless otherwise provided by the provisions of the present Section.

137.17. The incomes of the specialized exploiting enterprises in the form of value of the received objects of power, gas, heat energy, water supply and sewerage networks on a cost free basis, determined on the level of a common value, which were built upon the request of the specialized exploiting enterprises in accordance with the technical requirements as to the connection to the said networks and objects, shall be recognized as the sum equal to the sum of amortization of the respective assets, accrued in accordance with the Article 145 of this Code, simultaneously with the accrual thereof.

137.18. If the securities bought by the taxable person with the purpose of sale thereof or keeping them till the pay off date, the interest amount shall be included to the incomes of such person over the tax period during which the payment of such interests were paid or had to be paid according to the issue conditions of such securities.

Article 138. Composition and Recognition of Expenses

138.1. Expenses included into calculation of the taxation object shall comprise of:

the expenses on the operational activity calculated as stipulated in the items 138.4, 138.6 – 138.9, 138.11 of this Article:
other expenses, calculated as stipulated in the items 138.5, 138.10 – 138.12 of this Article, item 140.1 of the Article 140 and the Article 141 of this Code; except for the expenses defined in the items 138.3 of this Article and in the Article 139 of this Code.

138.1.1. The expenses on the operational activity shall include:

- the cost of sold goods, performed works, provided services and other expenses shall be taken for the recognition of the taxation object taking into account the items 138.2, 138.11 of this Article, the items 140.2 – 140.5 of the Article 140, the Articles 142, 143 and other Articles of this Code which shall directly determine the peculiarities of forming of expenses of the taxable person;

- the expenses of the bank institutions which shall include:
  a) interest expenses on the credit-deposit operations, including correspondent accounts and funds till called for, securities of the own turnover;
  b) commission expenses including those on the credit-deposit operations, cash management services, encashment and transportation of valuables, securities trading, currency market transactions, beneficiary management;
  c) negative result (loss) from the foreign currency buy/sell operations and bank metals;
  d) negative number of currency differences resulting from revaluation of assets and liabilities connected to official changes of the national currency rate toward foreign currency in accordance with the sub-item 153.1.3 of the item 151.3 of the Article 153 of this Code;
  e) amounts of the insurance reserves, formed according to the procedure stipulated by the Article 159 of this Code;
  f) amounts of funds (duties) contributed to the Deposit Insurance Fund;
  g) expenses on purchase of the right of claim on fulfillment of obligations in monetary form for delivered goods or fulfilled services (factoring);
  h) expenses connected to sale of encumbered property;
  i) other expenses connected directly to banking activity and provision of banking services;
  j) other expenses contemplated in this Section.

138.2. Expenses that are taken into account while determining the object of taxation shall be recognized on the basis of the primary accounting documents, for which the duty to maintain and store is envisaged by the accounting rules, and other documents under the Section II of this Code.

If the taxable person produces goods, performs work, provides services with a long-term (over one year) production process cycle, provided that the contracts concluded for the manufacture of such goods, performance of work, provision of
services do not provide for the staged conveyance thereof, the expenses of the reporting tax period shall include the expenses related to the manufacture of such goods, performance of work, provision of services in this period.

To determine the object of taxation the taxable person is entitled to include the expenses proven by the documents made up by non-residents according to the rules of other countries.

138.3. For the purposes of this section, the amounts reflected as expenses of the taxable person, for instance, in terms of the depreciation of non-circulating assets, shall not be repeatedly included into its expenses.

138.4. Expenses that dictate the production cost of sold goods, performed work, provided services shall be recognised as expenses of the reporting period, in which the income was recognised from the sales of such goods, performed work, provided services.

138.5. Other expenses shall be recognised as the expenses of the reporting period, in which they have been incurred, subject to the following:

138.5.1. the last day of the reporting tax period for the payment of the tax liability under the tax or duty shall be deemed to be the date of the expenses incurred by the taxable person in the form of amounts of taxes and duties;

138.5.2. the date of recognition of the interest (commissions and other payments connected to establishment or acquisition of the loans, deposits) in accordance with the book-keeping rules, shall be recognised as the date of the increase in expenses of the taxable person as a result of lending and deposit transactions, including the subordinated debt.

For the purpose of this Article, the subordinated debt shall imply the ordinary unsecured debt capital instruments (the components of the capital) which in accordance with the contract cannot be withdrawn from the bank prior to the expiration of five year term and in case of the bankruptcy or liquidation are given back to the investor after all claims or other creditors are satisfied;

138.5.3. the expenses incurred by a taxable person in the form of charitable or other contributions and/or cost of goods (works, services) to not-for-profit organisations taken into account for the ascertainment of the object of taxation of a taxable person in accordance with provisions of this Section shall be included into the expenses on the date of the actual transfer of such contributions and/or to the cost of such goods (works, services).

138.6. The cost of the acquired and sold goods shall be determined on the basis of their acquisition price taking account of the import duty and the expenses for the delivery thereof and for bringing them to a condition suitable for sale.

138.7. The actual value of finally rejected products shall not be included into the expenses of a taxable person, except for losses from rejects that consist of the
value of the products (articles, units, semi-finished products) finally rejected for process reasons, and the expenses on the correction of such a technically unavoidable rejects in case of the sale of such products.

The norms of losses/expenses shall be established by the Cabinet of Ministers of Ukraine. Taxable person is entitled to determine the acceptable norms of technically unavoidable defects independently in the ordinance of the enterprise provided that the degree thereof is grounded. Such norms established by the taxable person independently shall be effective till the respective norms are be established by the Cabinet of the Ministers of Ukraine.

138.8. The cost of the manufactured and sold goods, performed work, provided services shall consist of expenses directly related to the manufacture of such goods, performance of work, provision of services, namely:

- direct material expenses;
- direct payroll expenses;
- the depreciation of productive fixed and intangible assets directly related to the production of goods, performance of work, provision of services;
- the cost of procured services directly associated with the manufacture of goods, performance of work and provision of services;
- other direct expenses including on the purchase of electric power (including the reactive power);

138.8.1. The direct material expenses shall be inclusive of the cost of raw materials and basic materials creating the basis of the manufactured goods, performed work, provided services, purchased semi-finished products and components, ancillary and other materials directly attributable to a specific object of expenses. The direct material expenses shall be reduced by the value of the returnable waste obtained in the course of the manufacture to be valued under the procedure prescribed by accounting policies (standards);

138.8.2. The direct payroll expenses shall be inclusive of salaries and other payments to workers involved into the production of goods (performance of work, provision of services) directly attributable to the specific expense object;

138.8.3. The taxable persons – licensees in electric and/or thermal power production who use coal and/or fuel oil for production of electric and/or thermal power shall include the amount of fuel reserve (coal and/or fuel oil), created for continuous supply of electric power to consumers, to the cost of goods sold, works performed and services provided during a year to the direct material expenses instead of the cost of used in the technological process coal and/or fuel oil.

The sum of the fuel reserve shall be determined by the taxable person independently every month on the basis of average monthly cost of purchased fuel (coal, fuel oil) for the previous year, but not lower than the accrual cost of fuel (coal,
fuel oil) purchased over the current month. At the end of the reporting year created reserve is subject to correction by the cost or used in the technological process fuel (coal, fuel coal), mainly:

if the actual cost of used in the technological process fuel (coal, fuel coal) over the reporting period exceeds the sum of reserve accrued over the reporting year, than the cost price of the goods sold, works performed, services provided shall be increased by the sum of difference between the cost of used in the technological process fuel and reserve accrued by the results of the reporting year;

if the actual cost of used in the technological process fuel (coal, fuel coal) over the reporting period is lower than the sum of reserve accrued over the reporting year, than the cost price of the goods sold, works performed, services provided shall be reduced by the sum of difference between the cost of used in the technological process fuel and reserve accrued by the results of the reporting year;

138.8.4. The taxable persons – licensees in transfer and/or supply of electric and/or thermal power shall also include actually incurred expenses on purchase of electric and/or thermal power in such reporting period to the cost price of realization of electric and/or thermal power and rendering of electric and/or thermal power supply services.

138.9. Other direct expenses may include all other production expenses that can be directly attributed to the specific expense object, including the expenses on social measures under the Article 143 of this Code, the fee for the lease of land and property shares.

138.10. Other expenses shall include:

138.10.1. general production expenses:

a) expenses on the production management (the labour remuneration of the workers of shops management, workshops in accordance with the legislation, etc.; the contributions for social measures defined in the Article 143 of this Section, and the medical insurance of the workers of shops management and workshops; the expenses on the business trips of the personnel of shops and workshops, etc.);

b) the depreciation of general production (shop, workshop, linear) fixed assets;

c) the depreciation of general production (shop, workshop, linear) intangible assets;

d) the expenses on the maintenance, operation and repair, insurance and operational leasing of general production fixed and intangible assets;

e) the expenses on the improvement of the production technology and organisation (the labour remuneration and contributions for social measures defined in the Article 143 of this Code, employees involved in the improvement of the production technology and organisation, the enhancement of the quality, reliability, service life and other operational features of the products in the production process;
the spending of materials, purchased components and semi-finished products, the payment for services of third-party organisations);

f) the expenses on the heating, lighting, water supply, waste water disposal and other services rendered for the maintenance of production premises;

g) expenses on the production process maintenance (the labour remuneration of the general production personnel; the contributions for social measures defined in the Article 143 of this Code; the medical insurance of production workers and the management according to the legislation; the expenses on the control over production processes and the quality of the products, work and services);

h) the expenses on the labour protection and occupational safety incurred in accordance with the legislation;

i) the expense amounts related to the confirmation of the conformity of products, quality systems, quality management systems, environmental ecology and human resource management systems with the requirements in accordance with the Law of Ukraine "On Confirmation of Conformity";

j) amounts of expenses related to the prospecting/additional prospecting and arrangement of oil and gas deposits (except for expenses on the construction of any wells used for the exploitation of oil and gas deposits, incurred from the moment of passing to the account of performance stock, and other expenses related to the acquisition/manufacture of fixed assets subject to the depreciation under Article 148 of this Code);

k) other general production expenses (intra-plant transportation of materials, details, semi-finished products and tools from warehouses to shops and finished products to warehouses); the deficiency of non-finished products; the deficiency and the spoilage of tangibles in workshops within the norms of natural losses in accordance with the norms established by the sectoral ministries and approved by the Ministry of Finances of Ukraine;

138.10.2. administrative expenses spent on servicing and managing the enterprise:

a) general corporate expenses, including organisational expenses, annual and other meeting expenses, representation expenses;

b) expenses on business trips and maintenance of the management of the enterprise (including the expenses on labour remuneration of the management, and other general administration staff);

c) expenses on the maintenance of fixed assets, other tangible non-circulating assets intended for the general use (operational leasing (including the lease of passenger car), purchase of fuels and lubricants, parking of the passenger cars, property insurance, depreciation, repair, heating, lighting, water supply, waste water disposal, security);
d) emoluments for consulting, informational, auditing and other services received by the taxable person for business maintenance;

e) expenses on the communication services (post, telegraph, telephone, telex, fax, mobile and other communication expenses);

f) the depreciation of general intangible assets;

g) expenses on the settlement of disputes in courts;

h) payment for the cash/payment services and other bank services;

i) other general business expenses;

138.10.3. sales-related expenses, including the expenses associated with the sales of goods, performance of work, provision of services:

a) expenses on packaging materials for the packaging of goods in finished product warehouses;

b) container repair expenses;

c) labour remuneration and commissions of salespeople, agents and officers of sales support units;

d) advertising and market research (marketing) expenses, pre-sale goods preparation expenses;

e) expenses on business trips of sales-related employees;

f) expenses on the maintenance of fixed assets, other tangible non-working assets related to the sales of commodities, performance of work, provision of services (operational leasing, insurance, depreciation, repair, heating, lighting, security);

g) expenses on the goods transportation, reloading and insurance, forwarding and other services related to the transportation of products (goods) in accordance with conditions of the supply contract;

h) expenses on guarantee repairs and guarantee services;

i) expenses on the transportation of finished products (goods) between warehouses of units of the enterprise;

j) other expenses related to the sale of goods, performance of work, provision of services;

138.10.4. other operating expenses mainly including:

a) expenses under transactions in the foreign currency, expenses related to the exchange rate difference, calculated in accordance with the Article 153 of this Code;

b) depreciation of non-circulating assets granted on operational leasing;

c) other operational expenses connected to the operational activity, including but not exclusively:

    amounts of funds contributed to provisions under the procedure envisaged by Article 159 of this Code;
amounts of accrued taxes and duties set by this Code (except for those that are not identified in the list of taxes and duties set by this Code), single contribution to the universal state pension insurance, reimbursement for amounts of actual expenses on the disbursement and delivery of pensions accorded under item "a" of Article 13 of the Law of Ukraine "On Pensions" to the Pension Fund of Ukraine (except for the pensions allocated for the persons who were directly occupied full working day underground with coal, slate, ore and other mineral resources extraction, construction of mines and pits according to the list of works and professions approved by the Cabinet of Ministers of Ukraine, including the staff of mine-rescue divisions), amounts of actual expenses on the disbursement and delivery of pensions accorded under the items "b" – "i" of the Article 13 of the Law of Ukraine "On Pensions", the difference between the pension amount accorded under the Law of Ukraine "On Scientific and Scientific-technical Activity" and the pension amount calculated according to other legislative acts, which is in one’s own right, which shall be financed by the enterprises, institutions and organisations according to the legislation, and other obligatory payments set by the legislative acts, except for the taxes and duties envisaged by sub-items 139.1.6 and 139.1.10 of the Article 139 of this Code and fines, penalties and contractual penalties envisaged by sub-item 139.1.11 of the Article 139 of this Code.

Taxable persons, for which the agricultural production is the core business, shall include the payment for the land not used in the agricultural production into the expenses;

the expenses on the informational support to business activities of a taxable person, including the literature on the legislative issues, Internet services and the subscription for specialised periodicals;

amounts of funds directed by the authorized banks to the special additional reserve of pension deposits insurance and to the special additional reserves of insurance of funds of Bank Administration Funds pursuant to the Law of Ukraine "On Housing Construction Experiment on the Basis of Kyivmiskbud Holding Company";

138.10.5. financial expenses including expenses on the payment of the interest (on loans, on issued bonds, on financial leasing) and other expenses of the enterprise within the allowances set by this Code related to the borrowings (other than financial expenses included into the cost of qualification assets according to accounting policies (standards));

138.10.6. other normal operational expenses (except for financial expenses) not related directly to the manufacture and/or sale of goods, performance of work, provision of services, for instance:

a) the amounts of funds or the value of goods, performed work, provided services, voluntarily transferred during the reporting year to the State Budget of Ukraine or local self-government budgets, to not-for-profit organisations defined in
the Article 157 of this Section in the amount not exceeding 4 per cent of the taxable profit of the previous reporting year;

b) the amounts of funds transferred by the employers to the primary trade unions for the moss cultural, sports and recreational work, provided by the collective agreements (contracts) pursuant to the Law of Ukraine "On Trade Unions, Their Rights and Guarantees of Activity" in terms of 4 per cent of the taxable profit of the previous reporting year including the provisions of the paragraph "a" of sub-item 138.10.6 of the item 138.10 of this Article.

If the results of the previous reporting year give to the taxable person negative result of the taxable object, the amount of funds subject to transfer shall be calculated taking into account the taxable profit received in the year preceding the year of drawing up such negative year amount but not earlier than four previous reporting periods;

k) the amounts of funds transferred to enterprises of Panukrainian associations of victims of the Chernobyl disaster, where at least 75 per cent of such victims have the main place of employment, to such associations for the exercise of charitable activities, but not more than 10 per cent of the taxable profit of the previous reporting year;

l) expenses on creation of doubtful debt reserve shall be recognized as expenses with the taxable aim in amount of uncollectible receivables taking into account the sub-item 14.1.11 of the item 14.1 of the Article 14 of this Code. For the non-banking financial institutions the provisions of this item shall act in accordance with the Article 159 of this Code;

m) the cost of coal and coal briquettes, granted free of charge in the amounts and according to the list of professions established by the Cabinet of Ministers of Ukraine, including compensation of the cost of such coal and coal briquettes, to:

   coal extraction (processing) workers and workers of coal mining enterprises;
   pensioners who worked at the coal mining (processing) enterprises: underground – no less than 10 years for men and 7 years and 6 months for women; employed at works connected with the underground conditions – no less than 15 years for men and 12 years and 6 months for women; employed at the technological line on the surface of acting mines or at mines in construction, cuts, concentration plants and briquette plants – no less than 20 years for men and no less than 15 years for women;
   disabled and veterans of war and labour, persons awarded with the symbol "Miner’s Glory" or "Miner's Valour" of the I, II, III grades, persons disabled due to the common disease, if they enjoyed this right before the disability took place;
   families of workers who died at coal mining (processing) enterprises and receive pensions due to the loss of breadwinner;
n) amounts of funds or the value of the property voluntarily transferred for the use for designated purposes of the protection of the cultural heritage to science, education and culture institutions, reserves, museums, museum reserves in the amount not exceeding 10 per cent of the taxable profit of the previous reporting year;

o) amounts of funds or the value of the property voluntarily transferred for the designated purposes of the production of national films (including animation films) and audiovisual works to the benefit of residents in the amount not exceeding 10 per cent of the taxable profit of the previous reporting year;

p) expenses of a taxable person related to the maintenance and operation of environmental protection funds (other than expenses subject to the depreciation or reimbursement under provisions of the Articles 144 - 148 of this Code) being owned thereby; expenses on the independent storage, processing, disposal or procurement of the waste collection, processing, disposal and liquidation services for the waste generated by the productive activities of the taxable person that are provided by third parties, the waste water purification; other expenses on the preservation of environmental systems subjected to the negative impact from the business of the taxable person. In case of differences between the agency of the state tax service and the taxable person in respect of the connection of the environmental protection expenses to the business of the taxable person, the state tax service agency must raise this issue with an agency authorised by the Cabinet of Ministers of Ukraine, whose expert opinion shall be the basis for the decision of the state tax service agency;

q) expenses on the procurement of licences and other special permits (other than those, cost and expiration term of which correspond to the characteristics prescribed for the fixed assets by the Section I of this Code, which are subject to depreciation as a part of intangible assets) issued by state authorities for the exercise of business, including the payment for the enterprise registration with the state registration agencies, including local self-government bodies, their executive agencies, including expenses on the procurement of licences and other special permits for the fish and marine product production outside Ukraine, and the provision of transportation services.

138.11. The expense amounts not included into expenses of past reporting tax periods due to the loss, destruction or spoilage of documents confirming the expenses as required by this section and confirmed with such documents in the reporting tax period.

The expense amounts not accounted for in past tax periods due to errors detected in the reporting tax period in the tax liability calculation.

Expenses listed in this item that have been incurred in past reporting years shall be reflected among other expenses; those of the current reporting year shall be reflected among the expenses of the appropriate group (cost of sold goods, performed work, provided services, general production expenses, administrative expenses, etc.).
138.12. Other expenses shall include:

138.12.1. the expenses determined under Articles 144 to 148, 150, 153, 155 - 161 of this Code that are not included into the cost of sold goods, performed work, provided services under this Article;

138.12.2. other expenses of business activity which are not limited directly by this Section to be considered as expenses;

138.12.3. amounts of funds or the value of the property voluntarily transferred to the employers organizations and unions, founded according to the respective law, in the form of the entrance fee, membership and target instalments, but no more than 0,2 per cent of the labour compensation fund of the taxable person calculated for the reporting tax year.

Article 139. Expenses not Taken into Account in Taxable Profit Calculation

139.1. The following shall not be included into the expenses:

139.1.1. expenses not related to the exercise of business, namely:

organisation of receptions, presentations, festivals, entertainment and recreation, procurement and distribution of gifts (other than charitable contributions and donations to not-for-profit organisations defined in the Article 157 of this Code and expenses related to the exercise of the advertising business governed by provisions of sub-item 140.1.5 of item 140.1 of the Article 140 of this Code).

Restrictions of the paragraph two of this sub-item shall not apply to taxable persons, whose main business is:

the organisation of receptions, presentations and festivals on orders and at the expense of other parties;

purchase of lottery tickets, other documents proving the right on participation in gambling;

financing of personal needs of individuals, except for payments under the Articles 142 and 143 of this Code and in other cases envisaged by provisions of this section;

139.1.2. payments of the taxable person in the amount of commodity cost to the principal under commission, agency and other similar contracts, transferred by the taxable person in fulfilment of these contracts;

139.1.3. amounts of the down payment (advance payment) for goods, work, services;

139.1.4. expenses on the repayment of the principal sum of received loans and credits (other than the repayment of the repayable financial aid included into the income under sub-item 135.5.6 of item 135.5 of Article 135 of this Code);
139.1.5. expenses on the acquisition (manufacture), construction, rehabilitation, upgrade and other improvements of fixed assets, and expenses related to the production of mineral resources, as well as the acquisition (manufacture) of intangible resources subject to the depreciation under the articles 144 – 148 of this Code, taking into account the items 146.11 and 146.12 of the Article 146 and item 148.5 of the Article 148 of this Code;

139.1.6. amounts of the profit tax and other taxes instituted with item 153.3 of Article 153 and Article 160 of this Code; the value-added tax included into the price of goods (work, service) acquired by the taxable person for the productive or non-productive use, the individual income taxes to be withheld from such income under Section IV of this Code.

Amounts of the value-added tax paid within the purchase price of goods, work, services whose value belongs to expenses of such a taxable person shall be included into expenses of payers of the profit tax not registered as taxable persons for the purposes of the value-added tax.

If a tax payer registered as a taxable person for the purposes of the value-added tax simultaneously effects the transactions of the sale of goods, (performance of work, provision of services) taxed with the value-added tax and transactions that are either exempted or not taxable with the said tax, then the value-added tax paid as a part of expenses on the acquisition of goods, work, services that belong to the expenses, and the fixed and intangible assets subject to the depreciation shall be included into the expenses or the value of the relevant object, fixed or intangible asset shall be increased by the amount not included to the tax credit of such a taxable person under the Section V of this Code respectively;

139.1.7. the expenses on upkeep of managing bodies of associations of taxable persons, including the upkeep of parent companies being separate legal entities;

139.1.8. the dividends;

139.1.9. the expenses not confirmed with appropriate settlement, payment and other source documents to be maintained and kept under accounting and tax accrual rules.

In case of the loss, destruction or spoilage of the said documents, the taxable person shall have the right to notify the state tax service agency thereof in writing, and take measures needed to restore such documents. The notice must be sent before or together with the calculation of tax liabilities of the reporting tax period. If the taxable person fails to submit the notice in writing within the said time frame and to restore the said documents before the expiry of the tax period following the reporting period, the expenses not confirmed with appropriate documents shall not be included into expenses of the tax reporting period and the calculation of the object of taxation, and a fine shall be charged on the amount of on the amount of the underpaid tax at the rate 120 per cent of the tax discount of the National Bank of Ukraine.
If the taxable person restores the said documents in subsequent periods, the confirmed expenses (taking account of the paid fine) shall be included into expenses of the reporting period of such a restoration;

139.1.10. the cost of trade patents deducting the tax liability of the taxable person under the procedure prescribed by items 152.1 and 152.2 of the Article 152 of this Code;

139.1.11. the amounts of penalties and/or contractual penalties or fines by decision of parties to the contract or by decision of appropriate state authorities or the court to be paid by the taxable person.

139.1.12. the expenses in connection with the purchase of goods (works, services) and other material and non-material assets from the physical person entrepreneur – payer of the single tax (except for the expenses from the purchase of goods, services from the physical person entrepreneur – payer of the single tax who conducts activity in the sphere of informatization);

139.1.13. the expenses, incurred (accrued) in the reporting period in connection with the purchase of consulting, marketing and advertisement services (works) from non-resident (except for the expenses, incurred (accrued) to the benefit of permanent representative offices of non-residents subject to taxation according to the item 160.8 of the Article 160 of this Code) in amount exceeding 4 per cent of the profit (proceeds) from the sale of commodity (goods, works, services) (under the calculation of the value-added tax and the excise tax) for the year preceding the reporting one.

The expenses incurred (accrued) in the reporting period in connection with the purchase of consulting, marketing and advertisement services (works) from non-resident shall not be included in full if the person, to the benefit of which the respective payments are being made, is a non-resident having the offshore status, taking into account the provisions of the item 161.3 of the Article 161 of this Code;

139.1.14. the expenses, incurred (accrued) in connection with the purchase of engineering services (works) from non-resident (except for the expenses accrued to the benefit of permanent representative offices of non-residents, subject to taxation under the item 160.8, in amount that exceeds 5 per cent of the customs cost of the equipment imported in accordance with the respective contract and in cases stipulated by the item 139.1.15 of the item 139.1 of the Article 139 of this Code;

139.1.15. the expenses, incurred (accrued) in connection with the purchase of engineering services (works) from non-resident, shall not be included to the expenses if one of the following conditions takes place:

a) the person, to the benefit of which the payment for engineering services is being accrued, is a non-resident with the offshore status, taking into account the provisions of the item 161.3 of the Article 161 of this Code;
b) the person, to the benefit of which the payment for such services is being accrues, is not a beneficiary (actual) recipient (owner) of such payment for the services.

Article 140. Specifics of the Recognition of Dual-purpose Expenses

140.1. While determining the taxable object the following dual-purpose expenses shall be taken into account:

140.1.1. expenses of the taxable person on providing employees with the special clothing, footwear, special (company) uniform, detergents and neutralising substances, individual protection means needed for the performance of professional duties, and special foods under the list specified by the Cabinet of Ministers of Ukraine, and for the banking institutions with the addition of the list approved by the National Bank of Ukraine.

Expenses (other than those subject to depreciation) incurred under the procedure prescribed by the legislation on the organisation, maintenance and operation of free medical examination, free medical aid and prevention stations for employees (including the provision of medicines, medicinal equipment, inventories and expenses on the salary of employees);

140.1.2. expenses (other than those subject to the depreciation) related to the scientific and technical support to business activities, the inventions and the rationalisation of business processes, the performance of the research and development work, the production and study of models and specimens related to the core business of the taxable person, expenses on the accrual of royalties and the acquisition of intangible assets (other than those subject to the depreciation) to be used in the business of the taxable person;

The expenses shall not include the royalty accrued over the reporting period to the benefit of:

1) non-resident (except for the accruals to the benefit of non-resident’s permanent representative office subject to taxation under the item 160.8, accruals effected by the business entities in the sphere of television and broadcasting according to the Law of Ukraine “On Television and Radio Broadcasting”, and accruals for granting the right to enjoy the copyright and associated rights on cinematic films of foreign production, pieces of music and art) in amount exceeding 4 per cent of the income (proceeds) from the sale of outputs (goods, works, services) (according to calculation of the value-added tax and excise tax) over the year proceeding the reporting one and in the cases described as follows:

   a) the person, to the benefit of which the royalty is being accrued, is a non resident having an offshore status taking into account the item 161.3 of the Article 161 of this Code;
b) the person, to the benefit of which such payments are being accrued, is not a beneficiary (actual) receiver (proprietor) of such payment, except for the cases when the beneficiary (actual proprietor) granted the right to receive such reward to other persons;

c) royalty paid in relation to the objects of intellectual property right which was given to the resident of Ukraine for the first time.

In case of differences between the tax agency and the taxable person concerning determination of the person, who enjoys (received) the intellectual property rights for the object of intellectual property for the first time, such tax agency shall address to the special authorized agency, established by the Cabinet of the Ministers of Ukraine to make the respective decision.

d) the person to the benefit of which the royalty is being accrued is not subject to taxation as to royalty in the country of such person’s residence;

2) the legal entity released from payment of this tax under the Article 154 of this Code or pays this tax under the rate other than established in the item 151.1 of the article 151 of this Code;

3) the person paying this tax as a part of other taxes, except for the physical persons subject to taxation under procedure established in the Section IV of this Code;

140.1.3. expenses of the taxable person on the initial professional training, re-training and qualification development of workers, and if the legislation provides for the mandatory regular re-training or qualification development;

expenses on the training and/or professional training, re-training or qualification development of individuals at domestic and foreign education establishments if the certificate of completion of education at such educational institutions is obligatory for meeting definite requirements of business activities conduct, including, but not limited to higher and vocational education establishments (regardless of their having labour relations with the taxable person) subject to the conclusion therewith of a contract in writing with their commitment to work at least three years for the taxable person upon graduation from the higher and/or vocational education establishment and the obtainment of a specialty (qualification);

expenses on organisation of training and production internship in the field of the core business of the taxable person or in structural units supporting its core business for individuals studying in higher and vocational education establishments.

In case of the termination of the written contract referred to in paragraph two of this sub-item, the taxable person must increase the income by the amount of the actually incurred expenses on the training and/or professional training that have been included into the expenses. An additional tax liability and a fine at the rate of 120 per cent of the discount rate of the National Bank of Ukraine as of the date of emergence of the tax liability related to the profit tax that should have been paid by the taxable person within the prescribed time frame if it had not used the tax break under this sub-
item calculated on the basis of the amount of such a tax liability and calculated for each day in non-payment and finishing with the date of increase in the income shall be charged as a result of such an increase in the income. The amount of losses refunded to the taxable person under such a contract shall not be an object of taxation to the extent of the amount that does not exceed the amount of the increase in the income, the payment of the additional tax liability and the fine specified in this paragraph.

In case of differences between the agency of the state tax service and the taxable person in respect of the connection of expenses for the purposes covered with this sub-item with the core business of the taxable person, the state tax service agency must raise this issue with central executive agency in charge of the education, whose expert opinion shall be the basis for the decision of the state tax service agency.

The decisions of the state tax service agency made on the basis of expert opinions of the central executive agency in charge of the education shall be disputed by taxable persons according to the generally applicable procedure;

140.1.4. any expenses on the guarantee repair (maintenance) or the guarantee replacement of commodities sold by the taxable person, whose value is not compensated at the expense of buyers of such commodities, in amount that corresponds to the level of guarantee replacements accepted/disclosed by the taxable person.

In case of the guarantee replacement of commodities, the taxable person must maintain a record of buyers why received such a replacement or repair (maintenance) services according to the procedure prescribed by the central state tax service agency.

The replacement of the goods without the receipt of the rejected goods or without the appropriate maintenance of the said record shall not make the seller eligible for the increase in expenses by the value of replacements.

The procedure of the guarantee repairs (maintenance) or guarantee replacements, and the list of commodities subject to the guarantee services shall be specified by the Cabinet of Ministers of Ukraine on the basis of provisions of the consumer rights protection legislation.

The term "disclosure" shall mean the commitment of the seller in respect of the conditions and time frames of the guarantee service published in the advertising, technical documents, contracts or other documents;

140.1.5. expenses of the taxable person on the advertising activities;

140.1.6. any expenses on the insurance of the harvest loss risks, the transportation of products of the taxable person; the civil liability related to the operation of vehicles being the fixed assets of the taxable person; any expenses on the insurance of national movies production (in amount not exceeding 10 per cent of the national movie production cost); the environmental and nuclear damage that can be inflicted by the taxable person upon other parties; the property of the taxable person;
an object of the financial leasing, concession of the national or communal property on condition that it is provided by the contract; financial, credit and other risks of the taxable person related to its exercise of business within the scope of the normal price of the insurance tariff for the relevant type of insurance prevalent as of the moment of the entry into such an insurance contract, except for the insurance of the life, health or other risks associated with activities of individuals having labour relations with the taxable person, which is not obligatory by law, or any expenses on the insurance of third individual or legal-entity parties.

If insurance conditions provide for the payment of the insurance indemnity to the benefit of the insurer taxable person, then the insured losses suffered by the said taxable person in connection with the exercise of business shall be included into its expenses in the tax period of the losses, and any amounts of the insurance indemnity for such losses shall be included into the income of such a taxable person in the tax period of the obtainment thereof;

140.1.7. expenses on the business trips of individuals having labour relations with such a taxable person or being members of managing bodies of the taxable person within the scope of the actual expenses of the individual travelling on business for the transportation (including the luggage transportation, booking transport tickets) to the place of the business trip and back, and in the place of the business trip (including the leased transportation), the payment for the accommodation in hotels (motels), and the expenses on catering or household services included into such expenses (such as laundry, cleaning, repairing and ironing of clothes, footwear or underwear), the lease of other housing premises, the telephone bills, the issue of passports for the travel abroad, the entry permits (visas), the statutory insurance, other documented expenses related to the rules of entry and stay in the place of the business trip, including any taxes and duties payable in connection with making said expenses.

The expenses listed in part one of this sub-item may be included into expenses of the taxable person only subject to the availability of the supporting documents confirming the cost of such expenses in the form of transportation tickets or bills (luggage receipts), including electronic tickets upon availability of the boarding pass, and the document proving the payment made for all kinds of transportation, including the charters, bills received from hotels (motels) or other parties providing accommodation services to individuals, including booking of accommodation, insurance policies, etc.

It shall be prohibited to include the cost of alcoholic beverages and tobaccos, the amounts of tips into the catering expenses, except if such tips are included into the bill in accordance with laws of the host country, as well as the pay for the visual performances.

The expenses on business trips shall include non-documentated catering expenses and expenses on funding other personal needs of the individual (per diems) incurred in connection with the business trip within the territory of Ukraine, but not more than
0.2 of minimum wage for an able-bodied individual as of 1 January of the reporting tax year per day or, in case of the travel abroad, not higher than the 0.75 of minimum wage for an able-bodied individual as of 1 January of the reporting tax year per day.

The Cabinet of Ministers of Ukraine shall specify the ultimate per diem amounts for members of crews of vessels/other vehicles or amounts spent on the catering of such crew members in lieu of the per diems, if such vessels (other vehicles):

- exercise commercial, production, scientific search or fishing activities outside the territorial waters of Ukraine;
- carry out international flights for the purposes of the navigation activities or the transportation of passengers or cargo for consideration outside the air or customs borders of Ukraine;
- are used for the emergency rescue and search/rescue work outside the customs border or territorial waters of Ukraine.

The amount and the composition of expenses on business trips of state officials and other individuals send on business trips by enterprises, institutions and organisations fully or partly supported (financed) at the expense of budget funds shall be specified by the Cabinet of Ministers of Ukraine. The amount of per diems for such categories of individuals may not exceed the amount prescribed by paragraph four of this sub-item.

The amount of per diems shall be determined in case of the business trip:

- within Ukraine and countries that do not require visas (entry permits) from citizens of Ukraine for the entry into their territory in accordance with the business trip order and the respective primary documents;
- to the countries that require visas (entry permits) for the entry into their territory - in accordance with the business trip order and marks of the authorized official of the border control agency in the international passport or the substituting document.

Lacking the abovementioned proving documents, order or the marks of the authorized official of the border control agency in the international passport or the substituting document, the amount of per diems shall not be included into the expenses of the taxable person.

Any business travel expenses may be included into the expenses of the taxable person subject to the availability of documents confirming that the business trip in question is related to the business of such a taxable person, including (but not limited to): invitations from the receiving party, whose business is the same as the business of the taxable person; a concluded contract; other documents that establish or confirm the desire to establish relations governed by the civil law; documents confirming the participation of the business traveller in negotiations, conferences or symposia, other actions in the subject area that coincides with the business of the taxable person.
If the laws of the host country or transit countries on the way to the host country provide for the obligatory insurance of the life or health of the travelling individual or his third-party liability (in case of the use of vehicles), then the insurance expenses shall be included into the expenses of the taxable person sending the said individual.

The taxable person must provide for the translation of supporting documents issued in a foreign language at own expense on request of a representative of the state tax service agency;

140.1.8. expenses of the taxable person (other than capital expenditure to be depreciated) on the maintenance and operation of the following facilities that have been in the balance sheet and have been maintained at the expense of the taxable person as of 1 July 1997, but are not used for obtaining income:

- kindergartens or nurseries;
- secondary and vocational schools and establishments for the development of the qualification of employees of such a taxable person;
- children, musical and painting schools, schools of arts;
- sport complexes, gyms, and grounds, which are used for physical recreation and psychological recovery of the employees of the taxable person, clubs and cultural centres;
- facilities used by a taxable person for organisation of catering for the employees of such taxable person;
- the apartment houses, including hostels, single-apartment houses in rural areas, and housing and utility facilities;
- children camps for the rest and recreation;
- institutions of social protection of the citizens (boarding houses, old people's home).

140.2. If after the sale of commodities, performance of works, provision of services any change in the amount of the compensation of their value is introduced, including the return of commodities or the right of ownership on such commodities (results of works, services) to the seller, taxable person-seller and taxable person-buyer shall perform the appropriate recalculation of income of expenses (the book value of fixed assets) in the reporting period, during which such change in the compensation amount occurred.

Re-calculation of incomes and expenses (the book value of fixed assets) shall be carried out by the parties:

- in the reporting period (periods) in which the expenses and incomes (the book value of fixed assets) were included into the accounting of the party to a legal act, which was declared invalid – if such declaration of invalidity of the legal act violating the public order per se is fictitious;
in the reporting period in which the court decision on recognition of the legal act as invalid came into force – in case of acknowledgement of invalidity of the legal act by other reasons.

This item shall not regulate the rules of definition and correction of expenses and profits resulting from procedures of the settlement of the contingent or bad debt, or declaration of the buyer’s debt as bad debt determined by article 159 of this Code.

140.3. The expenses shall not include the amount of actual losses of commodities, excluding losses within the allowances of the natural escape or technical (production) losses and expenses from misbalance of the natural gas in gas pipe systems, which does not exceed the amount specified by the Cabinet of Ministers of Ukraine, or a central state executive agency authorised thereby, or another body determined by the legislation of Ukraine.

The regulations of this item shall not be applied to the electric and/or thermal power, while calculating the losses of the taxable persons, connected to the transfer and/or supply of electric and/or thermal power.

140.4. Taxable person shall estimate the reduction in inventories according to the methods determined by the appropriate accounting policies (standards).

For all units of resources, which have similar purpose and conditions of use, only one of allowed methods of the estimation of reductions shall be used.

140.5. The institution of additional limitations concerning the structure of expenses of a taxable person, except for those that are specified in this section, shall not be allowed.

**Article 141. Specific Features of the Definition of Structure of the Expenses of a Taxable Person in Case of Paying Interest on the Debt Liabilities**

141.1. Expenses related to accrual of interest on the debt liabilities (including any credits, loans, deposits, except for financial expenses included to the production cost of qualification assets according to accounting regulations (standards)) during the reporting period shall be included in the expenses, if such accruals are performed in relation to business activities of a taxable person.

141.2. Identification as expenses of accrual of interest on credits, loans or other debt liabilities of a taxable person to the benefit of a non-resident and individuals related thereto, if 50 per cent and more of the statutory fund (stock, other corporate rights) belonging to such taxable person are in ownership or management of the said non-resident (non-residents), shall be allowed in the amount not exceeding the amount of income of such taxable person, received during the reporting period in the form of interest from placement of own assets increased by amount equal to 50 per cent of the taxable profit of the reporting tax period exclusive of the amount of such received interest.
141.3. The interests that meet the requirements of sub-item 141.1 of this item but are not included in the production expenses (turnover) in accordance with the provisions of sub-item 142.2 of this Article during the reporting period shall be deferred to the future tax periods with preservation of limitations stipulated by item 141.2 of this Article.

Article 142. Specific Features of Determining the Expenses on the Payments to Individuals Under Labour Contracts and Contracts Governed by the Civil Law

142.1. The expenses of a taxable person shall include expenses for the labour remuneration of individuals who have labour relations therewith (hereinafter referred to as employees), which include accrued expenses for the basic salary and extra pay, and other types of rewards and disbursements, based on tariff rates in the form of bonuses, rewards, compensation of the value of commodities, work, services, expenses for paying author’s emoluments and work, services performed, in accordance with the contracts governed by the civil law, any other payment in monies or in kind specified by agreement (contract) of the parties (excluding the amounts of material assistance, which are exempt from taxation in accordance with provisions of the Section IV of this Code).

142.2. In addition to the expenses stipulated in the item 142.1 of this Article, the expenses of a taxable person shall include the obligatory payments and the compensation for the value of services provided to employees in cases specified by law, instalments of a taxable person for the obligatory life and health insurance of employees in cases specified by law, and contributions determined by paragraph two of this sub-item.

If in accordance with a long-term life insurance contract of any type or non-state pension provision contract of any type a payer of this tax is to pay at own expense the voluntary contributions for insurance (non-state pension provision) of the hired individual, then such a taxable person shall have the right to include in the expenses of each reporting tax period (on the basis of cumulative totals) the sum of such contributions, which in total should not exceed 25 per cent of the salary, accrued for such hired individual during the tax year, in which such tax period take place.

At that, the amount of such payments may not exceed the amounts specified in the Section IV of this Code, during the said tax period.

The norms of this sub-item shall be applied taking into account the provisions of the Section XX Transitional Provisions of this Code.

Article 143. Specific Features of Including Social Contributions in the Expenses
143.1. Sums of contributions to the universal state social insurance in the amount and order prescribed by law shall be included in the expenses of a taxable person.

143.2. If an employee entitles the employer to make contributions on the long-term life insurance or any type of non-state pension provisions or on the pension contribution or accounts of the participants of the bank management funds at the expense of labour remuneration payments of the said individual included to the amount of the expenses of a taxable person in accordance with the sub-item 142.1 of the Article 142 of this Code, then such an employer shall not include the amount of such contributions to its expenses.

**Article 144. Objects of Depreciation**

144.1. The following shall be subject to depreciation:

- expenses for the purchase of fixed and intangible assets and long-term biological assets for use in business activities;
- expenses for the independent production of fixed assets for growing of the long-term biological assets for their use in agricultural activities including expenses for labour remuneration of the employees involved in the production of the said fixed assets;
- expenses for the performance of all types of reparation, reconstruction, modernisation, and other forms of the fixed assets improvement which exceed 10 per cent of the total book value of all groups of fixed assets subject to depreciation at the beginning of the reporting year;
- expenses for capital improvements of land not used for construction, namely: irrigation, drainage and other similar capital improvements of the land;
- the capital investments from the budget received by the taxable person in form of the target financing for the purchase of the object of investment (the fixed asset, intangible asset) providing the income is recognized proportionally to the accrued amount of depreciation on such object according to the provisions of the sub-item 137.2.1 of the item 137.2 of the Article 137 of this Code;
- the amount of revaluation of the fixed assets value held according to the Article 146 of this Code;
- the cost of the received free of charge objects of electric power, gas, thermal power and water supply, sewage network, which were built by the request of specialized exploitative enterprises according to the technical requirements as to connection to aforesaid networks or objects.

144.2. The following shall not be subject to depreciation and shall be included in full to the expenses of a taxable person for the reporting period:

- maintenance of the fixed assets being in preservation;
liquidation of the fixed assets;
purchase (manufacture) of the theatrical stage items with the value not exceeding 5 thousand UAH by the theatrical entertainment enterprises taxable persons;
expenses on the national movie production and purchase of intellectual property rights on the national movie.
144.3. The following shall not be subject to depreciation and be incurred at the expense of the relevant source of funding:
budget expenses for construction and maintenance of the structures of public service and amenities, and residential housing, purchase and preservation of library and archive funds;
budget expenses for construction and maintenance of the motor roads of the open use;
expenses for purchasing and preservation of the National Archive Fund of Ukraine, and the library fund, which is formed and maintained at the expense of budgets;
goodwill expenses;
expenses for purchase/independent production, regular overhaul, rehabilitation, upgrade, or other improvements of non-productive assets.

The term "non-productive fixed assets" shall mean the capital tangible assets, which are not used in the business activities of a taxable person.


145.1. Classification of groups of fixed assets and other capital assets and minimally acceptable terms of depreciation thereof:

<table>
<thead>
<tr>
<th>Groups</th>
<th>Minimum acceptable effective period of use, years</th>
</tr>
</thead>
<tbody>
<tr>
<td>Group 1 – land plots</td>
<td>-</td>
</tr>
<tr>
<td>Group 2 - capital expenses on the land improvement not connected with construction</td>
<td>15</td>
</tr>
<tr>
<td>Group 3 – buildings structures</td>
<td>20</td>
</tr>
<tr>
<td>transmission units</td>
<td>15</td>
</tr>
<tr>
<td>Group 4 - machinery and equipment</td>
<td>10</td>
</tr>
</tbody>
</table>

among them:

- electronic-computing equipment, other equipment for automatic processing of information, related means of information reading or printing, related computer programmes (except for the programmes, the expenses on purchase of which are recognized by royalty, and/or programmes recognized as intangible asset) other information systems, switchboards, routers, modules, modems, sources of uninterruptible power supply and means of their connection to the telecommunication networks, telephones (including cellular phones), microphones and portable radios, value of which exceeds 2500 UAH

- Group 5 - vehicles
- Group 6 - tools, devices, inventories (furniture)
- Group 7 - animals
- Group 8 – perennial plantations
- Group 9 – other fixed assets
- Group 10 – library funds
- Group 11 – low value capital material assets
- Group 12 – temporary (non-title) structures
- Group 13 – natural resources
- Group 14 – returnable containers
- Group 15 – lease items
- Group 16 – long-term biological assets

145.1.1 The intangible assets shall be accrued using the methods defined in the sub-item 145.1.5 of the item 145.1 of the Article 145 of this Code in the following terms:

<table>
<thead>
<tr>
<th>Groups</th>
<th>Right enjoyment period</th>
</tr>
</thead>
<tbody>
<tr>
<td>Group 1 - rights to use natural resources (right to use subsurface sections, other natural resources, geological and other information about the environment);</td>
<td>according to the document establishing the right</td>
</tr>
<tr>
<td>Group 2 - rights to use property (right to use a land plot, except for the right to use a land plot permanently, in accordance with the legislation, right to use a building, right to lease premises, etc.);</td>
<td>according to the document establishing the right</td>
</tr>
</tbody>
</table>
Group 3 - rights to commercial marks (rights to trademarks for goods and services, rights to commercial brand names, etc.), except for those, the purchase expenses on which are recognized by royalty;

Group 4 - rights to intellectual property objects (right to inventions, utility models, industrial prototypes, plant varieties, animal breeds, integrated circuit layouts, commercial secrets, including know-how, protection against the unfair competition, etc.), except for those, the purchase expenses on which are recognized by royalty;

Group 5 - the copyright and related rights (right to works of literature, art and music, software, programmes for computers, data compilations (databases), performance, phonograms, videograms, broadcasts (shows) of broadcasting organisations, etc.), except for those, the purchase expenses on which are recognized by royalty;

Group 6 - other intangible assets (right to exercise business, to use economic and other privileges, etc.);

Calculation of depreciation value of intangible assets shall be performed for every object, which is a part of a specific group.

145.1.2. Depreciation of the object shall be accrued during the term of its effective use (operation) set by the company directive upon the recognition of the object as the asset (upon placing on the balance), but not less than stipulated in the item 145.1 and shall be postponed for the period of its putting out of operation (for restoration, modernisation, further construction, long storage and other reasons) based on the documents proving putting such fixed assets out of operation.

145.1.3. While determining the effective period of use (operation) the following shall be taken into account:

- the expected term of usage of the object by the enterprise, taking into account its capacity or productivity;
- the expected depreciation and obsolescence;
- legal and other restriction as to the terms of usage of the object and other factors.
145.1.4. The effective period of use (operation) of the object is subject to reconsideration in case of change of the expected economic benefits from its usage but not less than stipulated in the item 145.1 of this Article.

Depreciation of the object of fixed assets shall be accrued, based on the new effective period of use, starting from the month next to the month in which the effective period of use was changed (except for the production method of depreciation accrual).

Depreciation of the fixed assets shall be conducted till the object of the residual value reaches the depreciable value.

145.1.5. Depreciation of fixed assets is accrued with the use of such methods:

1) straight line, according to which the annual amount of depreciation shall be determined by dividing the value which is depreciated by the term of the effective use of the object of fixed assets;

2) reduction of the depreciable value, by which the annual amount of depreciation shall be determined as product of depreciable value of the object at the beginning of the reporting year or the initial value at the date of the beginning of depreciation accrual and annual standard of depreciation. The annual standard of depreciation (in percentage terms) shall be calculated as the difference between a one and the result of \( N \)-th root of the effective period of use of the object in years from the result of division of the residual value of the object on its primary value;

3) the accelerated reduction of depreciable value, according to which the annual amount of depreciation shall be determined as product of depreciable value of the object at the beginning of the reporting year or the initial value at the date of the beginning of depreciation accrual and annual standard of depreciation, which is calculated based on the term of the effective use of the object and doubled.

The accelerated residual value reduction method shall be used only to accrue depreciation on the fixed asset objects of the group 4 (machinery and equipment) and group 5 (vehicles);

4) cumulative method, according to which the annual amount of depreciation shall be determined as a product of the depreciable value and cumulative index. The cumulative index shall be calculated by division of the amount of years left to the end of the effective usage term of the fixed asset object by the sum of years of its effective use;

5) production method, according to which monthly amount of depreciation shall be determined as a product of the actual amount of production per month (works, services) and the production rate of depreciation. The production rate of depreciation shall be calculated by division of the value, subject to depreciation, by the total volume of products (works, services) expected to be produced by the enterprise using the fixed asset object.

145.1.6. Depreciation of the objects of groups 9,12,14,15, described in the item 145.1 of this Article shall be calculated using the methods presented in sub-items 1 and 5 of the sub-item 145.1.5 of this Article. Depreciation of low-value noncurrent
fixed assets and library funds can be accrued by the taxpayer’s decision in the first month of the use of the object in the amount of 50 per cent of its value under depreciation, and the rest 50 per cent of the value under depreciation in the month of its withdrawal from the assets (disposition from the balance sheet) due to nonconformity to the asset definition criteria or in the first month of the 100 per cent use of the object’s value.

145.1.7. Depreciation shall not be calculated on the fixed assets of groups 1, and 13.

145.1.8. Amounts of depreciation transfers shall not be confiscated to the budget and cannot be used for accrual of any amounts of taxes and duties.

145.1.9. Accrual of depreciation with the taxation purpose shall be made by the enterprise under the method, defined by the ordinance on accounting policy with the aim of drawing financial statements, and can be reconsidered in case of change of the expected manner of economic benefits receipt from its usage.

Accrual of depreciation according to the new method shall begin in the month following the month of making decision to change the method of depreciation.

**Article 146. Determination of Value of Depreciable Objects**

146.1. Recording of the value subject to depreciation shall be kept for each object, being a part of the definite group of the fixed assets, including the value of repair, improvement of such assets received free of charge or given as an operating leasing (rent), as a separate object of depreciation.

146.2. Depreciation of the set assets object shall be accrued over the term of its effective use (operation) determined by the taxable person, but not less than minimum accepted term determined in the item 154.1 of the Article 145 of this Code on the monthly basis starting from the month coming after putting the object of fixed assets into operation and stops for the period of its reconstruction, modernization, building, complementation, preservation and other improvements and preservation.

146.3. Depreciation charges of a payment quarter for each object of fixed assets shall be determined in the amount of depreciation chargers for three months of the payment quarter calculated using a method of the calculation of depreciation selected by the payer in accordance with the each group of fixed assets.

146.4. Acquired (personally manufactured) fixed assets shall be recorded to the balance sheet of the taxable person by their book value.

146.5. Book value of an object of fixed assets shall be comprised of the following expenses:

- amounts paid to the suppliers of assets and contractors for performance of construction and installation works (excluding indirect taxes);
- registration duties, state duty, and similar payments, which are made in relation to the purchase (receipt) of the right to the object of fixed assets;
- amounts of import duty;
amounts of indirect taxes in relation to the purchase (production) of fixed assets (if they are not compensated to the payer);
expenses for insurance of the risks of delivery of fixed assets;
expenses for transportation, mounting, installation, and tuning of fixed assets;
financial expenses inclusion of which to the prime cost of the qualification assets is provided by the accounting provisions (standards);
other expenses directly related to preparations aimed at making such fixed assets fit for the use for the planned purpose.

146.6. If expenses are made by a taxable person for the independent production of fixed assets for personal business needs, the value of the object of fixed assets, subject to depreciation, shall be increased by the amount of all production expenses incurred by taxable person, related to the production and putting in operation thereof, and expenses for production of such fixed assets, not taking into account paid value-added tax, in case when the taxpayer is registered as a payer of value added tax, irrespective of the sources of financing.

146.7. Book value of the objects of fixed assets, for which the settlement liability is determined as a total amount for several objects, shall be calculated by division of the total amount in proportion to the regular price of an individual object of fixed assets.

146.8. Value of fixed assets agreed upon by founders (participants) of an enterprise not exceeding the regular price shall be recognised as the book value of fixed assets included in the authorised capital of the enterprise.

146.9. Book value of an object of fixed assets received in exchange for a similar object shall equal the depreciable value of the conveyed object of fixed assets, minus the amount of accumulated depreciation, but shall not exceed the regular price of the object of fixed assets received in exchange.

146.10. Book value of an object of fixed assets received in exchange (or partial exchange) for a different object shall equal the depreciable value of the conveyed object of fixed assets, minus the amount of accumulated depreciation, increased/decreased by amount of monetary funds or equivalents thereof, which was transferred/received during the exchange, but shall not exceed the regular price of the object of fixed assets received in exchange.

146.11. Book value of fixed assets shall be increased by the amount of expenses related to the improvements of an object (modernisation, modification, completion of construction and equipping, reconstruction, etc.), which leads to the increase of the future economic benefits as compared to those previously expected from the object use in amount exceeding 10 per cent of the total book cost of all groups of fixed assets subject to depreciation at the beginning of the reporting tax year, with attribution of the sum to improvement of the fixed assets object which is being repaired and improved.

146.12. The amount of expenses relating to reparation and improvement of the objects of fixed assets, including rented, not exceeding 10 per cent of the total book
value of all groups of the fixed assets at the beginning of the reporting year, shall be attributed to the expenses of the reporting tax period in which such reparation and improvement took place.

146.13. The amount of profits from sale or other disposal exceeding the book value of separate objects of fixed and intangible assets shall be included in the profit of a taxable person, and the amount of the book value exceeding the profits from the sale or other disposal thereof shall be included in the expenses of a taxable person.

The amount of profits from sale or other disposal exceeding the primary purchase cost of non-production fixed assets and expenses on the reparation to keep the object in operation, shall be included to the profits of the taxable person, and the amount of the primary cost exceeding over the profits from such sale or other disposal shall be included to the expenses of the taxable person.

The amount of profits from sale or other disposal exceeding received free of charge fixed assets or intangible assets over the cost of such fixed or intangible assets which was included to the profits of a taxable person after its receipt shall be included to the profits of taxable person. And the amount, which was included to the profit after such free of charge receipt, exceeding the income from its sale or other disposal shall be included to the expenses of such taxable person.

146.14. Profit from sale or other disposal of an object of fixed and intangible assets for the purposes of implementing this Article shall be determined in accordance with the contract on sale or other disposal of an object of fixed and intangible assets but shall not be below the regular price of such object (asset).

146.15. If an individual object of fixed assets is removed from the operation or transferred to the nonproductive noncurrent tangible assets, in accordance with the decision of a taxable person, such object shall not be depreciated.

The same procedure shall be applied to the removal of fixed assets from operation as a result of their disposal in accordance with court decision.

In case of re-introduction of the said objects to operation or to the fixed production assets, for the purpose of depreciation the value depreciable at the moment of its putting out of operation (list of fixed assets) shall be accepted and shall increase by the amount of expenses related to modernisation, modification, completion of construction and equipping, reconstruction, etc.

146.16. In case of liquidation of fixed assets by decision of a taxable person or if for reasons not within the scope of influence of a taxable person fixed assets (or a part thereof) are ruined, stolen, or are subject to liquidation, or if a taxable person has to abandon the use of such fixed assets for reason of threat or inevitability of the replacement, ruination, or liquidation thereof, the taxable person shall increase expenses by the amount of the depreciable value minus the sum of accumulated depreciation of the separate object of fixed assets in the reporting period in which such conditions take place.

146.17. For the purposes of this Section:
146.17.1. the following shall be considered equivalent to the sale or other disposal of fixed and intangible assets:

transactions of contribution of such fixed and intangible assets into the authorised fund of another person;

the conveyance of fixed assets into the financial leasing (lease);

146.17.2. the transactions of obtainment of fixed and intangible assets shall be considered equivalent to the acquisition in case of:

contribution of such fixed and intangible assets into the authorised fund (capital) of the taxable person;

receipt of fixed assets into the financial leasing (lease) with the subsequent inclusion thereof into appropriate groups, if the fixed assets so acquired meet the requirements of section I of this Code;

the obtainment on lease of fixed and intangible assets as a part of an integral property complex in line with the Law of Ukraine "On State and Community Owned Property Lease" from state privatisation agencies or local self-government bodies;

the obtainment of fixed assets not subject to privatisation for the management control by decisions of central executive agencies or local self-government bodies, made within the scope of their powers, in case of the inclusion into the balance sheet.

146.18. The decommissioning of any object of fixed assets shall be performed according to the results of liquidation, sale, preservation under the order of the head of an enterprise, and in case of the forced disposal or forfeiture - in accordance with the law.

146.19. If a contract of operational rent/lease obliges or allows the lessee to perform repair/improvements of an object of operational rent/lease, the part of cost of such repair/improvement, in amount not exceeding attributed to the expenses amount according to the items 146.11 and 146.12 of this Article, shall be depreciated by the lessee as a separate object.

At that, a lessee shall not take account of the book value of the object of operational rent/lease, at which the said object is listed on the balance sheet of a lessor.

146.20. In case of the return, the object of operational rent/lease by a lessee to a lessor due to the expiration of a lease/rent contract, or if the said object is destroyed, stolen, or ruined, such lessee shall have the right determined by item 146.16 of this Article to replacement of fixed assets. At that, a lessor shall not change the value of fixed assets subject to depreciation or expenses by the amount of expenses incurred by a lessee for the improvement of such object.

8.5.25. Taxable persons of all ownership forms shall have the right to revaluate the objects of fixed assets using the annual indexation of value of fixed assets, subject to depreciation, and amount of accumulated depreciation by a coefficient of indexation, which is determined according to the following formula:

\[ K_i = \frac{[I(a-1) - 10]}{100}, \]
where \( I(a-1) \) is the annual inflation rate of the year, which is being subjected to the indexation. If the value of \( K_i \) does not exceed one, the indexation shall not be performed.

Increase of cost of the objects of fixed assets, subject to depreciation, shall be performed as at the end of the year (date of the balance) by the results of which revaluation shall be performed and be used for calculation of depreciation from the first day of the next year.

**Article 147. Recording of Transactions with Land and its Permanent Improvement.**

147.1. Taxable person shall keep separate records on transactions of sale or purchase of land as a separate property object. Expenses related to such purchase shall not be included in the expenses of reporting tax period and shall not be subject to depreciation.

If in future such a separate property object is sold, a taxable person shall include the positive difference resulting from such a sale in the income, and the amount of expenses related to purchase of such a separate property object, increasing such amounts by the indexation coefficient determined in the item 146.21 of the Article 146 of this Code.

If expenses (including the said revaluation) incurred in relation to purchase of such a separate property object surpass profits received as a result of the sale thereof, the losses from such transaction shall not influence the object of taxation and are covered at the expense of own sources of a taxable person.

147.2. In case of the sale of land acquired in ownership in the process of privatization, a taxable person shall include the positive surplus between the amounts of the income resulting from the said sale in the income, and the assessed value of such land in accordance with the determined methodologies of assessment evaluation of lands and taking account of the coefficients of its functional use for the moment of the said sale.

In case when expenses are higher than the income resulting from the sale, the losses from such transaction shall not influence the object of taxation and shall be covered at the expense of own sources of a taxable person.

147.3. If an object of real property assets (real estate) is purchased by a taxable person together with the land under such object or is a condition for functional use of such object of real estate, in accordance with the standards determined by law, the value of the said object of real property assets shall be subject to depreciation. Value of such object of real estate shall be determined in the amount that does not exceed the regular price thereof excluding the value of the land.
147.4. If land as a separate property object is sold or disposed in another way, the book value of an individual property object of group 2, reflecting the value of permanent improvement of quality of such land shall be included in the expenses of such a taxable person by the results of the tax period when such sale occurred.

147.5. For the purposes of this item, the income resulting from sale or (other disposal of land shall be recognised in accordance with the sale or other disposal contract but not less than the regular price of such land.

**Article 148. Depreciation of Expenses Related to the Extraction of Mineral Resources**

148.1. Expenses for prospecting/follow-up exploration, installation, and development of any deposits of mineral resources (excluding expenses specified in paragraph “j” of sub-item 138.10.1 of item 138.10 of the Article 138 of this Code), shall be included to a separate object of noncurrent assets dealing with extraction of mineral resources of the taxable person, on the balance sheet of which such deposits are listed, and shall be subject to depreciation.

148.2. The expenses, included to the separate object of noncurrent assets dealing with extraction of mineral resources of the taxable person, shall belong:

- expenses on purchase of geological data being at the disposal of other legal entities;
- expenses on preliminary prospecting of deposits of mineral resources, held at the expense of own funds of an enterprise, including the project works, exploration which include drilling and mining works, geochemical and other researches in terms of definite area (territory);
- expenses on comprehensive exploration of deposits, held at the own expense of an enterprise, which include engineering, development of deposits (with the building of a habitation, etc.) drilling and mining works, geophysical and other researches, complex of test works, technological research, etc.;
- expenses related to the state expertise and assessment of deposits of mineral resources;
- expenses on development of feasibility report, business plans, agreements (contracts), concession contracts on the use of mineral deposits, etc.;
- expenses on project works as to development of deposits of mineral resources;
- expenses on follow-up exploration of the deposits of mineral resources effected by an enterprise after the comprehensive exploration simultaneously with the operational works in terms of mining allotment, which are accompanied with a build-up of the mineral resources or transfer of the deposits to the higher categories of exploration (including drilling, mining works, etc).
The above said group shall not include the following expenses related to prospecting/follow-up exploration and installation of any deposits of mineral resources:

any expenses on purchase of licenses and other special permissions of the state agencies on conducting business activity (including expenses on registration, documentation of the mining allotment, etc.);

expenses on the geological research, performed and financed (in the past and current period) at the expense of the state budget;

expenses on prospecting/follow-up exploration of the deposits of mineral resources, effected at the expense of an enterprise, which did not lead to revelation or build-up of additional amounts of the book reserve or increase of degree of their exploit (category), including if respective works were stopped due to their economical unsoundness;

expenses of mining enterprises on the operational research with the aim to make the borders of the mineral resources deposits more precise, as well as their quality and mining and technical conditions of development (without the build-up of the deposits of mineral resources and change of their category by the degree their exploration);

expenses on maintenance of the fixed assets (including geological exploration units, organizations) which are in a preservation.

148.3. Assessment of the book value of expenses related to extraction of mineral resources shall be performed separately for each deposit (open pit, mine, well). The procedure of such assessment shall be determined by the central executive authority on securing the state policy implementation in the oil and gas complex, under coordination of the Ministry of Finance of Ukraine.

148.4. Amount of depreciation charges for the reporting period of the mineral resources extraction object of noncurrent assets (excluding wells used for the development of oil and gas fields) shall be calculated by the following formula:

\[ S(a) = B(a) \times O(a) : O(z), \]

where \( S(a) \) is the amount of depreciation charges over the reporting period;

\( B(a) \) is the book value of the mineral resources extraction object of noncurrent assets at the beginning of the reporting period, which equals to the book value of the mineral resources extraction object of noncurrent assets at the beginning of the period preceding the said reporting period, increased by the amount of expenses for prospecting/follow-up exploration, and arrangement of deposits of mineral resources, incurred during the preceding period;

\( O(a) \) is volume (in natural units) of the mineral resources, factually extracted during the reporting period;
O(z) is total calculated volume (in natural units) of the extraction of mineral resources at the relevant deposits, which is determined according to the methods approved by the Cabinet of Ministers of Ukraine.

Taxable persons of all ownership forms shall have the right to use the annual revaluation of the book value of mineral resources extraction object of noncurrent assets by a coefficient of indexation, which is determined according to the following formula:

\[ K_i = \left[ I(a-1) - 10 \right] : 100, \]

where \( I(a-1) \) is the annual inflation rate of the year, which is being subjected to the indexation.

If the value of \( K_i \) does not exceed one, the indexation shall not be performed.

148.5. Depreciation standards for wells used for the development of oil and gas fields shall be determined as percentage of their book value in the following amount (per year):

1st year of the operation – 10 per cent;
2nd year of the operation – 18 per cent;
3rd year of the operation – 14 per cent;
4th year of the operation – 12 per cent;
5th year of the operation – 9 per cent;
6th year of the operation – 7 per cent;
7th year of the operation – 7 per cent;
8th year of the operation – 7 per cent;
9th year of the operation – 7 per cent;
10th year of the operation – 6 per cent;
11th year of the operation – 3 per cent.

Taxable persons shall have the right to include to the expenses during the reporting year any expenses related to performance of reconstruction, modernisation, and other improvements of wells, which are used for development of oil and gas fields, in the amount not exceeding 10 per cent of the book value of a separate well.

Expenses exceeding the said amount shall be included in the relevant group of fixed assets as an individual object, subject to depreciation under the norms stipulated by this item.

148.6. In case when activity related to prospecting/follow-up exploration of deposits of mineral resources has not resulted in the discovery thereof or if a taxable
person makes a decision on the inexpedience of further prospecting or development of the said deposits due to the economic inexpedience thereof, it shall be allowed to include such expenses for the said prospecting/follow-up exploration, or the development in the production expenses of such taxable person for the reporting tax period, excluding the expenses referred earlier to the expenses according to the item 138.10 of the Article 138 of this Code. At that, the book value of such a group of expenses related to extraction of mineral resources shall be considered equal to zero.

**Article 149. Tax Base**

149.1. For the purpose of this Section, the tax base shall be defined as a monetary reflection of the profit as the tax object, defined according to the Article 134 of this Code, taking into account the provisions of the Articles 135 – 137 and 138 – 143 of this Code.

**Article 150. Procedure of Accounting for Negative Value of the Object of Taxation in Results of Future tax Periods**

150.1. If an object of taxation of a resident taxable person is a negative value as a result of a tax year, the amount of such negative value shall be subject to the inclusion in the expenses of the first calendar quarter of the following tax year. Calculation of an object of taxation as a result of six months, three quarters, and a year shall be performed taking into account the said negative value in the previous year included in the expenses of the said tax periods on the basis of cumulative totals until complete repayment of such a negative value.

The negative value as a result of the calculation of the taxation object incurred from the exercise of patentable activities entities, shall not be taken into account for the purposes of part one of this items and shall be reimbursed at the expense of the income received in the future tax periods from such activities.

150.2. A state tax service agency may not reject a tax return containing the negative value as a result of the calculation of the taxation object on the grounds of the mere availability of such a negative value.

150.3. If a taxable person declares a negative value as a result of the calculation of the taxation object for four consecutive tax periods, a state tax service agency shall have the right to carry out an off-schedule inspection of the correctness of determining the taxation object. In other cases the availability of such a negative value shall not be a sufficient ground for performing the said off-schedule inspection.

**Article 151. Tax Rates**

151.1. The main tax rate shall be 16 per cent.
The provisions of above item shall be used taking into account the item 10 of the Section XX "Transitional Provisions" of this Code.

151.2. At the rate of 0 per cent of the income received by legal entities from insurance activities in cases defined by the item 156.2 of the Article 156 of this Code.

151.3. At the rates of 0, 4, 6, 12, 15 and 20 per cent from income received by non-residents and entities with the equivalent status from the source in Ukraine, as defined by Article 160 of this Code.

**Article 152. Tax Calculation Procedure**

152.1. The tax shall be calculated by the taxable persons on their own at the rate specified in item 151.1 of the Article 151 of this Code from the tax base defined according to the Article 149 of this Code. Tax received from activities subject to patenting as specified in Section XII of this Code, shall be paid to budget in the amount calculated in accordance with this Section reduced by the value of purchased trade patents for such activities.

152.2. Taxable persons, involved in the activities subject to patenting shall, in accordance with the Section XVII of the present Code, make separate profit tax calculations for every individual type of such activity and shall separately calculate the tax for other activities. To comply with the above stipulation, such taxable persons shall maintain separate accounting for the income received through conducting activities subject to patenting as well as for the expenses incurred due to carrying out such activities, taking account of the negative value as a result of the calculation of the taxation object.

152.3. Income and expenses shall be accrued from the moment of their occurrence as established by the rules contained in this Section, irrespective of the date when such fund were paid or received, unless otherwise provided for by the provisions of this Section.

152.4. Procedure of tax accrual in cases of branches without legal entity status, such branches being part of the legal entity that is a taxable person.

A taxable person that has separated units located on the territory of other territorial community can adopt the decision as to the payment of consolidated tax and pay taxes to the budgets of the territorial communities, where such separated units are located, as well as to the budget of territorial community of its own location, calculated according to the norms of this Section and decreased by the amount of tax paid to the budgets of the territorial communities where its separated units are located.

The profit tax of the separated units for the respective reporting (tax) period shall be calculated on the basis of the total amount of tax accrued by the taxable
person, divided proportionally to the ratio of the expenses of the separated units of such taxable person in the total amount of expenses of such taxable person.

The choice of the income tax payment procedure, defined by this sub-item, shall be made by the taxable person till the 1\textsuperscript{st} July of the year preceding to the reporting one, about which the tax agencies at the location of such taxable person and its branches (separated units) shall be informed.

The income tax payment procedure is not allowed to be changed during the reporting year. At that, the separated units shall provide the tax agency at its location with calculation of the consolidated tax paying liability, the form of which shall be established by the central tax agency of Ukraine, basing on the provisions of this item. Decision as to the payment of the consolidated tax shall imply to the separated units founded by such taxable person any time after such declaration.

If as of the 1\textsuperscript{st} January of the reporting period the taxable person had no separated units, but had founded such unit (units) any time during such reporting year, such taxable person shall be entitled to adopt the decision as to the payment of consolidated tax in such reporting year. The taxable person shall inform the tax agencies concerning the adoption of such decision during 20 days from the moment of its adoption. In case of adoption of such decision by the taxable person, the tax payment procedure shall be applied before the change of such decision by the taxable person and does not require annual confirmation.

The taxable person having the separated units shall bear responsibility for the timely and absolute payment of the tax amounts to the budget of the territorial community at the location of its separated units.

If the taxable person that adopted the decision to pay consolidated tax makes advance tax installment according to the sub-item 153.3.2 of the item 153.3 of the Article 153 of this Code, than such advance installment shall be made at location place of such legal entity and its separated units proportionally to the ratio of amount of separated units’ expenses, which are taken into account in calculation of the object of taxation according to this Section, in the total amount of such expenses of such taxable person defined in presented by him last tax report.

152.5. The tax due to be paid to the budget by the taxable persons involved in insurance business, shall be calculated according to the procedure laid out in the Article 156 of this Code.
152.6. Not-for-profit organisations mentioned in the item 157.1 of the Article 157 of this Code shall pay the tax on the profit resulting from their non-core activities subject to provisions of the Article 157 of this Code.

152.7. Non-residents shall on the annual basis obtain a tax confirmation from the tax agency in the Ukrainian language.

152.8. The liability for completeness and timeliness of the transfer to the budget of the taxes mentioned in item the 153.3 of the Article 153, in the items 156.1 and 156.2 of the Article 156, in the Article 160 of this Code shall rest with the taxable persons who effect the respective payments.

152.9. For the purposes of this Section the following tax periods shall be used: calendar quarter, half-year, three quarters, and a year.

152.9.1. tax reporting period shall begin on the first calendar day of the tax period and shall end on the last calendar day of the tax period, except for:

the agricultural producers mentioned in the Article 155 of the current Section, for whom annual tax period begins on 1st July of the current reporting year and ends on 30th June of the next reporting year;

152.9.2. In cases when a person is registered with the tax agency as a payer of this tax in the middle of a tax period, then the first tax period shall begin with the date of beginning of such accounting and shall end on the last calendar day of the next tax period.

152.9.3. If a taxable person is liquidated (including before the first reporting tax period is over), the last tax period shall be the period of the date when such liquidation has occurred;

152.9.4. For the producers of agricultural products registered as the payers of fixed agricultural tax the norms of sub-item 152.9.1 of the current item shall not apply as regards definition of tax period for agricultural producers.

152.10. If the taxable person makes a decision to devalue/appreciate assets in accordance with accounting rules, then such devaluation/appreciation shall not change the book value of assets for taxation purposes or the income or the expenses of such a taxable person related to the acquisition of such assets.

152.11. The taxable persons the income (profit) of which is in full or partially exempted from this tax liability, and those, conducting the patentable activity, shall keep separate accounts of revenues (profit) exempt from taxation according to the norms of this Code, or of the income received from the patentable activity. Thereat:

expenses of such taxable persons receiving the income (profit) subject to taxation shall not include the expenses incurred in connection with obtaining of such exempted revenues;

the amount of depreciation charges accrued for the respective fixed assets which are used for generating such exempt revenues (profit), shall not be accounted
for as the expenses incurred in connection with receiving revenues (profit) that are not exempt from taxation.

If the fixed assets are used to receive both exempt income (profit) and other incomes (profits) subject to taxation under this section on a generally applicable basis, the expenses of a taxable person shall be increased by a proportional share of the aggregate amount of the accrued depreciation charges that equals the ratio of the income (profit) to be included into the income under this Section on a generally applicable basis to the aggregate income (profit) including the exempt income. The same procedure shall apply to the distribution of expenses, which are connected with the activities that generate the tax exempt income (profit) as well as with other activities.

The norms of this item for the taxable persons, stipulated in the item 154.6 of the Article 154 of this Code, shall be applied taking into account the following:

amounts of funds not transferred to the budget under the 0 per cent tax rate shall be directed to re-equipment of the material and technical base, return of credits used for the above purposes and payment of the respective interests and/or refilling of own current capital;

amounts of funds not transferred to the budget under the 0 per cent tax rate shall be recognized as benefits alongside with recognition of expenses, incurred at the expense of these funds in the amount of such expenses.

If the amounts of funds not transferred to the budget under the 0 per cent tax rate are used for other agendas or are not used by the taxable person during the reporting year, the unexpended funds or amount of funds used for other agendas shall be credited to the budget in the first quarter of the next reporting year.

**Article 153. Taxation of Special Transactions**

153.1. Taxation of transactions with payments in foreign currency.

153.1.1. The income received (accrued) by a taxable person in a foreign currency in connection with the sale of commodities (performance of work, provision of services) in the part of the value thereof, which was not paid in the previous reporting tax periods, shall be converted into the domestic currency at the official exchange rate effective as of the date of recognition of such income according to this Section, and in the part of received payment, at the exchange rate effective as of the date of receipt thereof.

153.1.2. Expenses incurred/accrued by a taxable person in a foreign currency in connection with the purchase of commodities, work, services in the reporting period shall be included in the expenses of the said reporting tax period by means of the conversion into the domestic currency of the part of the value thereof not previously paid at the official domestic currency exchange rate effective as of the date of
recognition of such expenses according to this Section, and in the part previously paid — at the exchange rate effective as of the date of payment.

153.1.3. Determination of exchange rate differences resulting from the recalculation of transactions in a foreign currency, debt and the foreign currency shall be performed in accordance with accounting policies (standards).

At that, profit (positive value of exchange rate differences) shall be included in the income of a taxable person and loss (negative value of exchange rate differences) shall be included in the expenses of a taxable person.

153.1.4. In case of performing transactions of sale and purchase of the foreign currency and bank metals, the income and expenses of the taxable person shall be inclusive of the positive or negative difference between the sale and the balance value of such currency, metals or the value as of the date of transaction, if it was conducted after the date of reporting balance.

In case of the acquisition of the foreign currency, the respective expenses or incomes of the reporting year shall be inclusive of the positive or negative difference between the foreign currency exchange rate versus Hryvnia, at which the foreign currency is being purchased, and the rate at which the balance value of such currency is determined.

The expenses shall also be inclusive of the expenses on the payment of the universal state pension insurance fee from the purchase-sale of non-cash foreign currency and other statutory payments related to the purchase of the foreign currency.

The term “balance value” for the purpose of this sub-item shall mean the foreign currency cost defined under the official national currency rate versus foreign currency, as of the date of the reporting balance.

The term “foreign currency value as of the date of transaction” for the purpose of this sub-item shall mean the value of foreign currency defined by the official national currency exchange rate versus foreign currency as of the date of transaction.

153.1.5. Registration of transactions of sale or purchase of foreign currency and bank metals performed on instruction and at the expense of clients of banks shall be performed separately from registration of transactions of sale or purchase of foreign currency and bank metals performed by decision of bank at the expense of other (own) sources.

Amounts of commissions (brokerage) and other similar types of remuneration received (accrued) by a bank in relation to performance of transactions of sale or purchase of foreign currency and bank metals on instruction and at the expense of clients during the reporting period shall be included in the income of a bank, and expenses of a bank incurred (accrued) in relation to performance of such transactions during the reporting period shall be included into the expenses of a bank.
Incomes or expenses from transactions of sale or purchase of foreign currency and bank metals performed by decision of bank shall be defined by the banks according to accounting regulations established by the National Bank of Ukraine.

153.1.6. Foreign currency received by a taxable person to a separate special bank account in the form of the humanitarian or international technical assistance shall be disregarded in the process of conversion into the domestic currency for the purposes of taxation.

153.1.7. For the purpose of taxation, the incomes and expenses, determined by this Article, shall not include the incomes and expenses in form of positive or negative currency exchange differences obtained from recalculation of the insurance funds under the long-term life insurance contracts and the assets that present the insurance funds under the long-term life insurance contracts in cases when such insurance funds and/or the assets are formed in the foreign currency.

153.2. Taxation of transactions with related parties.

153.2.1. The income received by a taxable person from the sale of commodities (performance of work, provision services) to the related parties shall be determined according to the contractual prices but not less than regular prices of such commodities, work, services, effective as of the date of such sale, in case when the contractual price of such commodities (works, services) differs from the regular price thereof more than on 20 per cent.

153.2.2. The expenses incurred by a taxable person in relation to purchase of commodities (work, services) from a related party shall be determined on the basis of the contractual prices but not exceeding regular prices effective as of the date of such purchase, in case when the contractual price of such commodities (works, services) differs from the regular price thereof more than on 20 per cent.

153.2.3. Provisions of sub-items 10.2.1 and 10.2.2 of this item shall also apply to transactions with the following parties:

- non-payers of this tax;
- payers of the tax at rates other than the taxable person.

153.2.4. Expenses of a taxable person incurred in the form of interest on deposits and credits (financial leasing transactions), loans and other civil-law contracts with parties related to a taxable person shall be determined on the basis of the rates, specified in the contract but not exceeding the regular interest rate on a deposit, credit (loan) as of the date of conclusion of the respective contracts.

153.2.5. Income of a taxable person received in the form of interest on deposits and credits (financial leasing transactions), loans and other civil-law contracts with parties related to a taxable person, shall be determined on the basis of the interest specified in the contract but not less than the regular interest on a credit (loan) as of the date of conclusion of the respective contract.
153.2.6. Expenses for payment of emoluments or other types of rewards to individuals related to a taxable person shall not be included in the expenses unless confirmed by the documents verifying that such payment was registered as compensation for the factually provided service (hours worked). Should the said documents be provided, the factual amount of payment shall be included in the expenses but not exceeding the amount determined on the basis of regular prices.

The expenses incurred in connection with the sale/exchange of commodities, performance of work, provision of services to the parties related to such a taxable person or in case of transactions with the customer-provided raw materials shall be recognised in the amount not exceeding the income obtained from the said sale/exchange.

153.3. Taxation of dividends.

153.3.1. In case of making a decision on the payment of dividends, the issuer of corporate rights on which the dividends are accrued shall perform the said payments to a holder of such corporate rights regardless whether the taxable profit calculated according to the rules of the Article 152 of this Code or not.

153.3.2. Except for cases covered by sub-item 153.3.5 of this item, the issuer of corporate rights making a decision on the payment of dividends to its shareholders (owners) shall accrue and pay to the budget an advance contribution of the tax in the amount of the tax rate specified in item 151.1 of Article 151 of this Code accrued on the amount of the actually paid dividend amount without reducing the said payment by the amount of such a tax. The said advance contribution shall be paid to the budget before / or at the time of the payment of dividends.

If dividends are paid in the form different from the monetary form (excluding cases covered by sub-item 153.3.5 of this item) the value of such payment calculated in accordance with regular prices shall be the basis for the accrual of the advance contribution in accordance with paragraph one of this item.

The duty to accrue and pay an advance contribution of the said tax in accordance with the rate determined by item 151.1 of the Article 151 of this Code shall be laid upon any resident issuer of corporate rights regardless of whether such an issuer or the recipient of dividends is a payer of the tax or enjoys the tax breaks provided for by this Code or in the form of the use of a tax rate different from the rate specified in item 151.1 of the Article 151 of this Code (except for payers of the said tax subject to sub-item 156.1 of the Article 156 of this Code). The duty to accrue and pay the advance contribution of this tax shall not cover the business entities payers of the fixed agricultural tax under Section XIV of this Code.

This rule shall also apply to state-owned non-corporate, government-owned or community-owned enterprises crediting dividends to the state or local budget in the amount determined by the state or local executive agency governing the said enterprise respectively.
At that, if any payment made by any party is referred to as the dividend, such a payment shall be subject to taxation upon its payment in accordance with provisions determined in the paragraphs one, two, and three of this item regardless of whether such a party is a payer of the tax or not.

153.3.3. A taxable person being an issuer of corporate rights, state-owned non-corporate, government-owned, or community-owned enterprise shall reduce the amount of the accrued tax for the reporting period by the amount of the advance contribution previously paid during such reporting period in connection with the accrual of dividends in accordance with sub-item 153.3.2 of this item. Performance of the said netting-off shall not be allowed in relation to the tax stipulated by the item 156.1 of the Article 156 of this Code.

153.3.4. If the advance contribution previously paid during the reporting period exceeds the amount of tax liability of an enterprise - an issuer of corporate rights on the profit tax of such reporting period, such exceeding amount shall be transferred to decrease of tax liability of the next tax period, and in case of the negative value of the object of taxation for such next period – to decrease of the tax liabilities of the next tax periods.

153.3.5. Advance contribution stipulated by sub-item 153.3.2 of this item shall not be charged in case of paying dividends:

a) to the physical persons;

b) in the form of shares (interests, units) issued by a taxable person, provided that the said accrual does not change proportions (interests) of all shareholders (owners) in the authorised fund of the issuer regardless of whether such shares (interests, units) have been properly registered (reflected in the amendments to the statutory documents);

c) by the institutions of joint investment;

d) to the benefit of the owner of corporate rights of a parent company paid within the limits of the amounts of profit of the said parent company received in the form of dividends from other parties. If the amount of dividends paid to the benefit of owners of corporate rights of the parent company exceeds the amount of dividends received by the said parent company, then dividends paid within the limits of such a surplus shall be taxed according to the rules of sub-item 153.3.2 of this item. For taxation purposes, a parent company shall keep separate accounts on the basis of cumulative totals for dividends received thereby from other parties and dividends paid to the benefit of owners of corporate rights of the said parent company and shall reflect such dividends in tax accounts according to the procedure established by the central tax agency;

e) by the disposer of real estate activity fund in the course of making payments to the owners of the fund certificates due to distribution of profit of the real estate activity fund.
153.3.6. Resident legal entities receiving dividends shall not include the amount thereof into the income (except for permanent representative offices of non-residents).

If dividends are received by a resident taxable person from a non-resident source of the payment thereof (except for the dividends received from the legal entities being under its control, in accordance with sub-item 14.1.59 of the item 14.1 of the Article 14 of the Section I of this Code, and are non-residents having and offshore status), a taxable person shall include the amount of the said dividends in the income as a result of the tax period of the receipt of such dividends.

Procedure of taxation of dividends received by individuals shall be determined according to the rules specified by section IV of this Code.

153.3.7. Payment of dividends to the benefit of individuals (including non-residents) on shares or other corporate rights, which have the preference status or other status providing for the payment of a fixed amount of dividends or an amount which is larger than the amount calculated per any other share (corporate right) issued by the said taxable person, shall be for taxation purposes deemed equal to the payment of the salary with the appropriate taxation and the inclusion of the amounts of payments in the expenses of a taxable person.

At that, the said payment shall not be subject to taxation as dividend in accordance with provisions of section IV of this Code.

153.3.8. Advance tax contribution paid in relation to the accrual/payment of dividends shall be considered an integral part of the profit tax and may not be treated as the tax charged during the repatriation of the dividends (payment thereof to the benefit of non-residents) in accordance with provisions of the Article 160 of this Code or current international treaties of Ukraine.

153.4. Taxation of transactions with debt claims and liabilities.

153.4.1. Taking account of the specific features specified by this section, the funds and property raised by a taxable person in connection with the following shall not be included in the income and shall not be subject to taxation:

- receipt by a taxable person of principal amount of financial credits, including subordinate debt, loans from other creditors and repayment of the principal amount of financial credits, loans provided by a taxable person to other debtors, receipt of a part of the consolidated mortgage debt by owners of the mortgage participation certificates, and replacement of one part of consolidated mortgage debt with another;

- attraction by a taxable person of funds or property to the trust management, the principal amount of deposit (loan) including by means of the issue of savings certificates (certificates of deposit) (fixed-income mortgage certificates), or to other termed or trust accounts, including the issue of bonds, the return to the taxable person of funds and property from the trust management, and of the principal amount of deposit including redemption (purchase) of savings certificates (certificates of
deposit) (fixed-income mortgage certificates), or other termed or trust accounts opened by other individuals to the benefit of the said taxable person, redemption of bonds;

attraction by a taxable person of the property on the ground of a contract of concession, commission, consignment, trust management, custody, or in accordance with other contracts governed by the civil law that do not envisage the transfer of the ownership of the said property taking into account provisions of item 153.7 of this Article;

receipt by a taxable person of returnable target loan from the Fund of Social Protection of Disabled Persons. At that, the incomes of such taxable person shall not increase on amount of notionally accrued interests and the tax liability of the Fund of Social Protection of Disabled Persons shall not change while giving or receiving it back.

153.4.2. Taking account of the specific features determined by this Section, the funds or property provided by a taxable person in relation to the following shall not be included in the expenses:

repayment by a taxable person of the principal amount of a credit including subordinated debt, loan, a part of consolidated mortgage debt at redemption of the mortgage participation certificate but not exceeding the amount paid for the purchase of the said certificate to other creditors, percentage rate, and with provision of principal credit amount to other debtors, repurchase (replacement) of a part of the consolidated mortgage debt with another in accordance with law;

return by a taxable person of funds or property from the trust management, principal amount of deposits, including received by means of the issue of savings certificates (certificates of deposit), fixed-income mortgage certificates, or funds from other termed or trust accounts, redemption (purchase) of bonds and placement by the taxable person of fund and property to the trust management, principal deposit amount, including by means of the purchase of savings certificates (certificates of deposit), fixed-income mortgage certificates, or other termed or trust accounts opened by other individuals to the benefit of the said taxable person, the purchase of bonds;

provision by a taxable person of property on the ground of a contract of concession, commission, consignment, trust management, custody, or in accordance with other contracts governed by the civil law that do not envisage the transfer of the ownership of the said property to another individual, taking into account provisions of item 153.7 of this Article.

The term “principal amount” shall mean the amount of the provided credit or deposit (termed, trust accounts) excluding the interest, fixed payments, premiums, prizes, the amount of the consolidated housing mortgage debt in the part equal to the cost of liability;
Return by a taxable person of the principal amount of target returnable loan to the Fund of Social Protection of Disabled Persons.

153.4.3. The amounts of interest on debt securities issued by a taxable person shall be included in the expenses thereof for the tax period during which the payment of the said interest was made or had to be made.

In case of the placement of debt securities above/below par by the taxable person, the profit/loss from the placement thereof shall be included into its income/expenses of the tax period, during which the said securities have been redeemed/bought-out.

Taxable person performing trust transactions with funds of a principal shall include in the profits withheld (received) reward.

153.5. Taxation of transactions of the cession of the right of debt claim.

With the purpose of taxation, the taxable person shall keep accounting of financial results of transactions of sale (transfer) or purchase of the right of claim of liabilities in monetary form for delivered goods, performed works or provided services of the third party, financial credit liabilities and other liabilities under the contracts governed by civil law.

In case of the first cession of liability, the expenses incurred by the taxable person being the first lender shall be determined in the amount of the contractual value of commodities, work, services, under which the debt has come into existence, under financial credits - in amount of debt according to accounting data as of the date of such cession in accordance with the requirements of this Code, and under other contracts governed by civil law – in amount of actual debt that is subject to cession. The income shall be inclusive of the amount of funds or the value of other assets received by the taxable person being the first lender from such a cession, as well as the amount of the debt being repaid, if such debt was included into the expenses according to the requirements of this Law.

If the income received by the taxable person from the following cession of the right of liability claim of the third party (debtor) or execution of the claim by debtor, exceed the expenses of such taxable person for the purchase of the right of liability claim of the third party (debtor), the received income shall be included to the profit of the taxable person.

If the expenses incurred by the taxable person for the purchase of the right of liability claim of the third party (debtor) exceed the income received by such taxable person from the following cession of the right of liability claim of the third party (debtor) or from execution of the claim by the debtor, such negative value shall not be included to the expenses or to reduce the income received from fulfilment of other transactions of sale (transfer) or purchase of the right of liability claim in the monetary form for the delivered goods or provided services of the third party.
153.6. In case of the alienation of the property pledged for the purposes of securing the full amount of the debt claim, expenses and income of the pledger and the pledgee shall be determined as follows:

alienation of the pledge object for the pledger shall be deemed equal to the sale of the said object during the tax period of such alienation;

if, in accordance with conditions of the contract or law, the object of pledge is alienated into the ownership of the pledgee by way of the repayment of the debt liabilities, such alienation shall be deemed equal to the purchase by the pledgee of the said pledge object during the tax period of such alienation;

shall the creditor sell the pledge object to third parties in the future, his income or expenses shall be determined under the generally applicable procedure;

at that the sale/purchase price shall be determined under the rules established by the respective laws regulating the relationships of pledge (mortgage).

if, in accordance with the conditions of the contract or law, the object of pledge is to be sold from the auction (public sale) for the purposes of repayment of the debt liabilities, the income and expenses of the pledgee shall be determined in the order determined by sub-item 159.3.4 of item 159 of the Article 159 of this Code and by the respective laws regulating the relationships of pledge (mortgage).

The procedure of provision and repayment of the debt liabilities secured with the pledge, shall be determined by the respective law.

153.7. Taxation of the transactions of lease (rent) shall be performed according to the following procedure:

conveyance of the property in the operational leasing (rent) shall not change the debt liabilities of the lessor and the lessee. At that, the lessor shall increase the amount of the income, and the lessee shall increase the amount of expenses by the amount of accrued lease payment in accordance with the results of the tax period when such accrual takes place. The same procedure shall be applied to taxation of transactions of the rent of land and housing facilities;

conveyance of the property in the financial leasing (rent) shall be deemed equal to its sale at the moment of the said conveyance for the purposes of taxation. At that, the lessor shall increase the income, and in case of the conveyance in the financial leasing of the property, which at the moment of such conveyance formed a part of fixed assets of the lessor, shall consider the book value of the respective object of fixed assets equal to zero in accordance with the rules of Article 146 of this Code for the sale thereof, and the lessee shall include the value of the object of financial leasing (excluding the interest accrued or such that will be accrued in accordance with the contract) to the fixed assets for the purpose of depreciation in accordance with the results of the tax period when such conveyance takes place.
When accruing the lease payment the lessor shall increase the income and the lessee shall increase the expenses by the part of the lease payment equal to the amount of the interest or commissions accrued on the value of the object of financial leasing (excluding the part of the lease payment made as the compensation of a part of the value of the object of financial leasing), in accordance with the results of the tax period when such accrual takes place.

In case when during the future tax periods the lessee returns the object of financial leasing to the lessor without acquiring the said object into the ownership, such conveyance shall be deemed equal to the reverse sale of such object by the lessee to the lessor at the price, determined on the level of the lease payments in the part of compensation of the value of the object of financial leasing remaining unpaid as of the date of such return.

In case when the value of the object of financial leasing put in operation for the first time or repeatedly is determined by the contract in the amount less than the expenses for the purchase or construction thereof, a state tax agency shall have the right to perform an off-schedule inspection to determine of the level of regular price;

conveyance of the housing fund or land to rent shall be performed in accordance with the procedures of the operational leasing;

transition of property right on the object of lease from the lessor (proprietor) to other person (new proprietor) preserving the respective rights and liabilities of the lessor under the financial leasing contract shall not change the tax liabilities of the lessor, lessee and new proprietor, formed before the moment of transfer to the ownership of such property (leasing object) to other person (new proprietor).

Transfer of accommodation to lease with the buy-out shall be reflected in the accounting taking into account the specifics established in the Section XX “Transitional Provisions” of this Code.

153.8. Taxation of transactions of the trade in securities, derivatives and other corporate rights.

For the purpose of this sub-section the term “income” shall be understood as the amount of funds or cost of property received (accrued) by the taxable person from sale, exchange or other alienation of securities, derivatives and other corporate rights, as well as the cost of any material values or intangible assets being transferred to the taxable person under such sale, exchange or alienation. The incomes shall also include any amount of debt of the taxable person which is being settled due to such sale, exchange or alienation.

The term “expenses” shall be understood as the amount of funds or cost of property paid (accrued) by the taxable person to the seller (including the issuer, except when purchased after a primary placement), securities, derivatives and other corporate rights as a compensation of the cost thereof. The expenses shall also include any amount of debt of the purchaser, resulting from such purchase.
The taxable person shall keep separate accounting of financial results from the transactions with securities, derivatives and other corporate rights. At that, the transactions in shares shall be accounted together with the other than securities corporate rights.

If the expenses incurred (accrued) by the taxable person for the purchase of each type of securities, derivatives and other corporate rights during the reporting period exceed the income, received (accrued) from the sale (alienation) of securities, derivatives or other corporate rights of the same kind during such reporting period, the negative financial result shall be transferred for reduction of financial results from the transactions with securities, derivatives and other corporate rights of the same kind of the following reporting periods according to the procedure determined in the Article 150 of this Section.

If during the reporting period the income from sale of each separate kind of securities, derivatives and other corporate rights received (accrued) by the taxable person, exceeds the expenses incurred (accrued) by the taxable person from the purchase of securities, derivatives and other corporate rights of the same kind during such reporting period (including the negative financial result from the purchase of securities, derivatives and other corporate rights of the same kind over the past periods), the profit shall be inclusive of the income of such taxable person according to the results of such reporting period.

All other expenses and profits of the taxable person, except for the expenses and profits from transactions with securities, derivatives and other corporate rights, determined by this sub-item, shall be included in definition of the object of taxation of such taxable person under general conditions established by this Code.

153.9. Provisions of the item 153.8 of the Article 153 of this Code shall not apply to transactions with the placement of corporate rights or other securities, as well as by-back or settlement thereof performed by the taxable person - the issuer.

Provisions of the item 153.8 of the article 153 of this Code shall also apply to determining the balance sheet losses or profits received by a taxable person from transactions with corporate rights denominated in the form other than securities.

Transactions with the conversion of securities shall not be subject to taxation.

153.10. Income and expenses from commodity-exchange (barter) transactions shall be determined based on the contractual price of such a transaction but not below (above) the regular price.

153.11. The tax under this section shall not be charged from the amount of the excess of the income over expenses related to the issue and organisation of state lotteries.

153.12. The profit received by a taxable person under a product sharing agreement shall be taxed subject to specific features specified by the Section XVIII of this Code.
153.13. Peculiarities of taxation of activities under the property trust contracts.

153.13.1. Taxable person that received property under the trust agreement (the trustee) shall keep accounting of profits and losses, separately from his own, broken down by each trust contract.

153.13.2. To the profits in the separate accounting shall belong the incomes from the property management received in any form.

153.13.3. To the expenses in the separate accounting shall belong all expenses, defined as expenses by the Articles 138 – 143 of this Code, including the trustee fee.

For the purpose of this item, in the separate accounting, depreciation of the fixed assets received in trust management shall be based on the balance value at the moment of the transfer.

153.13.4. The income from the each trust contract is subject to taxation on a common basis and the tax is to be paid to the budget by the trustee.

153.13.5. The profit can be paid to the trustor only after taxation of the profit according to the sub-item 153.13.4 of this item.

153.13.6. Amount of the received profit shall not be included to the income of the trustor and to the expenses of the trustee of the property.

153.13.7. The amount of withheld (paid) reward for the property management shall be included to the income of the trustee from the personal activity.

153.13.8. For taxation purpose under this item, business relationships of the trust contract parties shall be equal to the relationships under the separate contracts governed by the civil law.

153.13.9. The accountability reporting forms as to the results of activity held under the trust contracts shall be established by the central tax agency.

153.13.10. The provisions of this item shall not apply to the operations of management of the assets of joint investment institutions.

153.14. Taxation of joint business on the territory of Ukraine without setting up a legal entity.

153.14.1. The joint business without setting up a legal entity shall be carried out under the joint business contract.

153.14.2. Accounting of the results of joint business shall be kept by the taxable person authorized by the other parties according to the contract’s provisions, separately from the accounting of the results of business of such taxable person.

153.14.3. Payment (accrual) of the part of income received by the participants of joint business is subject to taxation under the rate established by the item 151.1 of the Article 151 of this Code by the person authorized to keep accounting before/or during such payment.
153.14.4. If during the reporting period the expenses of joint business exceed its incomes, such losses shall be transferred to reduce the incomes of the future reporting periods of such joint business according to the timing established by this Code.

153.14.5. For the purpose of taxation the business relationships between the participants of joint business shall be equal to the relationships under the separate contracts governed by the civil law.

153.14.6. The procedure of accounting and reporting of joint business results shall be established by the central tax agency based on the provisions of this Code.

153.15. Peculiarities of taxation during reorganisation of legal entities.

153.15.1. The amounts of money, debt claims, value of tangible and intangible assets received from the legal entity ceasing due to reorganization shall not be included to the incomes of the taxable person – its legal successor.

The book value of the fixed capital and intangible assets of ceasing legal entity shall be included to the book value of the respective groups of fixed capital and intangible assets of the taxable person – the legal successor as of the date of transfer certificate and is subject to depreciation according to the established by provisions of this Code procedure.

The cost of inventories registered in accounting of the ceasing legal entity shall be included to the cost of inventories of the legal successor as of the date of transfer certificate.

If defined by this Section date of increase of expenses, incurred (accrued) by ceasing legal entity, does not come till the moment of the transfer certificate ratification, such expenses shall be included to accounting of a taxable person – the legal successor. Such taxable person – the legal successor shall acquire the right to increase the expenses according to the generally applicable procedure defined in this Section. This rule shall also be applied to:

- to the amount of expenses, accounted according to this Section and the special procedure (expenses on the purchase of securities, derivatives, etc.), which are not attributed to reduction of the incomes of the taxable person till the moment of the transfer certificate ratification;

- to the amount of income, received (accrued) by ceasing taxable person but not included to the income till the moment of the transfer certificate ratification.

The negative value of the object of taxation of the reporting period, being accounted by ceasing taxable person as of the date of the transfer certificate, shall be included into the expenses of the taxable person – the legal successor. The above provision shall also be applied to the amount of negative value, being accounted under the special procedure according to this Section, of the ceasing taxable person (negative value from transactions with securities, derivatives, rights of claim, etc.).
Provisions of the eighth paragraph of this item shall not be applied if the ceasing taxable person (persons) and the taxable person – the legal successor were connected parties for less than eighteen subsequent months before the date of joining.

The list of expenses (incomes), provided by this sub-item, and their evaluation shall be determined according to the accounting data and documents of ceasing legal entity as of the date of the transfer certificate.

153.15.2. In case of reorganization in the form of merger, joining, transformation of the legal entity, that involves the exchange of shares (corporate rights) in the ceasing legal entity for the shares (corporate rights) in the legal entity – the legal successor, the cost of shares (corporate rights) of the legal entity – the legal successor in the accounting of the shareholder (participant) shall be defined in the amount of the cost of shares (corporate rights) of the legal entity which was canceled (stopped) due to reorganization.

In case of reorganization in form of division (allocation), that provides division of shares (corporate rights) between the shareholders (participants) of the legal entities, resulting from reorganization, the cost of such shares (corporate rights) in the accounting of shareholders (participants) shall be defined in the amount equal to the cost of part of shares (corporate rights) in the legal entity being reorganized proportional to the cost of net assets of the legal entity, formed as a result of reorganization, and the total cost of net assets of the legal entity that was reorganized. The cost of net assets of the legal entities, mentioned in this paragraph, shall be defined according to the data of the distributive balance as of the date of its ratification.

**Article 154. Tax Exemption**

154.1. The profit of enterprises and organisations founded by the public organisations of the disabled people and are in the absolute ownership thereof received from the sale (supply) of commodities, performance of work and provision of services, excluding commodities subject to excise tax, services of supplying with commodities subject to excise tax received within the limits of the contracts of commission (consignation), guarantee, assignment, trust management, and other civil-law contracts, which authorise such a taxable person to perform supplying with commodities in the name and at the expense of a third party without the transfer of the right of ownership on such commodities, where during the previous reporting (tax) period the number of disabled individuals, for whom such an enterprise is the place of primary employment, is not less than 50 per cent of the average registered staffing level of the registered staff for the year on the condition that the labour remuneration fund of the said disabled persons is not less than 25 per cent of the total remuneration expenses during the reporting period shall be exempted from taxation.
The said enterprises and organisations the public organisations of the disabled people shall have the right to use this break under the condition of availability of the permit for the use of the said break, issued by the Commission on issues of activities of enterprises and organisations the public organisations of the disabled people in accordance with the Law of Ukraine "On Fundamentals of the Social Protection of Disabled People in Ukraine".

In case of violation of requirements as to the proper use of exempted from taxation funds, the taxable person shall increase tax liability of this tax according to the results of the tax period during which such violation takes place, and pay the fine, accrued according to this Code.

Enterprises and organisations subject to this item shall be registered in the relevant state tax service agency in accordance with the procedure stipulated for the payers of this tax.

154.2. Profit of enterprises received from the sale of baby foods of the production thereof in the customs territory of Ukraine aimed at the increase of the volume of production and reduction of retail prices of the said products shall be exempted from taxation.

The list of baby foods shall be determined by the Cabinet of Ministers of Ukraine.

154.3. For the period of preparation to withdrawal and withdrawal from operation of the power-generating units of the Chernobyl NPP and transformation of the “Shelter” facility into an environmentally safe system, the profit of the Chernobyl NPP shall be exempted from taxation if the said funds are used for financing of the activities of preparation to withdrawal and withdrawal from operation of the power-generating units of the Chernobyl NPP and transformation of the “Shelter” facility into an environmentally safe system.

In case of violation of requirements as to the proper use of exempted from taxation funds, the taxable person shall increase tax liability of this tax according to the results of the tax period during which such violation takes place, and pay the fine, accrued according to this Code.

154.4. The profit of enterprises received at the expense of the international technical assistance or the funds provided for in the State Budget as contribution of Ukraine to the Chernobyl “Shelter” Fund for implementation of the international programme Shelter Facility Implementation Plan in accordance with provisions of the Framework Agreement between Ukraine and the European Bank for Reconstruction and Development aimed at further operation, preparation to withdrawal and withdrawal from operation of the power-generating units of the Chernobyl NPP, transformation of the “Shelter” facility into an environmentally safe system, and social protection of the personnel of the Chernobyl NPP shall be exempted from taxation.
In case of violation of requirements as to the proper use of exempted from taxation funds, the taxable person shall increase tax liability of this tax according to the results of the tax period during which such violation takes place, and pay the fine, accrued according to this Code.

154.5. The profit of the state enterprises International Children’s Center “Artek” and "Moloda Gvardia" children center received from the activity related to sanation and recreation of children shall be exempted from taxation.

154.6. For the period starting from the 1st April of 2011 till the 1st January of 2016, zero interest rate shall be applied to the income of tax payers whose income amount for each reporting tax period, having the growing result from the beginning of the year, does not exceed three millions of UAH and the accrued wage (income) of the workers, being with the taxable person in labour relations, for each month of the reporting period, is not less than two minimal salaries, established by legislation, fit with one of the following criteria:

a) established according to the legislation after the 1st April of 2011;

b) acting, whose annual income amount during three previous successive years (or during all previous years if founded less than three years ago) was declared in amount not exceeding three millions UAH and those having average accounting amount of workers during such period not more than 20 persons;

c) registered as single tax payers according to the legislation earlier than this Code came into force and those whose gains from the sale of commodity (goods, works, services) for the last calendar year did not exceed one million UAH and average accounting amount of workers did not exceed 50 persons.

At that, if the taxable persons, using the provisions of this item, reach the indices as to the income received, average accounting amount of workers or average wage thereof in any reporting period and if at least one of them does not fit with the criteria indicated in this item, than such taxable persons shall declare the income, received in such reporting period, under the rate established in the item 151.1 of the Article 151 of this Code.

The provisions of this item shall not apply to the economic agents, who:

1) founded after this Code came in t force by means of reorganization (merger, joining, division, separation, transformation), privatization and corporatization;

2) carry out:

2.1) activity in the sphere of entertainment, defined in the sub-point 14.1.16 of the point 14.1 of the Article 14 of the Section I;

2.2) production, gross sale, export and import of excisable commodities;

2.3) production, gross and retail sale of fuels and lubricants;
2.4) extraction, serial production and manufacturing of precious metals and stones, including of organogenic nature, subject to licensing according to the Law of Ukraine “On Licensing of Certain Types of Economic Activity”;

2.5) financial activity (paragraph 65 – paragraph 67 of Section J КВЕД ДК 009:2005);

2.6) currency exchange activity;

2.7) extraction and realization of the natural resources of nationwide importance;

2.8) operations with the real estate, rent (including provision on lease of market stalls on markets and/or shopping objects) (paragraph 70, 71 КВЕД ДК 009:2005);

2.9) provision of post and communication services (paragraph 64 КВЕД ДК 009:2005);

2.10) organization of biddings (auctions) with the peaces of art, collection or antiques;

2.11) provision of services in television and radio broadcasting sector in accordance with the Law of Ukraine “On Television and Radio Broadcasting”;

2.12) security services;

2.13) external economic activity (except for the activity in the sphere of informatization);

2.14) production of goods with raw materials supplied by customer;

2.15) gross sale and mediation in gross sale;

2.16) activity in the sphere of production and distribution of electric power, gas and water;

2.17) activity in the sphere of law, bookkeeping, engineering; provision of services for the entrepreneurs (paragraph 74 КВЕД ДК 009:2005).

Taxable persons, indicated in the sub-items “а”, “б”, “в” of this item, who accrue and pay off dividends to their shareholders (proprietors), shall accrue and bring into the budget advance tax payment according to the procedure established in sub-item 153.3.2 of the item 153.3 of the Article 153 of this Code and pay the income tax in the rate, established by the item 151.1 of the Article 151 of this Code, for the reporting period in which the accrual and pay off of the dividends took place.

154.7. The profit of preschool institutions and institutions of general education of non-governmental property, received from the educational services provision, shall be exempted from taxation.

154.8. The profit of power sector enterprises in terms of expenses, foreseen by the investment programmes, approved by the National Energy Regulation Commission, on the capital investments into construction (reconstruction, modernization) of intergovernmental, trunk and distributive (local) power supply
networks and/or amounts, directed to the return of credits, used for financing of the above objectives, shall be exempted from taxation.

**Article 155. Specific Feature of Taxation of Producers of Agricultural Products**

Enterprises main activity of which is agricultural production shall pay tax according to the procedure and in the amount stipulated by this section as a result of the reporting tax period.

Enterprises, whose core business is the agricultural production, shall submit a tax declaration within time frames set by law for the annual taxation period.

The amount of accrued tax shall be decreased by the amount of tax for the land used in agricultural production cycle.

For taxation purposes, the enterprises, whose core business is the agricultural production, shall be the enterprises whose income from the sale of the own agricultural production for the preceding reporting (tax) year exceeds 50 per cent of the total amount of the income.

Paragraph one of this Article shall not apply to enterprises, whose core business is the production and/or sale of decorative flower growing products, decorative plants, wild animals and birds, fish (except for the fish caught in rivers and inland water pools), fur products, alcohol and liquors, beer, wine and wine materials (except for wine materials sold for further processing), which shall be taxed in accordance with the generally applicable procedure.

**Article 156. Peculiarities of Taxation of Insurer**

156.1. The object of taxation of insurer’s activity is the income from his activity.

156.1.1. The incomes of insurer, apart from the incomes provided by the Articles 135, 136 of this Code, determined taking into account peculiarities provided by this Article, shall also include of the income from the insurance activity.

For the purpose of taxation, the income from insurance activity shall be understood as amount of insurer’s incomes accrued during the reporting period, including (but not exceptionally) in the form of:

- insurance payments, insurance contributions, insurance premiums accrued by the insurer during the reporting period in accordance with contracts of insurance, coinsurance, and reinsurance of the risks in the territory of Ukraine or beyond its borders reduced subject to requirements of this sub-item by the amount of insurance payments, insurance contributions, insurance premiums accrued by the insurer under reinsurance contracts. At that, the insurance payments, insurance contributions, insurance premiums under the coinsurance contracts shall be included to the incomes
of insurer (co-insurer) only in amount of the insurance premium thereof, provided by
the coinsurance contract;

amounts of reduction of the insurance reserves in comparison with those, formed at the end of previous reporting period, taking into account change of reinsurer’s share in the insurance reserves, formed according to the legislation;

investment income, received by the insurer from the placement of the funds of life insurance reserves;

incomes in the form of currency differences, received from conversion of the
insurance reserves, formed under insurance contracts, and the assets representing the insurance reserves under such contracts, in cases when such insurance reserves and/or the assets are formed in foreign currency;

amounts of rewards, payable to the insurer under the signed insurance, coinsurance and reinsurance contracts;

parts of insurance deposits, insurance premium and insurance payments, accrued by reinsurers under reinsurance contracts;

incomes from the enforcement of the right of resource claim of the insurer towards the insure or other person responsible for the damages;

interests accrued on the lodged premia under the risks, accepted in reinsurance;

amounts of sanctions for non-fulfillment of insurance contract provisions, defined willingly by the debtor or by the court decision;

amounts of rewards, accrued by the insurer for the services of surveyor, average commissioner and adjuster, insurance broker and agent;

return amounts of the part of insurance payments (contributions, premiums) under reinsurance contracts in case of their early termination;

rewards and tantiemes (form of reword for insurer from reinsurer) under the reinsurance contract;

rewards from provided services of the insurance agent, broker;

other incomes, received by the insurer.

For the purpose of this Article, under the term “surveyor” shall be understood a physical person or legal entity that effects the survey of the object before its admittance for insurance and after the insurance event and finds out the reason of such event.

Under the term “average commissioner” shall be understood a physical person or legal entity that finds out the reason of the insurance event, defines the damage and meets qualification requirements, provided by the legislation.

Under the term “adjuster” shall be understood a physical person or legal entity that participates in tackling the issues concerning the settlement of claims of the insurer, in view of the insurance event, effects assessment of the damage after the
insurance event takes place and defines the amount of insurance compensation subject to payment under the insurer’s obligations.

156.1.2. The expenses of insurer, except for expenses provided by the Articles 138, 139 of this Code, shall include the expenses accrued in the course of the insurance activity, provided by this item.

For the purpose of this item, to the expenses of insurer, accrued in the course of insurance activity, shall belong the following (including but not limited to) expenses:

- amounts of increase of the insurance reserves in comparison with those, formed at the end of previous reporting period, taking into account change of reinsurer’s share in the insurance reserves, formed according to the legislation;
- accrued amounts of insurance indemnities in case of insured accidents confirmed with appropriate documents according to the procedure prescribed by the legislation under insurance, coinsurance and reinsurance contracts. For the purpose of this item, to the insurance indemnities shall belong the annuity payments, pensions, rents and other payments, provided by the insurance agreement;
- acquisition expenses;
- expenses on the labour remuneration and contributions for social measures in terms of the work performed by employees in terms of the implementation (maintenance) of insurance and reinsurance contracts, the assessment of risks and losses caused to insurance objects, the development of conditions and rules of insurance, and the performance of actuary calculations;
- expenses on emoluments to insurance agents, insurance and reinsurance broker and other insurers for the provided services of the implementation (support) of insurance and reinsurance contracts;
- amounts of rewards and tantiemes under reinsurance and coinsurance contracts;
- interests accrued on the lodged premiums under the risks, transmitted to reinsurance;
- return of the part of the insurance premium (payment) and the redemption sums under the contracts of insurance, coinsurance, reinsurance in the events, provided by the legislation and/or contract terms;
- expenses in the form of currency differences, received from conversion of the insurance reserves, formed under insurance contracts, and the assets representing the insurance reserves under such contracts, in cases when such insurance reserves and/or the assets are formed in foreign currency;
- expenses on the payment for the issue of insurance licences;
- expenses on payment for the services provided by the physical persons and legal entities connected to insurance activity, including:
  - expenses on filling out and issuance of the certificates, conclusions, statistic data of the medical and preventive institutions, bodies of the Ministry of Internal
Affairs of Ukraine, specifically authorised central executive agency in charge of the ecology and natural resources, etc.;

- payment for the assistance services;
- expenses on the development of insurance terms services;
- services of the actuaries;
- medical services provided while signing the life insurance contract, if payment of such medical survey is effected by the insurer according to the insurance contract;
- detective services of the legal entities and physical persons, who have respective permits for such activity, connected to justification of insurance payments;
- expenses on the issue of the insurance certificates (policy), strict accounting forms, receipts and other similar insurance documents;
- services of the specialists (including the experts, surveyors, expert institutions, adjusters, average commissioners, lawyers) engaged to the risk assessment, definition of the insurance value and amount of insurance indemnity, assessment of the results and settlement of insurance events;
- expenses on payment for the services of organizations and institutions for tender documentation, if such tender is opened for the choice of the insurer;
- expenses on the presale and promotional events in the sphere of insurance service, provided by the insurer;
- other expenses connected to the insurance activity.

156.1.3. For the purpose of this Article, the insurance reserves shall be calculated according to the methods of forming of life insurance reserves and the rules of forming, accounting and allocation of the insurance reserves according to the types of insurance other than life insurance, determined by specifically authorised executive agency in charge of the regulation of financial services markets.

156.2. Peculiarities of definition of the income of insurer carrying out the life insurance.

156.2.1. The object of taxation from the exercise of long-term life insurance activities and pension insurance activities for the non-state pension provision purposes shall be the income from the insurance activities determined under this Article, taking into account the requirements stipulated by the item 156.1 of this Article and the sub-item 153.1.7 of the item 153.1, of the Article 153 which shall be taxed at the rate established by the item 151.2 of the Article 151 of this Code in case of the compliance with requirements for the conclusion of such contracts listed in sub-item 14.1.52 of the item 14.1 of the Article 14 of this Code.

Expenses from the exercise of long-term life insurance activities and pension insurance activities for the non-state pension provision, except for direct expenses, shall include the amounts of insurer’s expenses, exercising long-term life insurance, distributed proportionally to the specific weight of the income from long-term life
insurance and pension insurance activities for the non-state pension provision and other life insurance contracts;

Investment income received from the placement of funds under the long-term life insurance activities and pension insurance activities for the non-state pension provision.

156.2.2. If the long-term life insurance or non-state pension provision contract is terminated during first five years of its effect for any reasons, except for the case provided by third paragraph of this sub-item, before the minimum period of its validity or before the onset of the relevant insured accident as specified by this Code and other laws resulting in the partial insurance payment, the payment of the redemption amount or the full termination of liabilities of the insurer under such a contract to such a taxable person, or if other requirements of this Code for such contracts are violated, then the taxable person that has increased the expenses under provisions of item 142.2 of the Article 142 of this Code shall be required to increase its income of the relevant reporting period by the amount of such payments, premiums, contributions made earlier with the accrual of a penalty at the rate of 120 per cent of the discount rate of the National Bank of Ukraine as of the date of the emergence of the profit tax liability on the part of the insurer as a result of such an income increase based on the amount of such a tax liability to be calculated starting from the beginning of the tax period that follows the period of the first increase in expenses by the taxable person by the amount of such insurance payments under such a contract until the submission of a tax return as a result of the tax period of the fact of the said early termination or the violation of such other requirements. At that, the redemption value or its part returned to the taxable person by the insurer shall not be included in the income of the said taxable person.

The penalties for reduction of the object of taxation in cases, stipulated by this sub-item, shall not be applied to the insurer and the payer as well.

The long-term life insurance contract, under which the insurer is the employer can provide:

Change of the insurer (employer) for a new insurer, which can be the new employer or insured person, in case of discharge of the insured person.

At that, such change of insurer shall be confirmed by the three-sided contract between the insurer, new insurer and the insured party.

156.3. The taxable persons shall keep separate accounting of the incomes and expenses, related to the income exempted from taxation or subject to taxation under the rate lower than determined in the item 151.1 of the Article 151 of this Code.

Article 157. Taxation of Not-for-Profit Institutions and Organisations
157.1. This Article shall be applied to not-for-profit institutions and organisations registered in accordance with requirement of the legislation and entered by agencies of the state tax service in accordance with the established procedure determined into the Register of not-for-profit organisations and institutions, which are:

   a) bodies of state power of Ukraine, bodies of local self-administration, and institutions or organisations set up thereby and supported at the expense of the funds of respective budgets;

   b) charity foundations and charity organisations founded in accordance with the procedure determined by law for the exercise of charitable activities; public organisations founded with the purpose of the provision of rehabilitation services, exercises and sports for the disabled (disabled children) and social services, legal assistance, the exercise of environmental, recreational, amateur sports, cultural, educational, and scientific activities, creative unions and political parties, public organisations of disabled people and their local centres set up in accordance with the respective law; scientific and research institutions and higher education establishments of accreditation levels III and IV entered in the State register of the scientific institutions supported by the state; reserves, museums and museums-reserves;

   c) credit unions and pension funds set up in accordance with the procedure determined by the respective laws;

   d) legal entities other than those specified in paragraph "b" of this sub-item, whose activity does not provide for receiving profit in accordance with provisions of the related laws;

   e) unions and other associations of legal entities set up for representing interests of founders (members, participants), which are supported only at the expense of contributions of such founders (members, participants) and do not exercise business except for the receipt of the passive income;

   f) religious organisations registered according to the procedure prescribed by law;

   g) housing construction co-operatives and condominiums of apartment house owners;

   h) trade unions, associations thereof and trade union organisations, as well as organisations of employers and associations thereof established according to the procedure prescribed by law.

157.2. The income of not-for-profit organisations specified in paragraph "a" of the item 157.1 of this Article received in the following forms shall be exempted from taxation:
funds or property received free of charge or in the form of non-repayable financial assistance or voluntary donations;

passive income;

funds or property received by the said not-for-profit organisations in the form of compensation for the value of the received state services including the income of the state education establishments received from the production and sale of commodities, performance of work, provision of services, including provision of paid services, related to their core statutory activity;

grants or subsidies received from the state or local budgets, state special-purpose funds or within the limits of technical assistance or charitable, including humanitarian, aid, except for grants for the regulation of prices for paid services provided to the said not-for-profit organisations or through them to the recipients in accordance with legislation with the purpose of decreasing the level of the said prices.

157.3. The income of not-for-profit organisations specified in paragraph "b" of the item 157.1 of this Article received in the following forms shall be exempted from taxation:

funds or property received free of charge or in the form of non-repayable financial assistance or voluntary donations;

passive income;

funds or property received by such not-for-profit organisations from the exercise of their core business taking account of provisions of the item 157.13 of this Article;

grants or subsidies received from the state or local budgets, state special-purpose funds or within the limits of technical assistance or charitable, including humanitarian, aid, except for grants for the regulation of prices on paid services provided to the said not-for-profit organisations or through them to the beneficiaries in accordance with law with the purpose of decreasing the level of the said prices.

157.4. The income of not-for-profit organisations specified in paragraph "c" of the item 157.1 of this Article, received in the following forms shall be exempted from taxation:

funds received by credit unions or pension funds in the form of contributions for the non-state pension provision or contributions for other needs stipulated by law;

income from transactions with assets (including passive income) of the non-state pension funds and credit unions, from pension deposits (contributions), accounts of the participants of the bank managed funds in accordance with the law on the said issues;

grants or subsidies received from the state or local budgets, state special-purpose funds or within the limits of technical assistance, charitable, including humanitarian, aid, except for grants for the regulation of prices on paid services
provided to the said not-for-profit organisations or through them to the beneficiaries in accordance with law with the purpose of decreasing the level of the said prices.

157.5. The income of not-for-profit organisations specified in paragraph "d" of the item 157.1 of this Article received in the following forms shall be exempted from taxation:

- once-off or recurrent contributions, assignments of founders and members;
- funds or property received by such not-for-profit organisations from the exercise of their core business and in the form of the passive income;
- grants or subsidies received from the state or local budgets, state special-purpose funds or within the limits of technical assistance, charitable, including humanitarian, aid, except for grants for the regulation of prices on paid services provided to the said not-for-profit organisations or through them to the beneficiaries in accordance with law with the purpose of decreasing the level of the said prices.

157.6. The income of not-for-profit organisations specified in paragraph "e" of the item 157.1 of this Article received in the following forms shall be exempted from taxation:

- once-off or recurrent contributions of founders and members;
- passive income;
- grants or subsidies received from the state or local budgets, state special-purpose funds or within the limits of technical assistance, charitable, including humanitarian, aid, which are provided to such not-for-profit organisations in accordance with the conditions of international treaties accepted as binding by the Verkhovna Rada of Ukraine, except for grants for the regulation of prices on paid services provided to the said not-for-profit organisations or through them to the beneficiaries in accordance with law with the purpose of decreasing the level of the said prices.

157.7. The income of not-for-profit organisations specified in paragraph "f" of the item 157.1 of this Article received in the following forms shall be exempted from taxation:

- funds or property received free of charge or in the form of non-repayable financial assistance or voluntary donations;
- any other income received from provision of ceremonial services, and passive income.

157.8. The income of not-for-profit organisations specified in paragraph "h" of the item 157.1 of this Article obtained in the form of contributions, funds or property received by such not-for-profit organisations for the provision of the needs of their core business and in the form of passive income shall be exempted from taxation.

157.9. The income of not-for-profit organisations specified in paragraph "h" of the item 157.1 of this Article received in the form of the accession, membership and
targeted fees, transfers of the funds of enterprises, institutions, and organisations for
the mass cultural, sports, and recreational activities, non-repayable financial aid or
voluntary donations, and passive income shall be exempted from taxation, as well as
the cost of property and services, received by primary trade union from the employer
according to the provisions of the collective contract (agreement) with the aim to
secure activity of such trade union according to the Article 42 of the Law of Ukraine
“On Trade Unions, Their Rights and Guarantees of Activity”.

157.10. Income or property of non-profit organisations excluding not-for-profit
organisations specified in paragraphs "a" and "c" of the item 157.1 of this Article shall
not be subject to the allocation to the founders thereof, participants or members and
may not be used to the benefit of any specific founder, participant, or member of the
said non-profit organisation, and officials thereof (except for labour remuneration and
transfers on social measures).

Income of not-for-profit organisations specified in sub-item “a” of the item
157.1 including income of establishments and institutions of education, science,
culture, health protection, archive institutions, and rehabilitation institutions for
disabled persons and disabled children, that have a relevant license and supported at
the expense of the budget shall be included in the cost estimate (to the special
account) for the maintenance of the said not-for-profit organisations and shall be used
exclusively for financing of the expenses of such a cost estimate (including financing
of business activities in accordance with the charters thereof) calculated and approved
in accordance with procedure determined by the Cabinet of Ministers of Ukraine.

If, as a result of the reporting (tax) period, the income included into the cost
estimate for the maintenance of the above organisations, exceeds the amount of the
expenses determined by the cost estimate, the surplus shall be taken into account in the
cost estimate for the next year.

At that, the profit tax stipulated in item 151.1 of Article 151 of this Section
shall not be paid on the amount of the surplus of income over expenses of the said
non-profit organisations.

The list of paid services, which can be provided by the said establishments shall
be determined by the Cabinet of Ministers of Ukraine.

Income of the non-profit organisations determined in paragraph “c” of the item
157.1 shall be shared exclusively between the members thereof in accordance with the
procedure specified by the respective law.

157.11. If the income of not-for-profit organisations received during the
reporting (tax) period from the sources specified in the item 157.5 of this Article at
the end of the first quarter of the year following the reporting year exceed 25 per cent
of total income received during the said reporting (tax) period, then such a not-for-
profit organisation shall be obliged to pay tax on the retained amount of the profit at
the rate specified in the item 151.1 of the Article 151 of this Code applied to the
amount of the said surplus. Payment of the said tax to the budget shall be performed as a result of the first quarter of the year following the reporting year within time frames set for other taxable persons.

Regardless of the provisions of paragraph one of this sub-item in case when non-profit organisation received income from the sources other than determined by the items 157.2-157.9 of this Article, such a not-for-profit organisation shall be obliged to pay the profit tax, which is determined as the amount of income received from such other sources reduced by the amount of expenses related to receiving such income but not exceeding the amount of such income.

The amount of depreciation charges shall not be taken into account while calculating the amount of surplus of income over expenses in accordance with paragraph one of this item and while determining the amounts of the taxed income in accordance with paragraph two of this item.

157.12. The central state tax service agency shall maintain a register of all not-for-profit organisations and their branches exempted from taxation in accordance with provisions of this item for the taxation purposes.

The eligibility of a non-profit organisation for tax breaks related to the profit tax shall arise after such organisation was entered into the Register of Not-for-profit Organisations and Institutions by the state tax service agencies in accordance with the procedure prescribed by law.

State registration of not-for-profit organisations shall be performed in accordance with the procedure stipulated by the respective legislation.

Re-registration of the said not-for-profit organisation in cases stipulated by law shall be performed without any payment to be made by the said not-for-profit organisation.

157.13. In case of liquidation of a not-for-profit organisation, its assets shall be transferred to one or several not-for-profit organisation of the relevant type or included in the income of the budget, if other is not provided by the law, regulating activity of the respective not-for-profit organisation.

157.14. The central state tax service agency shall specify the procedure of calculation and submission of tax reports on the use of the funds of not-for-profit organisations (not-for-profit organisation determined in paragraph "h" of the Article 157.1 in terms of the calculation and submission of tax reports on the income subject to taxation) and shall resolve issues on the exclusion of organisations from the Register of not-for-profit organisations and institutions and the taxation of the income thereof in case of the violation of provisions of this Code and other legislative acts on not-for-profit organisations by the said organisations. Use of the funds exempted from taxation for the purposes not stipulated by the charter, in particular for performance of business activities, shall be considered a violation. Funds and property used for purposes other than utilisation for designated purposes shall be considered as income
and shall be subject to taxation at the rate specified in the item 151.1 of Article 151 of this Code. Decisions of central state tax service agency may be disputed under the judicial procedure.

157.15. The term “state services” shall be understood as any paid services obligation to receive which is determined by the legislation and which are provided to individuals or legal entities by executive power bodies, local self-government bodies, and establishments and organisations set up thereby which are supported at the expense of the funds of the respective budgets. The term “state services” shall not include taxes and duties (statutory fees) determined by this Code.

The term “core business”, for the purposes of this sub-item shall be understood as the activity of not-for-profit organisations, defined for them as basic by the law regulating activity of the respective non-profit organisation, including provision of rehabilitation, physical training and sport services for the disabled (disabled children), provision of charitable assistance, educational, cultural, scientific, social and other similar services for public use, creation of systems of social self-provision of individuals (non-state pension funds and other similar organisations).

Sale of commodities, performance of work, provision of services by a not-for-profit organisation, promoting principles and ideas, for whose protection the said organisation was founded and which are closely related to the core business thereof shall be included in the core business if the price for such commodities, performed work, provided services is lower than the regular price and when such price is regulated by the state.

Transactions of provision of commodities, performance of work, provision of services by not-for-profit organisations specified in paragraphs “c” - “e” of the item 157.1 of this Article to parties other than founders (members, participants) of the said organisations shall not be included in the core business. The Cabinet of Ministers of Ukraine may introduce temporary limitations concerning the application of provisions of this item to the sale by not-for-profit organisations of certain commodities or services, if such a sale violates or contradicts the rules of competition in the market of the defined product under the condition of existence of the sufficient evidence provided by the parties taxed with this tax and provide similar commodities, perform work, provide services, of such violation. Statutory documents of not-for-profit organisations shall contain an exhaustive list of the types of the business that are not subject to the income receipt according to the norms of the laws, regulating their activity.

157.16. Income of not-for-profit organisations received in the form of funds as the arbitration duty shall be exempted from taxation.

Article 158. Specific Features of Taxation of the Profit of Enterprises Received in Relation to Introduction of Energy-efficient Technologies
158.1. Eighty per cent of the profit of enterprises received from the sale of the following commodities of own production on the customs territory of Ukraine according to the list approved by the Cabinet of Ministers of Ukraine shall be exempted from taxation:

- equipment that utilizes renewable sources of energy;
- materials, raw material, equipment and component parts which will be used in power production from renewable sources;
- energy-efficient equipment and materials, goods, operation of which provides for savings and rational use of fuel and energy resources;
- means of measurement, control, and management of the expenditures fuel and energy resources;
- equipment for production of the alternative types of fuel.

The taxable person shall provide for the separate accounting for the profit or loss received from the sale of commodities specified in paragraph one of this item within the customs territory of Ukraine.

Amounts of funds received as a result of tax breaks shall be directed by the taxable person to the increase of the volume of production in accordance with the procedure specified by the Cabinet of Ministers of Ukraine.

In case of the violation of the designated purposes of the funds, taxable person shall be obliged to determine the profit not taxed in relation to the provision of tax breaks, to tax it during the current tax period, and to pay the fine for the respective period in the amount determined by this Code.

158.2. Fifty per cent of the profit obtained from the implementation of energy efficiency measures and the implementation of energy efficiency projects of enterprises entered into the State Register of enterprises, institutions and organisations involved into the development, implementation and use of energy efficiency measures and energy efficiency projects shall be exempted from taxation.

State Register of enterprises, institutions, and organisations involved in development, introduction, and use of energy efficiency measures and energy efficiency projects shall include enterprises, institutions, and organisations included in the sectoral energy efficiency programmes and as a result of the expert appraisal in accordance with the procedure specified by the central executive power body in charge of the issues of the efficient use of energy resources, that have received an opinion from the said body about the conformity of energy efficiency measures and energy efficiency projects already introduced or those at the stage of the development and introduction with the criteria of the energy efficiency, and are included in the sectoral energy efficiency programmes.

The maintenance of the State Register of enterprises, institutions, and organisations involved in development, introduction, and use of energy efficiency
measures and energy efficiency projects shall be the responsibility of the central executive power body in charge the issues of efficient use of energy resources. The procedure of the entry of enterprises into the State Register of enterprises, institutions, and organisations involved in development, introduction, and use of energy efficiency measures and energy efficiency projects shall be approved by the central executive agency in charge of ensuring the efficient use of energy resources.

Taxable person introducing energy efficiency measures and energy efficiency projects shall provide for the separate accounting for the profit/loss received from the introduction of the said measures and the implementation of projects in accordance with the procedure approved by the Cabinet of Ministers of Ukraine.

158.3. The norms of the items 158.1 and 158.2 of this Article shall be effective for five years from the moment of receipt of the first income resulting from the raise of energy efficiency of production.

**Article 159. Bad and Contingent Debt**

159.1. Procedure of settlement of the bad and contingent debt.

159.1.1. A taxable person being seller of goods, works, services shall be entitled to reduce the income amount for the reporting period by the cost of the goods forwarded, works performed, services rendered during current or previous reporting tax periods if the buyer of the said goods, works, services delays payment of their value (or provision of any other compensation for their value) without any previous agreement with the said taxable person. The right to reduce the income amount shall arise if one of the following events occurs during the said reporting period:

a) a taxable person goes to court with a claim (statement) for the debt collection from the said buyer or for the institution of a case regarding its bankruptcy or the seizure of the property pledged by the said buyer;

b) a notary provides a writ of execution regarding the debt collection from the buyer or the seizure of its pledged property (except for the tax debt) upon seller’s request.

Taxable person being a seller, who reduced the amount of expenses for the reporting period by the value of the goods, work, services, according to the first paragraph of this sub-item shall reduce the expenses for such reporting period for the net cost of such goods, works, and services.

The regulations of this sub-item shall not apply to the interests and fees for the purpose of which the insurance reserve was formed by increasing the expenses according to the item 159.2 of this Article.

159.1.2. Taxable person being a buyer shall be liable to reduce the expenses by the value of debt, recognised by the court or in accordance with a notary’s writ of execution in the tax period of the date, when the court’s decision regarding the
recognition (collection) of the said debt (its part) becomes effective or an the notary
executed the writ of execution.

Taxable person, being the seller, in case when the court rejects the claim of the
seller or satisfies the claim in part, or does not accept the claim for the proceedings
(review), or satisfies the claim of the buyer for the invalidation of the claims for the
repayment of the said debt or a part thereof (except when the court suspends or puts a
stop to the proceeding as to the settlement of the debt by the buyer or its part after
submission of the claim), shall increase:

the income of the relevant tax period by the amount of the debt (a part thereof)
earlier allocated thereby to the income reduction under sub-item 159.1.1 of this item;

the expenses of the relevant tax period by the net value (its part, calculated in
proportion to the amount of debt, included to the income according to this sub-item),
of goods, works and services for the provision of which the debt arose, earlier
allocated thereby to the expenses reduction under sub-item 159.1.1 of this item.

The sum of the additional tax liability calculated as a result of such an increase
of the incomes and expenses shall be subject to the fine accrual equal 120 per cent of
the annual discount rate of National Bank of Ukraine which was effective on the date
when additional tax liability occurred. The said fine shall be calculated for the period
which covers the first day of the tax period following to the period when the reduction
in the incomes and expenses in accordance with subparagraph 159.1.1 of this
paragraph took place and the last day of the tax period when increase of incomes and
expenses took place, and it shall be payable regardless of the sum of the tax liability
of the taxable person for the relevant reporting period. Fine shall not be accrued for
the debt (or for the part of it) which has been written off or spread as a result of an
amicable settlement agreement done in accordance with legislation regulating
bankruptcy, starting from the date of signature of the said amicable agreement.

159.1.3. Taxable person being a seller or a buyer shall submit a notice on
income or expenses reduction to the state tax service agency with a reference to
provisions of sub-items 159.1.1.1 and/or 159.1.2 of this item together with a tax
return for the reporting tax period and copies of the documents which confirm the
availability of the said debt (agreement of purchase and sale, court’s decision, etc).

159.1.4. Seller’s income reduction referred to in sub-item 151.1.1 and buyer’s
expenses reduction referred to in sub-item 159.1.2 of this item shall not be applied to
the debt (or a part of it) refunded by the buyer before the deadlines specified in these
sub-items.

159.1.5. Should the buyer repay the sum of the acknowledged debt or a part of
it (on its own or due to the procedure of a compulsory collection) within next tax
periods, the said buyer shall increase (restore) its expenses by the amount of the said
debt (or a part of it) in accordance with the results of the tax period of the said
repayment.
At the same time, the seller who reduced the income amount of the reporting period by the cost of delivered goods, performed works and provided services, according to sub-item 159.1.1 of this item, shall increase the incomes by the amount of the debt (a part of it) settled by the buyer for such goods, work, services and increases the expenses by the net cost (a part of it, defined proportionally to the amount of paid debt) of such goods, work, services under the results of the tax period, during which such settlements takes place.

159.1.6. The debt which previously has been charged off against the income reduction in accordance with sub-item 159.1.1 of this item, or has been refunded at the expense of insurance reserve in accordance with item 159.3 of this article, and which has been found to be bad due to the insufficiency of the buyer’s assets found bankrupt as prescribed by law, or due to its being written off according to the conditions of the amicable settlement agreement concluded in compliance with the legislation on bankruptcy shall not change tax liabilities either of a buyer or of a seller due to such acknowledgement.

159.2. Specifics of forming reserves by the banks and non-bank financial institutions.

159.2.1. Banks and non-bank financial institutions, other than insurance companies, non-state pension funds, corporate investment funds and administrators of non-state pension funds, shall create reserves to meet possible losses under all kinds of credit transactions (except for the off-balance, besides the guarantee) the funds which are placed on correspondent accounts in other banks, purchased securities (including mortgage certificates with fixed profitability), other active bank transactions in accordance with the legislation, including the interests and fees accrued over all such transactions (hereinafter – the insurance reserve).

For the purpose of this sub-item, under the fee shall be understood the payments, paid to the Financial institutions for execution of transactions with the credits, securities and other active bank transactions.

The insurance reserve shall be formed and written off independently by the bank in the form and under procedure, prescribed by the National Bank of Ukraine for banks and by the specifically authorized executive agency in charge of the regulation of financial services and securities markets for non-bank financial institutions, according to the authority and shall be included to the expenses.

159.2.2. Amount of the insurance reserve, being created by increase of expenses of the financial institution, shall not exceed:

for the banks – 20 per cent (for the period from 1st April of 2011 to 1st January of 2012 – 30 per cent) of the debt amount for all kinds of transactions defined in sub-item 159.2.1 of the item 159.2 of this Article, mainly: uncovered principal debt amount, interests and fees accrued, and the amount of submitted guarantee as of the last working day of tax reporting period;
for non-bank financial institutions – amount, established by the respective legislation on the respective non-bank financial institution, but not more than 10 per cent of the active debt, mainly: cumulative debtors’ liabilities of such non-bank institution as of the last working day of tax reporting period. The above sum shall not include debtors’ liabilities rising during transactions which are not included to the core activity of the financial institutions. The term “core activity” shall be understood as the transactions, defined by the respective articles of the laws on non-bank financial institutions.

159.2.3. If under the results of tax reporting period the cumulative amount of insurance reserve, formed according to sub-items 159.2.1 and 159.2.2 of the item 159.2 of this Article, had reduced (except for the cases of its reduction as a result of compensation by the bank of bad debt according to the established by legislation procedure at the expense of the insurance reserve of the creditor and reduction of reserve forming norms under legislation), the excess amount of the insurance reserve, included to the expenses, shall be directed to the increase of bank’s income under results of such reporting period.

159.2.4. Procedure and sources of creation and use of reserves (funds) for deposits insurance of the physical persons shall be established by the separate law.

159.3. Procedure of bad debts refund by the non-bank financial institutions at the expense of insurance reserve.

159.3.1. Should the creditor not apply to court or not take other measures, provided by the legislation of Ukraine, for the enforced collection of the debt prior to the period of limitation of action, the debt shall not reduce the income of the creditor in accordance with sub-item 159.1.1 of this item and it cannot be compensated at the expense of its insurance reserves.

Principal sum of the debt, which cannot be compulsory collected from a debtor due to the amicable agreement signature within the procedure of a debtor’s solvency recovery or its declaring as a bankrupt determined by law, shall not reduce the creditor’s income according to the sub-item 159.1.1 of this item but it can be refunded at the expense of its provisions set up in compliance with this article.

159.3.2. The debt of a creditor, resulting from non-fulfillment of the bill obligations, shall be compensated at the expense of the insurance reserve after declaration of bill payer as a bankrupt according to the procedure established by legislation.

The debt of a creditor as to the debt securities (except for the bills), resulting from non-fulfillment of obligations by their issuers, shall be compensated at the expense of the insurance reserve after declaration of the issuer as a bankrupt according to the procedure established by legislation.

The debt of financial institution as to the ownership of shares and other share securities, the issuers of which were declared as bankrupts and had their state
registration for the issue of such securities revoked, shall be covered at the expense of the insurance reserve after publishing of such decision on cancellation of the issue of securities by relevant bodies, providing that the contracts for purchase of such securities or contributions to the statutory fund were signed by financial institution before publishing of information thereof.

Shall the creditor in the next tax periods sell of otherwise alienate for compensation the securities, the debt under which was previously compensated by the insurance reserve, or receives any amount as a compensation of their value, the amount of the incomes received (accrued) shall be included to the incomes of a creditor as a result of respective tax period, in which such sale (alienation) took place.

159.3.3. Bad debt of a debtor declared bankrupt in accordance with the procedure set by law shall be refunded at the expense of the provisions of the creditor after court’s decision to declare debtor bankrupt. Funds received by the creditor as a result of the liquidation procedure completion and the disposal of the borrower's property shall be included into creditor’s incomes for the tax period when they were received.

Should the creditor provide a credit to a debtor being under the bankruptcy proceeding before the moment of the loan agreement conclusion and if the information about the initiation of the said proceedings has been made public (except for cases of the provision of financial credits within the rehabilitation procedure of the debtor on security of its corporate rights), the bad debt shall be repaid at the expense of the creditor’s own funds.

At that, the income of the debtor declared bankrupt in compliance with the due course of law shall not be increased by the sum of the said bad debt.

If the creditor is unable to request the court to initiate bankruptcy proceedings because the non-disputed claims of such a creditor to the debtor total less than 300 minimum salary amounts, then the said amount of claims shall be included into expenses of the creditor.

159.3.4. Debt secured with the pledge shall be repaid in compliance with procedures provided by provisions of the respective laws.

The pledgeholder shall be entitled to compensation of a part of debt, outstanding after creditor’s submission as to collection of pledged property according to the law and a contract (in a judicial or extrajudicial procedure) at the expense of the insurance reserve.

If after effecting the extrajudicial appeal, according to the legislation, as to collection of the mortgage object the forthcoming claims of the creditor towards the debtor are recognized invalid, or the obligation, secured by the mortgage, is acknowledged as met in full, the part of the debt, that exceeds the amount (estimated value of property) actually received by the creditor resulting from the claim to collect the mortgage object, shall be compensated at the expense of the insurance reserve.
159.3.5. Bad debt which occurred as a result of the debtor’s failure to repay a debt due to force majeure circumstances or an act of God shall be refunded at the expense of the creditor’s provision if any of the below documents is available:

a confirmation of the occurrence of circumstances of force majeure or acts of God on the territory of Ukraine from the Chamber of Commerce and Industry of Ukraine;

a confirmation from the competent authorities of another country legalized by consular institutions of Ukraine in case circumstances of the force majeure or acts of God took place on the territory of the said country;

a decision of the President of Ukraine on the introduction of the state of environmental emergency in certain regions of Ukraine approved by the Verkhovna Rada of Ukraine, or a decision of the Cabinet of Ministers of Ukraine on declaring certain regions of Ukraine victims of flood, drought, fire and other acts of God including decision on declaring some regions victims of adverse weather conditions which caused loss of agriculture crops in the amount exceeding 30 per cent of the average harvest for previous five calendar years.

At that, the income of the debtor shall not be increased by the debt sum resulting from its failure to repay the said debt due to the force majeure or acts of God for the whole duration of the said force majeure circumstances.

159.3.6. Overdue debts of enterprises, institutions and organisations whose property may not be collected or those that may not be privatized according to the law shall be refunded at the expense of the provisions of the creditor, if, within 30 calendar days from the date when the said debt became overdue, the said debt has not been compensated otherwise.

At that, the creditor shall be liable to go to court with a claim for the recovery of losses which occurred due to such crediting within time frames prescribed by law. If the creditor does not go to court within time frames set by the legislation or if the court refuses to accept the claim or leaves it non-considered, the creditor shall be required to increase the income by the sum of the bad debt in corresponding tax period.

159.3.7. The overdue debt of dead individuals and declared as missing or dead by the court shall be refunded at the expense of the creditor’s provisions after receipt of death certificate or declaration as missing or dead by court, provided that the court’s decision on declaring individuals as missing or dead has been made after the date of credit agreement.

After the compensation of bad debt according to this item is done, the creditor shall have the right to take legal measures regarding bad debt collection from the inheritance of the said individual within the scope and in accordance with the procedure prescribed by the legislation.
159.3.8. Overdue debt under agreements found by court fully or partially invalid due to the fault of the debtor shall be compensated at the expense of the provision of the creditor, in case the debtor does not repay the debt arising from the said agreements within 30 calendar days from the date when the court has declared them as fully or partially invalid.

At that, the income of the debtor shall be increased by the sum of the said debt in the taxable period of the court decision to declare the agreements fully or partially invalid due to debtor’s fault.

159.3.9. The overdue debt under agreements or their parts declared by court as fully or partially invalid due to the fault of the creditor or both parties, shall be covered at the expense of the credit debt repayment by the debtor or, in case it is not repaid within 30 calendar days, it shall be repaid from the profit available to the creditor after taxation.

At that, the debtor’s income shall be increased by the sum of the said debt in the tax period which covers the date when the court took decision to declare the agreements or their parts as invalid due to the fault of both parties.

159.3.10. Overdue debt of individuals who are searched in accordance with procedures provided by Criminal and Procedural Code of Ukraine shall be compensated at the expense of the provisions of the creditor, if the location of the said individual has not been ascertained within 180 calendar days from the date of the search announcement.

159.3.11. Overdue debt of legal entities whose managers are searched in accordance with procedures provided by Criminal and Procedural Code of Ukraine shall be compensated at the expense of the provision of the creditor, if the location of the said individual has not been ascertained within 180 calendar days from the date of the search announcement.

159.3.12. Should all measures concerning the bad debt collection in accordance with procedures determined by the item 159.3 of this item fail, non-bank financial institutions shall classify the said debt as expenses to the extent that is not compensated at the expense of the provisions created in accordance with this Section.

159.4. Procedure of bad debts refund by the banks at the expense of insurance reserve.

159.4.1. The bank shall refund the debt, defined as bad according to the method established by the National Bank of Ukraine, at the expense of the insurance reserve. The procedure of refunding of bad debt by banks at the expense of the insurance reserves shall be established by the National Bank of Ukraine with concordance with the Ministry of Finances of Ukraine.

159.5. Subsidiary provisions.
159.5.1. Should the debtor fully or partially repay the bad debt which has been previously classified by creditor as a reduction in the income or as a debt compensated at the expense of the provisions, the creditor shall increase its income by the sum of the compensation received from a debtor in the tax period when repayment of the said debt or of its part took place.

159.5.2. If, according to the opinion of the appropriate competent authority specified in sub-item 159.3.5 of item 159.3 of this Article, force-majeure circumstances and acts of God are of a temporal nature and do not influence the debtor’s ability to pay the debt upon their completion, the creditor may forward a claim to debtor regarding the payment of the said debt. In case the debtor has not repaid the said debt or the creditor has not gone to court with a claim for the collection of the said debt during the period set by the legislation, the creditor’s and debtor’s income shall be increased by the sum of the said debt.

159.5.3. If the individual debtor declared by the court missing or dead appears alive, the creditor shall be liable to take appropriate measures regarding collection of the debt from the said person. Should the said individual pay the debt which has been previously classified by creditor as the reduction in the income or compensated at the expense of the provision, the creditor shall increase the income by the amount of funds received from debtor in the tax period when repayment of the said debt took place.

159.5.4. Should the decision invalidating the agreements due to the debtor’s fault be cancelled, and the creditor does not litigate the said decision within time frames provided by the legislation, the creditor shall increase the income by the amount of the debt previously classified as the income reduction or compensated at the expense of the provision in the tax period when the deadline for the submission of the said claim has expired.

159.5.5. Should the individual searched by investigation authorities be found and pay the debt which has previously included by the creditor into the reduction in the income or compensated at the expense of the provision, the creditor shall increase its income by the sum of the debt compensation received from the debtor in the tax period when the repayment of the said debt (part of it) took place.

159.5.6. Should legal entities or individuals found guilty of the infliction of harm according to the provisions of Civil Code of Ukraine pay the debt of an individual which has been classified as the income reduction or compensated at the expense of the provision, the creditor shall increase its income by the sum of the refund received as the repayment of the debtor’s debt in the tax period when repayment of the said debt (part of it) took place.

Article 160. Special Features of Taxation of Non-residents
160.1. Any income received by a non-resident from any sources of origin in Ukraine shall be taxed in compliance with the procedure and at rates specified by this article.

For the purposes of this item, the income received by non-resident from any sources originating from Ukraine shall be understood as follows:

   a) the interest, discount income which are payable to the non-resident including the interest on debentures issued by a resident;
   b) the dividends which are paid by a resident;
   c) the royalties;
   d) The freights and the income from engineering;
   e) the lease/rent payment which is paid by residents or permanent representative offices to the benefit of a non-resident being a lessor/landlord under operational leasing/rent contracts;

   f) the income from the sale of the real estate located in Ukraine which belongs to a non-resident, including the real estate of a permanent representative office of the non-resident;
   g) the income from trading in securities, derivatives or any other corporate rights determined in accordance with provisions of this Section;
   h) the income received from the joint business on the territory of Ukraine, the income from the implementation of long-term contracts on the territory of Ukraine;

   i) the awards for cultural, educational, religious, sport and entertaining activities performed by non-residents or persons empowered by them on the territory of Ukraine;
   j) the brokerage, commission or agency fee received from residents or permanent representative offices of other non-residents for the brokerage, commission or agency services provided by the non-resident or its permanent representative office to the residents on the territory of Ukraine;
   k) the amount of premium insurance payments or reinsurance in Ukraine (including life insurance payments) or insurance of residents against risks outside Ukraine;

   l) incomes received from activity in the sphere of entertainment (except for the state lottery);
   m) the income in the form of donations and charity contributions to the benefit of non-residents;
   n) other incomes from any activities carried out by non-resident (permanent representative office of one or another non-resident) on the territory of Ukraine except for the income in the form of proceeds or other kind of compensation of the value of
goods, work, service) delivered, rendered, provided to a resident by the said non-resident (permanent representative office), including costs of international communication services or international information supply.

160.2. A resident or a permanent representative office of a non-resident that makes any income payment to the benefit of a non-resident or its empowered person (except for the permanent representative office of non-resident on the territory of Ukraine) with its source of origin in Ukraine received by the said non-resident from the exercise of economic activity (including payments to hryvnia accounts of a non-resident), except for incomes mentioned in items 160.3 – 160.6 of this Article, shall withhold the tax on such income referred to in item 160.1 of this Article at the rate of 15 per cent of their amount and at their expense, to be paid to the budget on such payment, unless otherwise provided by provisions of effective international treaties of Ukraine with countries of the residence of the entities, to which the payments are being made.

Profits of non-residents received in form of the income from interest-free (discount) bonds or treasury bonds shall be taxed at the rate specified in item 151.1 of the Article 151 of this Section as follows:

the profit which is calculated as difference between nominal value of interest-free (discount) bonds, paid (accrued) by its issuer, and their acquisition price on the primary or secondary stock market shall be the taxable amount;

for the purposes of the tax control, the acquisition or the sale of securities referred to this sub-item may be performed on behalf of and at the expense of a non-resident by its permanent representative office only or by a resident operating on behalf of, at the expense of and in the name of the said non-resident;

the said resident or permanent representative office shall be liable for the full and timely accrual of the taxes withheld when disbursing the income from the possession of the interest bearing or non-interest bearing (discount) securities and their transfer to the budget. The central state tax service agency shall specify the procedure of the submission of the calculation of tax liabilities of non-residents and reports on withholding and the payment of taxes under this item to the appropriate budgets by residents or permanent representative offices of a non-resident.

Residents, who operate on behalf of, at the expense of and in the name of a non-resident on the market of interest bearing or interest-free (discount) securities or treasury bonds, shall submit a report on withholding and transfer of the taxes determined by this paragraph to the relevant state tax agency at its location.

160.4. The income received by non-residents in form of the interest or income (discount) on governmental securities or bonds of local loan, debt securities, having obligations secured by the state or local guarantee, sold or placed to non-residents outside of Ukraine through authorised non-resident agents, or the interests, paid by non-residents for the loans, received by the state, or to the budget of the Autonomous
Republic of Crimea or the municipal budget (credits or state overseas debts), which are displayed in the State Budget of Ukraine or in the local budgets or in the cost sheet of National Bank of Ukraine, or for the credits (loans), received by the business entities whose obligations are secured by the state or local guarantee, shall not be subject to the taxation.

160.5. The sum of freight being paid by a resident to a non-resident according to the freight agreements shall be taxed at the rate of 6 per cent at the source of the disbursement of the said income at the expense of such income.

At that:

the basic rate of the said freight shall be the taxable amount;

a resident that disburses the said incomes, regardless of whether it is a payer of this tax or not, as well as whether it is covered by the simplified taxation arrangements or not shall be a person authorised to withhold this tax and transfer it to the budget.

160.6. Insurers or other residents that provide disburse insurance payments and pay out insurance indemnities under risk insurance or reinsurance contracts (including life insurance) to the benefit of non-residents, shall be required to tax the sums of the said insurance being transferred as follows:

at the rate of 0 per cent under statutory insurance contracts, under which the insurance payments (insurance indemnities) are paid out to individual non-residents, and under insurance contracts within the international Green Card system;

at the rate of 4 per cent of the amount to be transferred at the expense of the insurer at the time of the transfer of the amount under the contracts of the insurance of risks outside of Ukraine, under which the insurance payments (insurance indemnity) are paid out to non-residents, except for risks listed in paragraph two of this item;

at the rate of 0 per cent when concluding an agreement on insurance or reinsurance of risks directly with non-resident insurers or reinsurers whose financial reliability (stability) meets the requirements set by specially authorised executive agency in the field of the financial services market regulation (including those concluded through or with the mediation of reinsurance brokers who in accordance with the procedures set by the said authorised agency confirm that reinsurance has been obtained from the re-insurer whose financial reliability (stability) meets the requirements set by the said authorised agency), as well as when concluding reinsurance contracts of the statutory insurance of the third-party liability of a nuclear installation operator for the damages which can be caused by a nuclear incident;

at the rate of 12 per cent of the amount of such payments at own expense at the time of the transfer of such payments in cases other than those listed in paragraphs two to four of this item.
160.7. The residents providing disbursements to non-residents for the production and/or the dissemination of the advertisements about the said resident shall pay the tax at the rate of 20 per cent of the sum of the said disbursements at own expense.

160.8. The amounts of the income of non-residents operating on the territory of Ukraine through their permanent representative offices shall be taxed in accordance with the generally applicable procedures. At that, the said permanent representative office shall be considered equivalent to a taxable person operating independently from the said non-resident for the purposes of taxation.

If a non-resident operates not only in Ukraine, but also abroad and at that it does not determine the income from its activity being performed through its permanent representative office in Ukraine, the sum of the profit taxable in Ukraine shall be determined on the basis of a separate balance sheet of the financial and economic activity to be compiled by the non-resident and concurred with the state tax service agency in the location of the permanent representative office.

If it is impossible to determine the profit obtained by non-residents from sources in Ukraine by way of a direct calculation, the taxable profit shall be determined by the state tax service agency as the difference between the income and the expenses to be determined by means of the application of a factor of 0.7 to the amount of the received income.

160.9. Residents providing agency, trust, commission and other similar services on sale or purchase of goods, works, services at the expense of and to the benefit of a non-resident (including the conclusion of the contracts with other residents on behalf of and to the benefit of a non-resident), shall withhold and transfer to the relevant budget the tax on the income received by the said non-resident from sources in Ukraine and determined in accordance with procedures provided for the taxation of the profits of non-residents operating on the territory of Ukraine through their permanent representative office. At that, the said residents shall not be subject to the additional registration as taxable persons with the state tax service agencies.

**Article 161. Special Arrangements**

161.1. Should a contract be signed with non-residents, the tax clauses providing that enterprises which pay out the income undertake to pay the taxes on the income of non-residents shall not be allowed to be included into a contract.

161.2. Should a contract be concluded providing for payments for the goods (works, services) to the benefit of non-residents with the off-shore status or when making payments through the said non-residents or via their bank accounts, regardless of whether the said payments are being carried out (in money or otherwise) directly or via other residents or non-residents, the expenses of taxable persons on such goods
(works, services) shall be included into their expenses in the amount equal 85 per cent of the value of these goods (works, services).

The rule of this paragraph shall apply from the calendar quarter following the quarter which covers the date of the entry into force by the list of off-shore zones approved by the Cabinet of Ministers of Ukraine.

If the necessity to amend above list arises, such amendments shall be made no later than three month before new reporting (tax) year and shall come into force at the date of the beginning of new reporting year.

161.3. The term “non-residents with the off-shore status” shall be understood as non-residents located on the territory of the off-shore zones, except for the non-residents located on the territory of the off-shore zones that provided a taxable person with a certificate issued by a competent financial authority of the non-resident and legalized by the appropriate consular authority of Ukraine to certify the ordinary (non-off-shore) status of the said non-resident. The above-mentioned certificate must be legalized in accordance with the established procedure, unless otherwise provided by international treaties accepted as binding by the Verkhovna Rada of Ukraine, and should be accompanied with its notarized translation into the Ukrainian language. In case of the existence of contracts referred to in paragraph one of this item, the taxable person must refer to the availability of such a certificate in the notes to the tax return.

161.4. The sums of the tax on the profit received from foreign sources which were paid by business entities abroad shall be netted off when they pay the tax in Ukraine. At that, the sum of the tax calculated in accordance with the rules of this chapter shall be netted off.

161.5. The amount of the netted sums of the tax from foreign sources during a tax period may not exceed the amount of the tax payable in Ukraine by such a taxable person during the said period.

161.6. The following taxes paid in other countries shall not be credited into the deduction of tax liabilities:

- tax on capital/property and capital growth;
- postal taxes;
- sales taxes;
- other indirect taxes regardless whether they belong to the category of the income taxes or they are subject to taxation with other separate taxes in accordance with the legislation in other foreign countries;

161.7. The amounts of the profit tax paid outside the customs border of Ukraine shall be netted off on condition of the presentation of a confirmation of the fact of the payment of the said tax in writing issued by the tax agency of the other state, and in case of the availability of an effective international treaty of Ukraine on avoiding the double taxation of the income.
SECTION IV. INDIVIDUAL INCOME TAX

Article 162. Taxable Persons

162.1. Taxable persons shall be:

162.1.1) an individual being a resident, who receives both the income originating from sources in Ukraine, and the foreign income;

162.1.2) an individual being a non-resident, who receives the income originating from sources in Ukraine;

162.1.3) a tax agent.

162.2. A non-resident, who receives income originating from the territory of Ukraine and has diplomatic privileges and immunities instituted by the effective international treaty of Ukraine, shall not be a taxable person in respect of the income received by him directly from the exercise of such diplomatic activities or other activities with the equivalent status under such an international treaty.

162.3. If a taxable person dies, is declared deceased or missing by the court, or loses his status of a resident (in the absence of tax liabilities as a non-resident in line with this Code), the tax for the last tax period shall be assessed from the income accrued to his benefit. According to this the last tax period shall be deemed a period ending with the day on which the death of such a taxable person, the delivery of such a judgement or his loss of the status of a resident accordingly falls on. In the absence of the accrued income the tax shall not be subject to payment.

162.4. If an individual being a taxable person receives the taxable income for the first time in the middle of a tax period, the first tax period shall begin on the day of the receiving of such an income.

Article 163. Object of Taxation

163.1. The object of taxation of a resident shall be as follows:

163.1.1) the aggregate monthly (annual) taxable income;

163.1.2) the income originating from sources in Ukraine, which is subject to the final taxation during its accrual (disbursement, provision);

163.1.3) the foreign income being the income (profit) obtained from sources outside Ukraine.

163.2. The object of taxation of a non-resident shall be as follows:

163.2.1) the aggregate monthly (annual) taxable income originating from sources in Ukraine;

163.2.2) the income originating from sources in Ukraine, which is subject to the final taxation during its accrual (disbursement, provision).
Article 164. Taxable Amount

164.1. The taxable amount shall be the annual taxable net income which is defined by means of the decrease of the aggregate taxable income subject to item 164.6 of this article by the amounts of the tax discount of such a reporting year.

“Aggregate taxable income” shall be understood as any income which is subject to taxation being accrued (disbursed, provided) to the benefit of a taxable person during the reporting tax period.

164.1.1. The aggregate taxable income shall comprise the income subject to the final taxation on the accrual (disbursement, provision) thereof; the income taxable as a part of the aggregate annual taxable income; and the income taxed according to other rules specified by this Code.

164.1.2. The aggregate monthly taxable income shall equal the amount of the taxable income accrued (disbursed, provided) during such a reporting tax month.

164.1.3. The aggregate annual taxable income shall equal the sum of aggregate monthly taxable incomes, the foreign income received during such a reporting tax year, the income received by an individual sole trader from the exercise of business activities according to Article 177 of this Code and the income received by an individual who exercises independent professional activities according to Article 178 of this Code.

164.2. The following amounts shall be included into the aggregate monthly (annual) taxable income of a taxable person:

164.2.1) the income in the form of the salary accrued (disbursed) to a taxable person in accordance with the conditions of a labour agreement (contract);

164.2.2) the amounts of emoluments and other payments accrued (disbursed) to a taxable person in accordance with terms and conditions of a contract governed by the civil law;

164.2.3) the income from the sale of property and non-property rights objects, in particular, the intellectual (industrial) property objects, and the equivalent rights; the income in the form of author's emoluments, other payments for granting the right to use or administer intangible assets (works of science, art, literature, or other intangible assets) to third parties, the intellectual industrial property objects and the equivalent rights (hereinafter referred to as "royalties"), including those obtained by successors of the owner of such an intangible asset;

164.2.4) a part of revenues from transactions with property in the scope determined under the provisions of Articles 172-173 of this Code;

164.2.5) the income from granting property on leasing basis, lease or sub-lease (termed possession and/or use) determined under the procedure prescribed by item 170.1 of Article 170 of this Code;

164.2.6) the taxable income (profit) not included into the calculation of the aggregate taxable income in previous tax periods and independently detected by the taxable person in the reporting period or charged by the state tax service agency in accordance with this Code;
164.2.7) the amount of the debt of a taxable person in accordance with the contract governed by the civil law concluded by him, which is subject to the term of limitation and exceeds the amount constituting 50 per cent of the monthly minimum subsistence level per one able-bodied individual set as of 1 January of the reporting tax year, except for the amounts of the tax debt subject to the term of limitation under Section II of this Code that prescribes the procedure of the collection of the tax and duty debt and tax debt repayment, as well as the income being the positive difference between the amount of funds received by a taxable person from the financial institution after realization of pledged property of a taxable person in case of the execution upon such property by the financial institution by reason of the taxable person’s failure to perform the duties on the credit (loan) agreement, and the amount of liabilities actually paid by a taxable person according to such a credit (loan) agreement, and the amount which is retained by the financial institution towards the compensation of its expenses/losses (including the remainder of the financial credit amount not repaid by a taxable person) according to such an agreement. An individual shall pay the tax of such an income on his own and state it in the annual tax return;

164.2.8) the income in the form of dividends, winnings, prizes, interest (except for the interest determined in sub-items 165.1.2 and 165.1.41, the dividends determined in sub-item 165.1.18 of item 165.1 of Article 165 of this Code, and also winnings and prizes in the state lottery in the scope determined under sub-item 165.1.46 of item 165.1 of Article 165 of this Code);

164.2.9) the investment profit from the performance of transactions with securities, derivatives and corporate rights issued in forms other than securities by the taxable person, except for the income from transactions referred to in sub-items 165.1.2 and 165.1.40 of item 165.1 of Article 165 of this Code;

164.2.10) the income in the form of inherited or donated property within the scope of it being taxed under this section;

164.2.11) the amount of the excessive spending of funds obtained by the taxable person for business trips or on an accountability basis, and not repaid within the time frame prescribed by the legislation, the scope of which shall be calculated under item 170.9 of Article 170 of this Code;

164.2.12) the funds or property (intangible assets) received by a taxable person as a bribe, stolen or found as a treasure not surrendered to the state in accordance with the law, in amounts determined by the convicting sentence of the court regardless of the penalty accorded by the court;

164.2.13) the revenues being the positive difference between:

the amount of funds received by a taxable person as a result of his refusal to take part in the construction finance fund and the amount of funds contributed to such a fund by the taxable person, except for cases when the taxable person simultaneously hands over the funds obtained from the construction finance fund for the management to the same trustee to the same or another construction finance fund;

the amount of funds received by a taxable person from third parties as a result
of the cession of the right of claim to their benefit according to the agreement on the participation in the construction finance fund (including the case when such a cession is done on a sale contract basis) and the amount of funds contributed by a taxable person to such a fund in accordance with this agreement;

164.2.14) the income in the form of a contractual penalty (penalties, fines), the reimbursement for the pecuniary or non-pecuniary damages (pain and suffering), except for:

a) amounts paid under a court decision by way of the reimbursement for losses incurred by a taxable person as a result of the pecuniary damage, as well as the damage to life and health caused thereto;

b) the interest received from a debtor as a result of his delay with the performance of a contract liability;

c) the fine paid to the benefit of a taxable person at the expense of the budget (special-purpose insurance fund) as a result of the late refund of excessively paid pecuniary liabilities or other amounts refundable from the budget;

d) amounts of the damage caused to a taxable person with acts found to be unconstitutional or caused by illegal decisions, actions or inaction of inquest, pre-trial investigation, public prosecution agencies and courts that are refunded by the state in accordance with the procedure prescribed by law.

This item shall not apply to the taxation of amounts of insurance payments, insurance indemnities and redemption amounts under insurance contracts;

164.2.15) the amount of insurance payments, insurance indemnities, redemption amounts or pension payments paid to a taxable person under long-term life insurance contracts (including life pension insurance contracts) and non-state pension provision contracts, under pension deposit contracts, trust management contracts concluded with the participants of bank-managed funds in cases and amounts defined in sub-item 170.8.2 of item 170.8 of Article 170 of this Code;

164.2.16) the amount of pension contributions within the frames of the non-state pension provision system in accordance with the law, the insurance payments (insurance contributions, insurance premiums), pension deposits, in-payments to the bank-managed fund, paid by any resident entity in lieu of a taxable person on account or to the benefit of such a taxable person, except for amounts paid by:

a) a resident entity nominated as a beneficiary under the mentioned contracts;

b) one of the first-degree family members of a taxable person;

c) a resident employer at own expense under the long-term life insurance contracts or non-state pension provision contracts of a taxable person, provided that such an amount does not exceed 15 per cent of the salary amount accrued by such an employer for the taxable person during each reporting tax month, for which such an insurance payment (insurance contribution, insurance premium) or pension contribution is paid, in-payments to bank-managed funds, but not higher than the amount defined in paragraph one of sub-item 169.4.1 of item 169.4 of Article 169 of this Code per month for the totality of such contributions;
the income received by a taxable person as an additional benefit (except for cases listed in Article 165 of this Code), namely in the form of:

a) the cost of use of the housing, other tangible or intangible property objects provided to a taxable person for the gratis use, or the compensation of the cost of such use, except for the cases when such a provision or compensation is caused by the performance of a labour function by a taxable person in accordance with a labour agreement (contract) or envisaged by norms of a collective agreement or by law, within limits prescribed thereby;

b) the cost of the property and the food received by a taxable person on a gratis basis, except for cases defined in this Code for the purposes of the corporate profit taxation.

In addition to the exceptions specified in sub-item "a" of this sub-item, the income of a taxable person received in the form and scope that are subject to the inclusion by an employer to the cost value of realized goods, work performed, services rendered in accordance with Section III of this Code, as well as the funds, the cost of services, accommodation, travel, food, sportswear, accessories, footwear and inventory, wheelchairs, including those which are designed for the disabled persons’ participation in physical rehabilitation and sporting events, the cost of medical and recreational measures, and the other revenues provided (disbursed) to a taxable person being a participant of sporting (except for professional sports), physical and recreational events, the events of physical and recreational activities as well as physical and sporting rehabilitation measures that are financed from the budget and/or by state-financed organizations, other not-for-profit organizations included into the Register of not-for-profit organizations and institutions as of the day of issuing of such funds, shall not be considered the additional benefit of a taxable person;

c) the cost of the housekeeping services received by a taxable person free of charge, including the labour of subordinated individuals, as well as individuals being on military services, or arrested or convicted.

The term “housekeeping services” shall denote the household services provided to an individual, his family members or, in their name or on their behalf, to any third party, including the repair or the construction of movable property or real estate objects owned or used by such individuals;

d) amounts of the pecuniary or non-pecuniary reimbursement for any expenses or losses of a taxable person, except for those subject to the obligatory reimbursement according to the law from the budget or exempt from taxation under this section;

e) amounts of the repayable financial aid;

f) amounts of the debt of a taxable person annulled by the creditor on the basis of his independent decision not related to the bankruptcy procedure before the expiry of the limitation period. If the creditor informs the taxable person being a debtor about debt cancellation and includes the amount of the cancelled debt to the tax calculation of the income amount accrued (disbursed) to the benefit of taxable persons according
to the results of the reporting period the debt has been annulled in, such a debtor shall pay the tax of such an income on his own and state it in the annual tax return;

g) the value of the commodities (work, services) received on a gratis basis determined according to the usual price rules, and amounts of discount from the usual price (value) of commodities (work, services), individually determined for such a taxable person;

If additional benefits are provided in forms other than the monetary form, then the tax amount of the object of taxation shall be calculated according to the rules specified in item 164.5 of this article;

164.2.18) other income, except for that mentioned in Article 165 of this Code.

164.3. While determining the taxable amount, all the income of a taxable person received both in the monetary and in the non-monetary forms shall be taken into consideration.

164.4. In case of the accrual (receipt) of the income received in the form of foreign currency valuables or other assets (denominated in a foreign currency or international clearing units), they shall be re-calculated into hryvnias at the exchange rate of the National Bank of Ukraine valid as of the time of accrual (receipt) of such revenues.

164.5. In case of the income accrual (provision) in any non-monetary form, the taxable amount shall be determined as the value of such an income calculated at usual prices that are determined in accordance with the rules set by this Code, and multiplied by a factor calculated according to the following formula:

\[ K = \frac{100}{100 - Sp} \]

where \( K \) is the factor;

\( Sp \) is the tax rate specified for such income as of the time of such accrual.

The same procedure shall be applied to determine the object of taxation and the taxable amount of the excessive spending of funds obtained by a taxable person for business trips or on an accountability basis, and not repaid within the time frame prescribed by law.

164.6. In case of the income accrual in the form of a salary, the taxable amount shall be determined as the accrued salary reduced by the amount of the single fee for the universal state social insurance, insurance premiums to the Accumulative Fund, and, in cases prescribed by law, statutory insurance premiums to the non-state pension fund, payable according to the law at the expense of the salary of an employee, and by the amount of the social tax break (if any).

**Article 165. Income Not Included into the Aggregate Monthly (Annual) Taxable Income**
165.1. The aggregate monthly (annual) taxable income of a taxable person shall be exclusive of the following income items:

165.1.1) the amount of the state and social material aid, the state aid in the form of targeted disbursements of funds and the provision of social and rehabilitative services in accordance with the law, housing and other subsidies or grants, compensations (including pecuniary compensations for disabled persons, disabled children in case of the realization of individual programmes on the rehabilitation of disabled persons), emoluments and insurance payments received by a taxable person from budgets and universal state social insurance funds and in the form of financial aid for disabled persons from the Fund of disabled persons social protection according to the law, including (but not limited to):

a) the pecuniary aid amount granted in accordance with the law to members of families of military servicemen or rank and officer staff of internal affairs agencies, agencies and units of civil protection, the State criminal executive service of Ukraine, the State service of special communications and information protection of Ukraine, who were killed (became missing) or died as a result of their performance of service duties;

b) the amount of state prizes of Ukraine or stipends of Ukraine accorded by law, resolutions of the Verkhovna Rada (Parliament) of Ukraine, decrees of the President of Ukraine, prizes for sportsmen being the champions of Ukraine, the winners of international sports competitions, including disabled sportspeople, as well as the value of state awards or rewards in the name of Ukraine, except for those disbursed in monies or other property, the amount of the Nobel Prize and the Abel Prize;

c) the amount of funds from the State Budget of Ukraine to the benefit of full members and correspondent members of the National Academy of Sciences of Ukraine, the Ukrainian Agrarian Sciences Academy, the Academy of Medical Sciences of Ukraine, the Academy of Pedagogical Sciences of Ukraine, the Academy of Legal Sciences of Ukraine, the Academy of Arts of Ukraine as a monthly lifelong payment for the rank of a full member and a correspondent member;

d) the amount of the aid paid (provided) to victims of the Nazi persecution or their successors from budgets or other sources specified by international treaties of Ukraine accepted as binding by the Verkhovna Rada (Parliament) of Ukraine, as well as to individuals conferred with the title of the Righteous Among the Nations;

e) the amount of the aid paid (provided) to individuals found to have been oppressed and/or rehabilitated in accordance with the law or their successors from budgets or other sources specified by international treaties of Ukraine accepted as binding by the Verkhovna Rada (Parliament) of Ukraine;

f) the amount of pensions or the monthly lifelong pecuniary allowance disbursed to a taxable person from the Pension Fund of Ukraine or the budget in accordance with the law, as well as from foreign sources, if the international treaties accepted as binding by the Verkhovna Rada (Parliament) of Ukraine provide that such
pensions are not subject to taxation or are taxed in the country of their disbursement;

   g) the amount of the pecuniary compensation for losses of time, the scope of which is determined by the Cabinet of Ministers of Ukraine and which is received by individuals for record keeping and data submission according to the programmes of state sampling inquiries held by the government statistics agencies;

   h) the amount of the pecuniary compensation disbursed to military servicemen for the living accommodation they are supposed to receive;

   i) the amount of the annual one-time pecuniary aid provided in accordance with the Law of Ukraine “On War Veteran Status and Guarantees of Their Social Protection”.

Exceptions under this sub-item shall not apply to the disbursement of the salary, pecuniary (retiring) aid in case of retirement from service (resignation) and the disbursement related to the temporary loss of the ability to work;

165.1.2) the amount of the income received by a taxable person in the form of the interest accrued on the securities emitted by the Ministry of Finance of Ukraine;

164.1.3) the amount of the reimbursement to a taxable person for the damage caused thereto as a result of the Chernobyl Disaster in accordance with the procedure and in amounts prescribed by law;

164.1.4) the amount of payments or reimbursements (other than salary or other payments and reimbursements under contracts governed by the civil law) undertaken under provisions of item 170.7 of Article 170 of this Code:

   a) by creative unions to members thereof in cases specified by law;

   b) by the Red Cross Society of Ukraine to recipients of the charitable aid in accordance with the law;

   c) by other not-for-profit organizations (other than credit unions and other non-bank financial institutions) and charitable funds of Ukraine whose status is determined in accordance with the law, to the benefit of recipients of such payments, except for any payments or reimbursements to members of the managing bodies of such organizations or foundations, and individuals related to them;

   d) the amount of funds paid annually to winners of the Petro Yatsyk International Ukrainian Language Contest;

165.1.5) the amount of premium payments for the purposes of the statutory insurance of a taxable person in accordance with the law other than the universal state social insurance single fee;

165.1.6) the amount of the universal state social insurance single fee of a taxable person paid at the expense of his employer in amounts defined by law;

165.1.7) the amount of insurance premiums to the Accumulative Fund and, in cases envisaged by law, universal insurance premiums to the non-state pension fund and the bank-managed fund;

165.1.8) the amount of funds owned by a taxable person that are transferred according to the law from the Accumulative Fund to a non-state pension fund, bank-managed fund or insurance organisation, from a non-state pension fund, bank-
managed fund to another non-state pension fund, bank-managed fund, insurance organisation or to a pension deposit account of a bank;

165.1.9) the cost of the gratis medicinal and preventive food, milk or equivalent foods, carbonated salted water, detergents and neutralisers, as well as the special clothing, special footwear and other individual protection facilities provided by an employer to a taxable person under the Law of Ukraine “On Labour Protection”, special clothing (uniform) provided to a taxable person having labour relations with the employer for the temporary use by an employer. The procedure of the provision, the list and the ultimate time frames of using the special clothing, special footwear and other individual protection means shall be specified by the specifically authorised central executive agency in charge of the labour protection supervision with the involvement of trade unions and the Social Insurance Fund of Ukraine in charge of the insurance of labour accidents and professional diseases. The target levels of the provision of the medicinal and preventive food, the milk or equivalent foods, the carbonated salty water, detergents and neutralisers shall be developed by the central executive agency in charge of the healthcare. The procedure of the provision of special clothing (uniform) and footwear, the lists thereof and the ultimate time frames of the use thereof shall be approved by the Cabinet of Ministers of Ukraine;

165.1.10) the amount of the pecuniary or property allowance or provision for military servicemen on the mandatory service (including individuals on alternative service) envisaged by law that is paid from the budget or by a budget-funded institution;

165.1.11) funds received by a taxable person for a business trip or on an accountability basis and calculated according to item 170.9 of Article 170 of this Code;

165.1.12) the cost of commodities received by a taxable person by way of guarantee replacement in accordance with the procedure prescribed by law, as well as the monetary compensation for such commodities provided to a taxable person in case of the commodities return to the seller or the party authorised by such a seller to perform the guarantee maintenance (replacement) during the guarantee period, but not higher than the price of acquisition of such commodities;

165.1.13) funds or the value of property (intangible assets) received by a taxable person on the basis of a court decision as a result of the division of the common estate of spouses due to the termination or the invalidation of a marriage, or by a voluntary decision of the parties taking account of provisions of the Family Code of Ukraine;

165.1.14) the alimony paid to a taxable person by court decision or by a voluntary decision of the parties in amounts determined in accordance with the Family Code of Ukraine, except for the alimony payment by a non-resident regardless of the amount thereof, unless otherwise prescribed by international treaties accepted as binding by the Verkhovna Rada (Parliament) of Ukraine;

165.1.15) the funds or property (property or non-property rights, the value of
work or services received by taxable persons as a gift subject to provisions of this section;

165.1.16) the funds received by a taxable person by way of the compensation (reimbursement) for the value of the property (intangible assets) alienated by the state by force in cases envisaged by law, or the value of the said compensation received in a form other than the pecuniary form;

165.1.17) the amount of excessively paid monetary liabilities, insurance premiums from budgets or state special-purpose insurance funds according to the law, as well as the budget reimbursement in case of the exercise of the eligibility for the tax discount refunded to the taxpayer;

165.1.18) the dividends that are accrued to the benefit of a taxable person in the form of shares (interests, units) emitted by a resident legal entity accruing the said dividends, provided that the said accrual does not change proportions (interests) of all shareholders (owners) in the authorised fund of the emitter in any manner and results in an increase in the authorised fund of the said emitter by the aggregate par value of the dividend so accrued;

165.1.19) funds or the value of property (services) provided by way of the medical treatment and medical service aid to a taxable person at the expense of a charitable organization or his employer, including the part of the employer’s expenses for the obligatory preventive examination of an employee according to the Law of Ukraine “On Protection of Population against Infectious Diseases” and for the vaccination of an employee aiming the disease prevention during the period of epidemic threat in accordance with the Law of Ukraine “On Ensuring Sanitary and Epidemic Safety of the Population” upon availability of appropriate supporting documents, except for expenses covered with payments from the universal state social medical insurance fund;

165.1.20) the value of the coal and coal briquettes provided free of charge in amounts and in line with a list of occupations specified by the Cabinet of Ministers of Ukraine, including compensations of the value of such coal and coal briquettes, to:

- the employees of coal extraction (coal conversion) and coal-building factories;
- pensioners having worked on coal extraction (coal conversion) and coal-building factories: not less than 10 years for men and 7 years 6 months for women in the underground activities; not less than 15 years for men and 12 years 6 months for women in the activities connected with underground conditions; not less than 20 years for men and 15 years for women in the activities of the processing line on the surface of productive mines or at mines being built, open-cut collieries, coal-preparation and briquette plants;
- disabled persons, war and labour veterans, persons awarded with the decorations “The Miner’s Glory” or “The Miner’s Valour” of I, II, III classes, persons whose disability was a result of a systemic disease, in case if they used to enjoy this right before the contraction of disability;
- the families of employees deceased (died) at coal extraction (coal conversion)
factories, that receive pensions due to the loss of the breadwinner.

In case of the disbursement of the monetary compensation for the value of such coal and coal briquettes its amount shall not be included to the aggregate taxable income of a taxable person.

The procedure of the compliance with this sub-item shall be specified by the Cabinet of Ministers of Ukraine;

165.1.21) the amount paid by an employer to domestic higher and vocational education establishments for an individual in the amount not higher than specified in paragraph one of sub-item 169.4.1 of item 169.4 of Article 169 of this Code for each complete or incomplete month of training or re-training of such an individual regardless of the existence of labour relations between such an individual and the employer, but provided that the individual has entered into a written agreement (contract) with the employer and undertook to work at least three years for such an employer after the graduation from a higher and/or vocational education establishment and the obtainment of a speciality (qualification).

If the said employee terminates labour relations with the said employer during the said training or before the expiry of the third calendar year after the year of the completion of training, the amount paid by way of compensation for the cost of such training shall be considered equivalent to an additional benefit provided for such an employee during the year of such a termination of labour relations and shall be taxed under the generally applicable procedure;

165.1.22) funds or the value of property (services) provided by way of an allowance for the funeral of a taxable person:
   a) by any individual, charitable organisation, the Pension Fund of Ukraine, the corresponding territorial administrations in charge of labour and social protection of the population, the universal state social insurance funds of Ukraine or a trade union;
   b) by the employer of such a deceased taxable person at his last place of work (for instance, before the pension) in the amount not exceeding the doubled amount specified in paragraph one of sub-item 169.4.1 of item 169.4 of Article 169 of this Code. The amount of excess over the said amount, if any, shall be subject to the final taxation on the accrual (disbursement, provision) thereof;

165.1.23) the cost of clothing and footwear, as well as the amounts of the pecuniary aid provided to orphan children and children deprived of parental care (including the graduates of vocational education establishments and higher education establishments of accreditation levels I-IV) according to the procedure and in the amounts specified by the Cabinet of Ministers of Ukraine;

165.1.24) the income from the alienation of agricultural products (including primary treatment products) by the owner that has been grown (produced) by the owner in land plots granted thereto in sizes prescribed by the Land Code of Ukraine for the personal peasant farm, if their size has not been increased as a result of a land share (unit) obtainment in kind (on site), the construction and the maintenance of a residential house, ancillary buildings and structures (house-related land plots),
horticulture and individual dacha construction.

A recipient of such income shall provide the tax agent with the certificate of his eligibility for receiving the income at the source of the disbursement thereof without tax withholding.

The certificate form, validity period, and issue procedure shall be developed and approved by the central state tax service agency in concurrence with the central executive agency in charge of land resources;

165.1.25) the amount received by a taxable person for the secondary raw materials and household waste, other than ferrous and precious scrap metal, delivered (sold) by him;

In case of the disbursement of the income due for ferrous and precious scrap metal delivered by a taxable person, the entity procuring the said scrap metal shall be deemed to be a tax agent, and shall withhold the tax from the amount so disbursed at the rate prescribed by this section;

165.1.26) the amount of a scholarship disbursed from the budget to a pupil, a student, a military student of military education establishments, a registrar, a post-graduate student or a military post-graduate student not exceeding the amount specified in paragraph one of sub-item 169.4.1 of item 169.4 of Article 169 of this Code. The amount of excess over the said amount, if any, shall be subject to taxation on its accrual (disbursement) thereof at the rates specified in item 167.1 of Article 167 of this Code;

165.1.27) the amount of the insurance payment, the insurance indemnity or the redemption value received by a taxable person under an insurance contract with a resident insurer other than a long-term life insurance (including the lifelong pension insurance) or non-state pension provision contract, subject to the following conditions:

a) at the time of the life or health insurance of a taxable person in the following cases:

in case of surviving of an insured person till the date or event envisaged by a life insurance contract or upon the attainment of the age envisaged by such a contract;

the redemption value in the part not exceeding the amount of contributed insurance premiums according to the life insurance contract other than the long-term life insurance;

in case of an accident insured the fact of the damage caused to the insured party must be properly confirmed. If the insured person dies, the amount of the insurance indemnity that belongs to beneficiaries or successors shall be subject to taxation according to the rules and rates prescribed for the inheritance taxation (a beneficiary shall be equated to a successor);

b) in case of the property insurance, the insurance indemnity amount may not exceed the value of the insured property calculated at usual prices as of the insurance contract conclusion date increased by the amount of the paid insurance premiums (insurance contributions);
c) in case of the third-party liability insurance, the amount of the insurance indemnity may not exceed the value of the damage actually inflicted upon the beneficiary assessed at usual prices as of the date of such an insurance indemnity payment;

165.1.28) the amount of the insurance payment, the insurance indemnity, the redemption value or the part thereof or the pension payment received by a taxable person under a long-term life insurance contract, including lifelong pension insurance, the pension payment amount from the non-state pension provision system, the amount of payments under a pension deposit contract, a trust management contract concluded with the participant of the bank-managed fund determined by sub-item 170.8.3 of item 170.8 of Article 170 of this Code.

The procedure of the application of sub-item 165.1.27 of this item and this sub-item shall be specified by the central executive agency that controls non-bank financial institutions according to the law;

165.1.29) the principal of a deposit lodged by a taxable person to a bank or a non-bank financial institution being repaid to the taxable person, as well as the principal of a loan obtained by a taxable person (during the contractual time), including the financial loan provided by the pledge for the fixed term and at interest;

165.1.30) the amount of disbursements to citizens of Ukraine (their successors) in respect of savings deposited before 2 January 1992 with the offices of the Savings Bank and state insurance institutions of the USSR that operated on the territory of Ukraine, and the following governmental securities: State Interest-free Targeted Bonds of the year 1990, State Lottery Bonds of the year 1982, state treasury bills of the USSR, the certificates of the Savings Bank of the USSR and savings of citizens of Ukraine deposited with the offices of Oschadny Bank of Ukraine and the former Ukrderzhstrakh during the years 1992 to 1994;

165.1.31) the principal amount of the repayable financial aid provided by a taxable person to other persons that is being repaid to such a taxable person; the principal of the repayable financial aid received by a taxable person;

165.1.32) the income from transactions with property or investment assets that is not subject to taxation in accordance with the appropriate provisions of this section;

165.1.33) the amount received by a taxable person for the donation of blood, breast milk and other donations that is disbursed from the budget or by a budget-funded institution;

165.1.34) the value of the housing conveyed from the ownership of the state or the community into the ownership of a taxable person free of charge or at a discount according to the law, as well as the amount of state support for housing construction or purchase that is provided for a taxable person in accordance with the law.

If a taxable person from among state officials and individuals with the equivalent status is eligible for the once-off pecuniary compensation for expenses for the proper living conditions in accordance with the legislation, then the amount of the said compensation shall be taxed on its accrual (disbursement) at its expense as an
additional benefit;

165.1.35) the cost of vouchers for the rest, the recreation and the medical treatment, including the rehabilitation of disabled persons, on the territory of Ukraine of a taxable person and/or his children in the age under 18 years provided to him free of charge or at a discount (in the amount of the said discount) by the trade union receiving the trade union membership fees of such a taxable person being a member of such a trade union established in accordance with the legislation of Ukraine, or at the expense of the relevant universal state social insurance fund;

165.1.36) the income of a sole trader that is subject to taxation in the form of a universal tax according to the simplified taxation system in accordance with this Code;

165.1.37) the amount of expenses of an employer in connection with the qualification development (re-training) of a taxable person in accordance with the law;

165.1.38) the value of orders, medals, insignia, cups, diplomas, merit certificates and flowers, by means of which employees, other categories of individuals and/or winners of competitions and contests are rewarded;

165.1.39) the value of gifts (as well as the prizes of the winners and prize-winners of sports competitions), if their value does not exceed 50 per cent of one minimum subsistence level (calculated per month) set as of 1 January of the reporting tax year, except monetary payments in any amount;

165.1.40) the amount of the income received by a taxable person as a result of the alienation of shares (other corporate rights) obtained thereby into the ownership in the course of the privatization in exchange for the compensation privatization certificates directly received by the taxable person by way of the compensation of his deposits to the offices of the Savings Bank of the USSR or to state insurance institutions of the USSR, or in exchange of privatization certificates received by him according to the law, and the amount of the income received by the said taxable person as a result of the disposal of agricultural land plots, land interests (units) according to the norms of the free transfer determined by Article 121 of the Land Code of Ukraine depending on their purpose of use, and property units directly received by him into the ownership in the course of privatization;

165.1.41) the income in the form of interest on current bank accounts, by which exceptionally the payments of salaries, scholarships, pensions, social aid and other welfare payments specified by law are performed to the benefit of individuals. The attributes of such accounts shall be determined by the National Bank of Ukraine;

165.1.42) the amounts of funds provided by the Panukrainian public organizations of disabled people and their unions for the taxable persons being the members of congresses, symposia, meetings, conferences, plenary sessions, conventions, festivals, exhibitions, concerts, rehabilitation events, sporting events and contests which are held by such organizations, as the compensation for the expenses for accommodation, food and round-trip tickets to the places of events;
165.1.43) the amount of the insurance payment according to life insurance contracts in case of the death of the insured person, if such a payment is received by the first-degree members of the insured person’s family or an individual being a disabled person of group I or a disabled child, or has the status of an orphan child or a child deprived of parental care;

165.1.44) the amount of the property and non-property contribution of a taxable person to the authorised fund of a legal entity being the emitter of the corporate rights, in exchange for such corporate rights;

165.1.45) the cost of the secondary forest use for personal purposes (medicinal herbs storage, forest litter gathering, the storage of reed and other secondary forest use products determined by the Forest Code of Ukraine);

165.1.46) the sum of funds received as state lottery winnings and prizes in the amount not exceeding 50 minimum salaries, the amount of which is specified by law;

165.1.47) the amount of payments or reimbursements (other than the salary or other payments and reimbursements under contracts governed by the civil law) which are undertaken by trade unions to members thereof during the year cumulatively in the amount not exceeding the sum of the ultimate amount of the income determined according to paragraph one of sub-item 169.4.1 of item 169.4 of Article 169 of this Code, set as of 1 January of such a year. In this case, the mentioned payments shall be made in the scope and for the purposes specified by the general meeting of the trade union members;

165.1.48) the income from cooperative payments and/or from receiving the unit by the member of an agricultural production cooperative in case of his withdraw from the cooperative, received by the member of an agricultural production cooperative, the members of which are individuals exclusively and which carries on the agricultural production, namely milk and meat, using the land plots of the members granted for personal peasant farming purposes, if their size has not been increased as a result of the obtainment of a land share (unit) in kind (on site); the construction and the maintenance of a residential house, ancillary buildings and structures (house-related land plots), horticulture and individual dacha construction, on condition that only the labour of the members of such a cooperative is used;

165.1.49) the other income that shall not be included into the aggregate monthly (annual) taxable income in accordance with this Code.

Article 166. Tax Discount

166.1. Eligibility of a taxable person for a tax discount.

166.1.1. A taxable person shall be eligible for the tax discount as a result of the reporting tax year;

166.1.2) the grounds for the tax discount accrual with the indication of concrete amounts shall be stated by a taxable person in the annual tax return.

166.2. The documentary confirmation of expenses included into the tax
166.2.1. The tax discount shall be inclusive of all expenses actually incurred during a reporting tax year by a taxable person that are confirmed with the corresponding payment and settlement documents, such as receipts, fiscal or commodity cheques, cash receipt slips, and copies of contracts identifying the seller of commodities (work, services) and the buyer (the recipient) thereof. The said documents must specify the value of such commodities (work, services) and the time frame of the sale (performance, provision) thereof;

166.2.2) the originals of the documents mentioned in sub-item 166.2.1 of this item shall not be sent to the state tax service agency, but shall be retained by a taxable person during the period of limitations specified by this Code.

166.3. The list of expenses eligible for the inclusion into the tax discount.

A taxable person shall be eligible for including into the tax discount for reducing the taxable income of the taxable person as a result of the reporting tax year determined with consideration for provisions of item 164.6 of Article 164 of this Code the following expenses actually undertaken by him during the reporting tax year:

166.3.1) a part of the interest amount paid by such a taxable person on a mortgage loan to be determined under Article 175 of this Code;

166.3.2) the amount of funds or the value of property transferred by a taxable person in the form of donations or charitable contributions to not-for-profit organizations registered in Ukraine and entered in the Register of Not-for-profit Organizations and Institutions as of the date of the transfer of such funds or property in the amount that does not exceed 4 per cent of his aggregate taxable income of such a reporting year;

166.3.3) the amount of funds paid by a taxable person to educational establishments for the compensation for the cost of the secondary vocational or higher education of such a taxable person and/or a first-degree member of his family who does not receive a salary. The said amount may not exceed the income defined in paragraph one of sub-item 169.4.1 of item 169.4 of Article 169 of this Code per each individual who is learning for each complete or incomplete month of learning during the reporting tax year;

166.3.4) the amount of funds paid by a taxable person to healthcare establishments by way of the compensation for the cost of paid services associated with the treatment of such a taxable person or his first-degree family member, for instance, for the purposes of the purchase of medicines (donor components, prosthetic and orthopaedic devices, products for medical purposes for the individual use of disabled persons), as well as the amount of funds paid by a taxable person, recognised to be a disabled person according to the established procedure, to the benefit of prosthetic and orthopaedic enterprises, rehabilitation institutions for the compensation of the cost of paid services on rehabilitation, technical or other means of rehabilitation provided for such a taxable person or his disabled child in the scope that is not
covered by payments from the universal state social medical insurance funds, except for:

a) cosmetic treatment or cosmetic surgery expenses (including cosmetic prosthetics not related to medical indications), the hydropathical treatment and heliotherapy not related to the treatment of chronic diseases;

b) tooth prosthetics with the use of precious metals, porcelain and the galvanoplasty;

c) abortions (other than abortions undertaken due to medical indications or in case of the pregnancy resulting from a rape);

d) sex-change operations;

e) the treatment for venereal diseases (except for AIDS and venereal diseases resulting from the non-sex contagion or rape);

f) the treatment for tobacco or alcohol addiction;

g) the purchase of medicines, medicinal products and devices, the payment for medical services not categorised as vital according to the list specified by the Cabinet of Ministers of Ukraine;

166.3.5) the amount of disbursements of a taxable person for insurance payments (insurance contributions, insurance premiums) and pension contributions paid by a taxable person to a resident insurer, a non-state pension fund, a bank under long-term life insurance, non-state pension provision contracts, under a pension contract with a non-state pension fund, and lodgements to the bank pension deposit account, to pension deposits and accounts of the members of bank-managed funds of both such a taxable person and his first-degree family members, which do not exceed the following amounts (calculated for each complete or incomplete month of the tax reporting year, during which the insurance contract was valid):

a) the amount specified in paragraph one of sub-item 169.4.1 of item 169.4 of Article 169 of this Code in case of the insurance of a taxable person or under a pension contract of a taxable person with a non-state pension fund, or on a bank pension deposit account, pension deposit, the account of a member of a bank-managed fund, or the totality thereof;

b) 50 per cent of the amount specified in paragraph one of sub-item 169.4.1 of item 169.4 of Article 169 of this Code per each insured family member in case of the insurance of a first-degree family member of a taxable person or under a pension contract of a first-degree family member of a taxable person with a non-state pension fund, or on a bank pension deposit account, pension deposit, the account of a member of a bank-managed fund to the benefit of such a family member, or the totality thereof;

166.3.6) the amount of expenses of the taxable person for:

the payment for auxiliary reproductive technologies in accordance with the conditions set by the legislation, but not exceeding the amount equal to one third of the income in the form of a salary for a reporting tax year;

the payment for the value of state services related to child adoption, including
the payment of the state duty;

166.3.7) the amount of funds paid by a taxable person in connection with the retrofitting of a transport vehicle which belongs to the taxable person, using composite motor fuel, bioethanol, biodiesel, pressurized or liquefied petroleum gas, other kinds of bio fuel as the fuel;

166.3.8) the amounts of the expenses of a taxable person for the payment of expenditures for the construction (purchase) of affordable housing determined by law, including the repayment of a residential mortgage loan granted for such purposes and the interest on it.

166.4. Restriction of the eligibility for the accrual of a tax discount.

166.4.1. A tax discount may only be granted to a resident who has a registration number of the taxable person record card, as well as a resident being an individual who has abandoned the acceptance of a registration number of the taxable person record card because of the religious views and officially informed the corresponding state tax service agency about this fact and has a note about this fact in his passport;

166.4.2) the total amount of the tax discount accrued for a taxable person in a reporting tax year may not exceed the amount of the annual aggregate taxable income of the taxable person accrued as a salary reduced taking into account the provisions of item 164.6 of Article 164 of this Code;

166.4.3) if a taxable person has failed to make use of the eligibility for the tax discount as a result of the reporting tax year, this eligibility shall not be carried forward to the subsequent tax years.

166.5. The central state tax service agency shall give charge-free explanations of the procedure of documentary confirmation of the eligibility for a tax discount and of submitting a tax return, including holding the corresponding trainings, seminars etc., and shall provide for charge-free issuing of the tax return forms of this tax, other calculations envisaged by this section, by tax service agencies upon the first request of a payer of this tax.

**Article 167. Tax Rates**

167.1. The rate of the tax shall be 15 per cent of the taxable amount concerning the income received (except for the cases defined in items 167.2–167.4 of this article), including but not limited to the form of a salary, other incentive and compensatory payments, or other payments and rewards disbursed (granted) to a taxable person in connection with labour relations and according to contracts governed by the civil law; state and non-state lottery winnings, the winning of a player (participant) received from the organizer of a game of chance.

If a total amount of the income received by a taxable person in the reporting tax month and specified in paragraph one of this item, exceeds the tenfold of one minimum salary set by the legislation as of 1 January of the reporting tax year, the tax
rate shall be 17 per cent of the amount of exceeding taking into account the tax paid according to the rate specified in paragraph one of this item.

The rates of the tax determined in paragraphs one and two of this item shall not be applied to the income determined in items 167.2–167.4 of this article.

167.2. The rate of the tax shall be 5 per cent of the taxable amount concerning the income accrued as:

- the interest on a current or deposit bank account;
- the interest or discount income on a registered savings certificate (certificate of deposit);
- the interest on the contribution (deposit) of a credit union member in a credit union;
- the income disbursed by a company which manages assets of a joint investment institution on assets in place in accordance with the law;
- the income from mortgage-backed securities (mortgage bonds and certificates) in accordance with the law;
- the income in the form of the interest (discount) received by a bond holder from their emitter in accordance with the law;
- the income on the real-estate transaction fund certificate and the income received by a taxable person as a result of the repurchase (repayment) of the real-estate transaction fund certificates by the trustee according to the procedure determined in the certificates emission prospectus;
- the income in the form of dividends;
- the income in other cases directly specified by appropriate provisions of this section.

167.3. The tax rate shall be a double value of the rate specified in paragraph one of item 167.1 of this article of the taxable amount in respect of the income accrued as a winning or prize (except for the state and non-state lottery winnings and the winning of a player (participant) received from the organizer of a game of chance) to the benefit of residents and non-residents.

As the exception for paragraph one of this item, pecuniary prizes in sports competitions (except for the prizes of the sportsmen being the champions of Ukraine, the prize-winners of international sports competitions, including disabled sportspeople, specified in sub-item “b” of sub-item 165.1.1 of item 165.1 of Article 165 of this Code) shall be subject to taxation according to the rate specified in item 167.1 of this article.

167.4. The tax rate shall be 10 per cent of the taxable amount in respect of the income in the form of a salary determined according to item 164.6 of Article 164 of this Code of miners being workers, who extract coal, iron ore, nonferrous and rare metal ores, manganese and uranium ores, the workers of colliery construction companies being engaged in underground activities full-time and 50 per cent and more of the working time annually, as well as the workers of the state paramilitary emergency rescue services (units), including the specifically authorised central
executive agency in charge of civil protection, in the coal industry according to the List № 1 of productions, work, professions, positions and indices in underground activities, in activities with extra harmful or extra arduous working conditions, the full-time work in which confers the right on retiring at the age on a preferential basis validated by the Cabinet of Ministers.

167.5. The rate of the tax may have a different value specified by the relevant provisions of this section.

Article 168. Procedure of Accrual, Withholding and Payment (Transfer) of the Tax to the Budget

168.1. Taxation of the income accrued (disbursed, provided) to a taxable person by a tax agent.

168.1.1. The tax agent that accrues (disburses, provides) the taxable income to the benefit of a taxable person shall be required to withhold the tax from the amount of such income at its expense using the tax rate specified in Article 167 of this Code.

168.1.2. The tax shall be paid (transferred) to the budget on paying of the taxable income with a single payment document. Banks shall accept income payment documents only under condition of the simultaneous submitting of the accounting document for the transfer of the said tax to the budget.

168.1.3. If some types of the taxable income (profits) are not subject to taxation on their accrual or disbursement according to provisions of this section, but are not free of taxation, a taxable person shall on his own include the amount of such income into the aggregate annual taxable income and submit an annual return for the tax in question.

168.1.4. If the taxable income is provided in a non-pecuniary form or cash from the tax agent's cash desk, the tax shall be paid (transferred) to the budget within the banking day, which follows the date of such accrual (payment, provision).

For the purposes of this section and item 54.2 of Article 54 of this Code the term “the absolute deadline of payment to the tax budget” shall be understood as the dates of tax payment determined by this item.

168.2. Taxation of the income accrued (disbursed, provided) to a taxable person by a party not being a tax agent, and the foreign income.

168.2.1. A taxable person, who receives the income from a party not being a tax agent, as well as the foreign income, shall include the amount of such income into his aggregate annual taxable income and submit the annual tax return as a result of the reporting tax year, and pay a tax from such income.

168.2.2. A party not being a tax agent shall be deemed a non-resident or an individual not having the status of a business entity or not being a person entered into records in the state tax service agencies as a party exercising independent professional activities.

168.3. The calculation of tax liabilities related to the taxable income of a
taxable person accrued at the source of its disbursement shall be carried out by the tax agent (including the employer).

168.4. The procedure of the tax payment (transfer) to the budget.

168.4.1. The tax withheld from the income of residents and non-residents shall be credited to the budget according to the Budget Code of Ukraine;

168.4.2) this procedure shall be applied by all legal entities, including those which have branches, outlets and other separated units located on the territory of a territorial community other than that of the said legal entity, as well as the separated units of legal entities that are authorised to accrue, withhold and pay (transfer) the tax to the budget (hereinafter referred to as "separated unit").

In case of making a decision to establish a separated unit, a legal entity shall notify the state tax service agencies thereof in its location and the location of such newly established units in accordance with the established procedure;

168.4.3) the amounts of the tax on the income accrued by a separated unit to the benefit of individuals, in a reporting period shall be transferred to the local budget in the location of such a separated unit.

If a separated unit is not authorised to accrue (disburse) the individual income tax, then the legal entity shall perform all duties of the tax agent in lieu of such a separated unit. The income tax accrued on employees of such a separated unit shall be transferred to the local budget in its location;

168.4.4) a legal entity in its location and the location of its separated units not authorised to pay tax, and a separate unit authorised to accrue, withhold and pay (transfer) the tax to the budget in their location shall pay (transfer) the amounts of the withheld tax to the relevant accounts held with the directorates of the State Treasury of Ukraine in the locations of separated units simultaneously with the submission of documents for the receipt of funds for the disbursement of the income due to taxable persons.

The directorates of the State Treasury of Ukraine shall allocate the said funds according to target ratios specified by the Budget Code of Ukraine in line with the procedure prescribed by the Budget Code of Ukraine, and channel the amounts so allocated to the relevant local budgets;

168.4.5) an individual responsible for the accrual and withholding of the tax under requirements of this section shall pay (transfer) the same to the relevant budget:

a) if such an individual is a tax agent – at the place of his registration in the state tax service agencies;

b) in other cases – in his tax address;

168.4.6) the control over the correctness and the timeliness of the tax payment shall be exercised by the state tax service agency in the location of the legal entity or its separated unit;

168.4.7) the responsibility for the timely and full transfer of tax amounts to the relevant local budget shall be borne by the legal entity or its separated unit that accrues (disburses) the taxable income;
168.4.8) the responsibility for the timely and full transfer of tax amounts to the relevant local budget shall be borne by the individual in cases specified by this section.

168.5. The amounts of the individual income tax withheld from monetary provisions, monetary rewards and other payments received by military servicemen, rank and officer staff of internal affairs agencies, the State criminal executive service of Ukraine, the State service of special communications and information protection of Ukraine, the state fire protection service, agencies and units of civil protection, the fiscal militia in connection with the performance of service duties shall be used solely for the disbursement of the equitable and full compensation for the lost income of this category of individuals.

**Article 169. Recalculation of Tax and Social Tax Breaks**

169.1. The list of social tax breaks.

Subject to provisions of paragraph one of sub-item 169.4.1 of item 169.4 of this article, a taxable person shall be eligible for the reduction in the amount of the aggregate monthly taxable income received from a single employer in the form of the salary by the social tax break amount at the following rates:

169.1.1) in the amount equivalent to 100 per cent of the amount of minimum subsistence level of an able-bodied individual (calculated per month) set by the legislation as of 1 January of the reporting tax year – for any taxable person;

169.1.2) in the amount equivalent to 100 per cent of the break amount defined in sub-item 169.1.1 of this item – for a taxable person, who supports two or more children in the age under 18 years — per each child of this kind;

169.1.3) in the amount equivalent to 150 per cent of the break amount defined in sub-item 169.1.1 of this item – for a taxable person, who:

a) is a lonely mother (father), a widow (widower) or a trustee or guardian—per each child in the age under 18 years;

b) supports a disabled child—per each child of this kind in the age under 18 years;

c) is an individual included by law to category 1 or 2 of victims of the Chernobyl Disaster, including individuals awarded with diplomas of the Presidium of the Verkhovna Rada of the URSR in connection with their participation in the elimination of consequences of the Chernobyl Disaster;

d) is a pupil, a student, a post-graduate student, a resident doctor, a military post-graduate student;

e) is a disabled person of group I or II, including persons disabled since the childhood, except for the disabled persons for whom the break is specified by sub-item “b” of item 169.1.4 of this item;

f) is a person accorded a lifelong stipend as a citizen who has been prosecuted for the human rights protection activities, including journalists;
g) is a participant of combat activities on the territories of other countries in the period after World War Two subject to the Law of Ukraine “On War Veteran Status and Guarantees of Their Social Protection”, except for individuals defined in sub-item “b” of item 169.1.4 of this item;

169.1.4) in the amount equivalent to 200 per cent of the break amount defined in sub-item 169.1.1 of this item – for a taxable person, who is:

a) a Hero of Ukraine, a Hero of the Soviet Union, a Hero of the Socialist Labour or a full knight of the Order of Glory or the Order of Labour Glory, a person awarded four or more medals “For Courage”;

b) a participant of combat activities at the time of World War Two or an individual who has worked in the rear, as well as a disabled person of group I or II from among the participants of combat activities on the territories of other countries in the period after World War Two subject to the Law of Ukraine “On War Veteran Status and Guarantees of Their Social Protection”;

c) a former prisoner of concentration camps, ghettos and other places of forced custody during World War Two, or a person found to be oppressed or rehabilitated;

d) a person who had been deported by force from the territory of the former USSR at the time of World War Two to the territory of the states that were in the state of war with the former USSR or were occupied by the Fascist Germany and its allies;

e) an individual who stayed in the territory of the former city of Leningrad (Saint Petersburg, Russian Federation) being under the blockade from 8 September 1941 till 27 January 1944.

169.2. The choice of place of receipt (application) of the social tax break.

169.2.1. The social tax break shall be applied to the accrued monthly income of a taxable person in the form of salary in only one place of its accrual (disbursement).

169.2.2. A taxable person shall submit a statement of the independent choice of the place for the social tax break application to the employer (hereinafter referred to as “break application”).

The social tax break shall start to be applied to the income accrued in the form of a salary starting from the date of receipt of the break application and the documents confirming the eligibility therefore by the employer. The employer shall specify in tax reports all events of application or non-application of the social tax break on the basis of break applications received from taxable persons, as well as statements renouncing the said break.

The list of such documents and the procedure of the submission thereof shall be specified by the Cabinet of Ministers of Ukraine.

169.2.3. The social tax break may not be applied to:

the income of a taxable person other than salary;

the salary received by a taxable person during the reporting tax month simultaneously with the income in the form of the scholarship, the monetary or property provisions issued to pupils, students, post-graduate students, resident doctors, military post-graduate students and military servicemen from the budget;
the income of a self-employed person from exercising business activity and other independent professional activities.

The social tax break to the salary of state officials shall be applied at the time of the accrual thereof upon the completion of the accrual of such income without the submission of applications referred to in sub-item 169.2.2 of this item, but the supporting documents for setting the break amount shall be provided.

169.2.4. If a taxable person violates the provisions of this item resulting, in particular, in the application of the social tax break during the obtainment of other income during any reporting tax month or the application of the break in several places of receipt of the income, then the said taxable person shall forfeit the eligibility for social tax break in all of the places of the income receipt starting from the month of such violation and ending by the month, when the eligibility for the application of the social tax break is restored.

A taxable person may restore the eligibility for the application of the social tax break, if he submits a statement of renunciation of this break to all the employers with the specification of the month of such a violation; on its basis, each employer shall calculate and withhold the appropriate unpaid amount of tax and the penalty in the amount of 100 per cent of such unpaid amount at the expense of the nearest income payment to such a taxable person and, in case of the insufficiency of such payment amount, at the expense of further payments. If the unpaid amount and/or the penalty have not been withheld by the tax agent at the expense of the income of a taxable person, such amounts shall be included to the annual tax return of such a taxable person. At that, the eligibility for the application of the social tax break shall resume starting from the tax month, which follows the month of the repayment of such unpaid amount and the penalty in full.

The central state tax service agency shall specify the procedure of the regular notification of a taxable person’s employers of his violations of provisions of sub-item 169.2.1 of this item detected on the basis of tax reporting or documentary inspection data, as well as the procedure of the notification of an employer on the forfeiture or the restoration of the eligibility of a taxable person for the social tax break.

169.3. Choice of the social tax break in terms of its amount and its validity period.

169.3.1. If a taxable person is eligible for the application of a social tax break on two and more grounds listed in item 169.1 of this article, one social tax break on the ground that provides for the largest amount thereof shall be applied, on condition of the observation of the procedures defined by sub-item 169.4.1 of item 169.4 of this article, except for the case specified by sub-item “b” of sub-item 169.1.3 of item 169.1 of this article, according to which the social tax break is added to the break specified by sub-item 169.1.2 of this item in case when an individual supports two or more children, including a disabled child (disabled children).

169.3.2. A taxable person, who is eligible for the social tax break in the amount
higher than envisaged by sub-item 169.1.1 of item 169.1 of this article, shall state this eligibility in his application for the break application and submit appropriate supporting documents.

169.3.3. The social tax break under sub-item 169.1.2 and sub-items “a” and “b” of sub-item 169.1.3 of item 169.1 of this article shall be provided till the end of the year, during which the child attains the age of 18 years, or, in case of the child’s death prior to the attainment of the said age, till the end of the year of such death. The eligibility for such a social tax break shall be forfeited in case of the annulment of the parental rights of the taxable person or if the taxable person has renounced the child or placed the child under the care of the state, including the establishments for orphan children and children deprived of parental care, regardless of whether any payment is charged for such care, as well as if the child becomes a military student on the condition of the full support of that child starting from the tax month of the relevant event.

The social tax break under sub-items “c” to “g” of sub-item 169.1.3 of item 169.1 of this article shall be suspended starting from the tax month, which follows the month, during which the taxable person has lost the status specified in the said sub-items.

169.3.4. The social tax break shall be granted taking into account the last monthly reporting tax period, during which a taxpayer died or was declared deceased or missing by the court or lost the status of a resident, or was fired out from his place of employment.

169.4. Tax recalculation, recalculation and restriction of the social tax break.

169.4.1. The social tax break shall be applied to the income accrued to the benefit of a taxable person as a salary (other payments, compensations and reimbursements with the equivalent status according to the legislation) during the tax reporting month, if the amount of the said income does not exceed the amount of the monthly living wage of an able-bodied individual set as of 1 January of the tax reporting year multiplied by 1.4 and rounded to the nearest UAH 10.

In this case, the ultimate amount of the income providing one of the parents with the eligibility for the social tax break in case and amount specified by sub-item 169.1.2 of item 169.1 of this article shall be determined as the product of the amount specified in paragraph one of this sub-item and the relevant number of children.

If a taxable person receives income in the form of a salary for the period of its retaining in accordance with the legislation, including the period of vacation or the taxable person’s being on sick leave, then the said income (portions thereof) shall be attributed to the appropriate tax periods of the accrual thereof for the purposes of determining the ultimate income amount providing the eligibility for the social tax break, as well as in other cases of their taxation.

169.4.2. The employer of a taxable person, including the place of the social tax break application, shall recalculate the amounts of the income accrued for such a taxable person in the form of a salary, and amounts of the social tax break provided:
a) as a result of each reporting tax year during the accrual of the salary for the last month of the reporting year;

b) during the settlement for the last month of the social tax break application in case of the alteration of the place of its application on the independent decision of a taxable person, or in cases specified in sub-item 169.2.3 of item 169.2 of this article;

c) during the final settlement with the taxable person, who terminates labour relations with such an employer.

169.4.3. The employer and/or tax agent shall have the right to recalculate the amounts of the accrued income, the tax withheld for any period and in any cases for the estimation of taxation accuracy, regardless of whether a taxable person is eligible for the social tax break application.

169.4.4. If the underpayment of the withheld tax arises as a result of the undertaken recalculation, the amount of such an underpayment shall be collected by the employer from the amount of any taxable income (after the taxation thereof) for the relevant month; and in case of the insufficiency of such income amount, the tax shall be collected at the expense of the taxable income of the following months till the full repayment of such underpayment amount.

If an underpayment exceeding the amount of the taxable income of a taxable person for the last reporting period arises as a result of the final settlement with the taxable person who terminates labour relations with the employer, the unpaid part of such an underpayment shall be included into the tax liability of the taxable person according to the results of the reporting tax year and shall be paid by the taxable person on his own.

Article 170. Specific Features of Accrual (Disbursement) and Taxation of Some Types of Income

170.1. Taxation of the income from letting the realty on lease (sub-lease) or housing rent (sub-rent).

170.1.1. The lessee shall be the tax agent of the lessor being a taxable person in respect of the latter's income from letting on lease an agricultural land plot, a land or property unit.

At that, the object of taxation shall be determined on the basis of the lease specified in the lease agreement but not less than the minimum amount of the lease payment prescribed by the land lease legislation.

170.1.2. The lessee shall be the tax agent of a taxable person being the lessor in case of the accrual of the income from the provision on lease of real estate objects other than specified in sub-item 170.1.1 of this item (including a land plot under the said real estate or a house related land plot).

At that, the object of taxation shall be determined on the basis of the lease specified in the lease agreement but not less than the minimum amount of the lease payment for the completed or non-completed month of the lease. The minimum
amount of the lease payment shall be determined according to the methodology
specified by the Cabinet of Ministers of Ukraine on the basis of the minimum value of
the monthly lease of one square meter of the total real estate area taking into account
its location, other functional and qualitative indicators specified by the local self-
government body of the village, town or city, on whose territory such realty is
located, and published in a manner most accessible by residents of such a territorial
community. If the said minimum value is not established or published before the
commencement of the reporting (tax) year, the object of taxation shall be determined
on the basis of the lease payment amount specified in the lease contract.

170.1.3. The real estate owned by a non-resident individual shall be granted on
lease solely via an individual sole trader or a resident legal entity (authorised persons)
that exercise representative functions in respect of such a non-resident on the basis of a
written contract, and act as his tax agent in respect of such income. A non-resident
violating the provisions of this item shall be deemed to be evading the tax payment.

170.1.4. The income specified in sub-items 170.1.1 to 170.1.3 of this item shall
be subject to taxation by the tax agent on its payment at the expense thereof.

170.1.5. If the lessee is an individual not being a business entity, a taxable
person being the lessor shall be the party responsible for the accrual and payment
(transfer) of the tax to the budget.

At that:

a) the said lessor shall accrue and pay the tax to the budget on his own within
time frames prescribed by this Code for the quarterly reporting (tax) period, namely
within 40 calendar days after the last day of such a reporting (tax) quarter; the amount
of the received income, the amount of the tax paid during the reporting tax year and
the tax liability according to the results of such a year shall be indicated in the annual
tax return;

b) in case of notarization of a real estate lease contract the notary shall send the
information about such a contract to the state tax service agency in the tax address of a
taxable person being the lessor in the form and manner prescribed by the Cabinet of
Ministers of Ukraine. In case of the violation of the procedure and/or time frames of
submitting the said information, the notary shall be liable according to the law for the
violation of the procedure and/or time frames of the tax reports submission;

170.1.6) the business entities exercising business activities related to the
provision of the real estate lease services (realtors) shall send the information about
real-state lease contracts governed by the civil law and concluded with their mediation
to the state tax service agency at the place of their registration and in time frames
envisaged for submitting tax calculation, according to the form set by the central state
tax service agency.

In case of violation of the procedure and/or time frames of submitting the said
information, the realtor shall be liable by law for the violation of the procedure and/or
time frames of the submission of tax reports.

170.2. Taxation of investment profit.
170.2.1. A taxable person shall account for the financial result of his transactions with investment assets independently and separately from other income and expenses. For the purposes of taxation of the investment profit a calendar year shall be deemed to be a reporting period.

170.2.2. The investment profit shall be calculated as the positive difference between the income derived by the taxpayer from the sale of an individual investment asset, and the value thereof to be determined on the basis of the amount of expenses on the acquisition of such an asset subject to provisions of sub-items 170.2.4 to 170.2.6 of this item.

In case of the application of provisions of sub-item 170.2.9 of this item by a taxable person, the tax agent being a professional securities trader, including the bank, in order to determine the object of taxation on the disbursement of the income to the taxable person for investment assets procured from him shall take account of documented expenses of such a taxable person on the acquisition of such assets.

If a taxable person has not used the provisions of sub-item 170.2.9 of this item, a professional securities trader, including the bank, shall not be dispensed from the fulfillment of the requirements of sub-item “b” of item 176.2 of Article 176 of this section regarding the submission of the information about the disbursed income to tax agencies according to the procedure prescribed by this section.

The introduction of the duty of a tax agent for a professional securities trader, including the bank, shall not dispense a taxable person from the duty of declaring the results of all transactions connected with purchase and sale of investment assets performed during the reporting (tax) year both within the territory of Ukraine and outside the country, except for the cases specified in sub-item 170.2.8 of this item.

The transactions listed below shall be deemed equivalent to the sale of an investment asset:

- the exchange of an investment asset for another investment asset;
- the buy-out of an investment asset held by a taxable person by the issuer thereof;
- the return to a taxable person of funds or property (property rights) earlier contributed by the taxable person into the authorised capital of the corporate rights issuer as a result of such taxable person's ceasing to be the founder (participant) of such an issuer or the liquidation of such an issuer.

The transactions involving the contribution of funds or property into the authorised capital of a resident legal entity in exchange for the corporate rights issued thereby shall also be deemed the acquisition of the investment asset.

An investment asset donated to, or inherited by, a taxable person shall be deemed to have been acquired at the value equivalent to the amount of the stamp duty and the individual income tax paid in connection with such donation or inheritance.

170.2.3. If the calculation of the investment profit according to the rules of this article results in a negative value, the said value shall be deemed to be the investment loss.
170.2.4. If within 30 calendar days prior to the day of the sale of a block of securities (corporate rights) and derivatives and within the subsequent 30 calendar days following the date of such sale, a taxable person acquires a block of identical securities (corporate rights) or derivatives, then:

a) the investment loss resulting from such a sale shall be disregarded while determining the total financial performance result of the investment asset transactions;

b) the value of the acquired block of securities for the taxation purposes shall be determined at its acquisition price but not lower than the price of the sold block of securities.

170.2.5. If, during the reporting (tax) year, a taxable person sells the investment asset under a contract stipulating his eligibility for the repurchase thereof the next year, or acquires an option for such a repurchase, the investment loss resulting from such a sale shall be disregarded during the calculation of the total financial performance result of the investment asset transactions.

If the taxable person, who sells an investment asset during the tax reporting period and incurs the investment loss as a result of this sale, acquires such an investment asset or a block of securities identical thereto during the next reporting (tax) year, the value of such an acquired block of securities shall be determined for taxation purposes at the level of the price of such a sold block of securities increased or reduced appropriately by the difference between the acquisition prices of the said two blocks of securities.

If a taxable person sells a block of securities (corporate rights) or derivatives to parties related to him, the investment loss arising as a result of such sale shall be disregarded for the purposes of the calculation of the total financial result of the investment asset transactions.

If a taxable person donates or bequeaths the investment asset, the investment loss arising as a result of such a donation or bequest shall be disregarded during the calculation of the total financial result of the investment asset transactions.

170.2.6. The aggregate annual taxable income of a taxable person shall be inclusive of the positive value of the aggregate financial performance result of the investment asset transactions as a result of such a reporting (tax) year.

The aggregate financial performance result of the investment asset transactions shall be determined as the amount of investment profits obtained by the taxable person during the reporting year less the amount of investment losses incurred by the taxable person during the same year.

If the aggregate financial performance result of the investment asset transactions is negative, the amount thereof shall be carried forward to reduce the aggregate financial performance result of the investment asset transactions of the subsequent years, until this negative value is covered in full.

The investment profit of securities or derivatives transactions shall be calculated by a taxable person separately from bank metals transactions. At that the taxable person shall calculate the investment profit of the transactions with securities
or derivatives circulating at the organized securities market separately from the investment profit of the transactions with securities or derivatives not circulating at such a market.

For the purposes of this item securities or derivatives shall be deemed as circulating at the organized security and derivatives market in case of the simultaneous fulfilment of the following conditions:

a) securities and derivatives are accepted to circulation at least at one stock exchange. At that the list of foreign stock exchanges shall be determined by the State Committee in charge of securities and stock market;

b) the information about prices (quoting) of securities and derivatives is published in the mass media (in particular, in electronic media) or may be submitted by the stock exchange to any party of interest during the period of three years after the date of transaction with such securities and derivatives;

c) the market quoting is calculated as for securities and derivatives.

For the purposes of this item the national legislation shall be deemed as the legislation of the state on the territory of which the circulation of securities or derivatives (the conclusion of contracts governed by the civil law that leads to the transfer of ownership for securities or derivatives) takes place.

The effect of sub-items 170.2.4 and 170.2.5 shall not be extended to the purchase and sale of securities and derivatives undertaken at the stock exchange, as well as in case of:

the purchase or sale of a block of shares in the amount exceeding 25 per cent of the authorized capital of the issuer;

the redemption of shares by the issuer, including the redemption on demand of the shareholder;

the purchase of issuance securities in the process of their private placement;

the purchase or sale of securities which may not be in circulation at the stock exchange in accordance with the legislation.

If during a reporting period a taxable person sustains (accrues) expenses connected with the purchase of securities and derivatives which have the features of fictitious nature determined by the State Committee in charge of securities and stock market, such expenses shall be disregarded for the purposes of the calculation of the financial result of securities or derivatives transactions.

170.2.7. For the purposes of this item:

a) the term “investment asset” shall be understood as a block of securities, derivatives or corporate rights expressed in forms other than securities, which are issued by a single issuer, as well as bank metals acquired from a bank regardless of the place of the subsequent sale thereof;

b) the term “block of securities” shall be understood as a separate item of securities, fund or commodity derivative, as well as a set of identical securities or fund or commodity derivatives;
c) the term “identical securities or derivatives” shall be understood as securities or derivatives issued by the same issuer under identical conditions of the issue, income payment, repurchase or redemption.

170.2.8. The following shall not be subject to taxation and shall not be included into the aggregate annual taxable income:

a) the income obtained by the taxable person during the reporting tax year from the sale of investment assets, if the amount of such income does not exceed the amount specified in paragraph one of sub-item 169.4.1 of item 169.4 of Article 169 of this Code;

b) the income obtained by the taxable person from the sale of investment assets in the case specified in sub-item 165.1.40 of item 165.1 of Article 165 of this Code.

In cases covered with sub-items "a" and "b" of this sub-item, the taxable person shall not include the amount of such income and expenses for the acquisition of such investment assets into the calculation of the aggregate financial performance result of the investment asset transactions.

170.2.9. A taxable person, who effects the investment asset transactions in reliance upon the services of a professional securities trader, including the bank, shall have the right to conclude a contract with such a trader for the exercise of the tax agent functions by such a trader.

170.3. Taxation of royalties.

170.3.1. Royalties shall be taxed according to the rules set forth for the dividend taxation at the rates specified in item 167.1 of Article 167 of this Code.

170.4. Taxation of interest.

170.4.1. A party accruing (disbursing) the income defined in item 167.2 of Article 167 of this Code to the benefit of a taxable person shall be the tax agent of the taxable person in case of the accrual (disbursement) of the said income.

The total amount of taxes withheld during a tax reporting month on such interest accrued (paid) to the taxable person shall be paid (transferred) by such a tax agent to the budget within the time frame specified by this Code for a monthly tax period.

170.4.2. The tax agent that accrues the income in the form of the interest shall denote in the tax calculation, the submission of which is envisaged by sub-item “b” of item 176.2 of Article 176 of this Code, the total amount of such accrued (paid) income and the total amount of taxes withheld therefrom. At that, the information in respect of a particular bank deposit or current account of an individual and the amount of the interest accrued thereon, as well as the details of such an individual being a depositor shall not be provided.

170.4.3. The taxation of the interest (including the discount income) accrued (paid) to individuals on any grounds other than specified in sub-item 170.4.1 of this item shall take place according to the generally applicable procedure prescribed by this Code for the income types that are finally taxed on their disbursement at the rates specified in item 167.1 of Article 167 of this Code.

170.5. Taxation of dividends.
170.5.1. The issuer of corporate rights or, on its instruction, another party effecting the dividend accrual (payment) shall be the tax agent of a taxable person in case of the accrual (payment) of the dividend to his benefit, except for cases specified in sub-item 165.1.18 of item 165.1 of Article 165 of this Code.

170.5.2. Any resident that accrues dividends, including residents who pay the corporate profit tax in a manner different from the generally applicable (being a party eligible for the simplified taxation system) or exempted from paying the said tax on any grounds shall be the tax agent in case of the dividend accrual.

170.5.3. The dividends accrued for a taxable person by a resident issuer of corporate rights being a legal entity shall be taxed at the rate specified in item 167.2 of Article 167 of this Code, except for the dividends to the benefit of individuals (including non-residents) on shares or other corporate rights which have the privileged status or other status envisaging the disbursement of a fixed amount of dividends or the amount that is larger than the amount of disbursements calculated for any other share (corporate right) issued by such a taxable person, and which according to sub-item 153.3.7 of item 153.3 of Article 153 of this Code are equated for the purposes of taxation to salary payment with the relevant taxation.

170.5.4. The income specified in this item shall be finally taxed on its disbursement and at its expense.

170.6. Taxation of winnings and prizes.

170.6.1. The party performing the accrual (disbursement) shall be the tax agent of a taxable person in case of the accrual (provision) of the income in the form of lottery prizes (winnings) or prize drawings, prizes and winnings in the monetary form received for the victory and/or participation in non-professional sporting competitions, including billiard sports, to his benefit.

170.6.2. In case of the accrual (disbursement) of the income in the form of winnings in lotteries or in other drawings which involve the pre-purchase of the right to participate in such lotteries or drawings by a taxable person, the expenses of a taxable person connected with the receipt of such income shall be disregarded.

The income specified in this item shall be finally taxed on its disbursement and at its expense.

170.7. Taxation of the charitable aid.

170.7.1. The charitable aid, including the humanitarian aid, (hereinafter referred to as the “charitable aid”) sent to the taxable person's benefit in the form of funds or property (work performed or service provided on a gratis basis) and meeting the requirements of this item, shall not be subject to taxation and inclusion into the aggregate monthly or annual taxable income of a taxable person.

For the taxation purposes, the charitable aid shall be categorised as the targeted and non-targeted charitable aid.

The charitable aid provided under specified conditions and areas of spending shall be deemed to be the targeted charitable aid, while the aid provided without
specifying such conditions or spending areas shall be deemed to be the non-targeted charitable aid;

170.7.2) the targeted or non-targeted charitable aid provided to a taxable person being a victim of circumstances specified hereinbelow shall not be subject to the inclusion into the taxable income:

a) environmental, man-induced and other disasters in areas declared to be the extraordinary environmental situation zones according to the Constitution of Ukraine within the limit amounts specified by the Cabinet of Ministers of Ukraine;

b) the acts of God, accidents, epidemics and epizootics of the national or local nature, which have inflicted or create a threat to the health of individuals, the environment, have caused or may cause human deaths or the loss of property by individuals, in whose respect the decision to raise the charitable aid was made by the Cabinet of Ministers of Ukraine or a local self-government body respectively, within the limit amounts specified by the Cabinet of Ministers of Ukraine or a local self-government body respectively.

The charitable aid provided for the purposes stated above shall be allocated via the state or local budgets, or via bank accounts of charitable organisations or the Red Cross Society of Ukraine, included into the Register of not-for-profit organizations and institutions.

For the purposes of this sub-item a trade-union payment performed by the decision of a trade union adopted according to the established procedure to the benefit of a trade union member having the status of the victim of circumstances specified in this sub-item shall be deemed a targeted charitable aid and shall not be subject to taxation;

170.7.3) the amount of the non-targeted charitable aid, including the material aid provided by resident legal entities or individuals to the benefit of a taxable person during a reporting tax year in the total amount not exceeding the ultimate income amount determined under paragraph one of sub-item 169.4.1 of item 169.4 of Article 169 of this Code set as of 1 January of such a year, shall not be included into the taxable income.

The provisions of this sub-item shall not extend over trade union payments to their members which are exempt from taxation according to the conditions specified by sub-item 165.1.47 of item 165.1 of Article 165 of this Code.

A legal entity benefactor shall provide the information about the provided non-targeted charitable aid amounts in tax reports.

In case of the obtainment of the non-targeted charitable aid from an individual or legal entity benefactor, a taxable person shall be required to submit an annual tax return with the indication of the amount thereof, if the total amount of the non-targeted charitable aid obtained during the reporting tax year exceeds the ultimate amount thereof prescribed by paragraph one of sub-item 169.4.1 of item 169.4 of Article 169 of this Code.
170.7.4. The targeted charitable aid provided by resident legal entities or individuals in any amount (cost) shall not be included into the taxable income, if it has been provided to:

   a) a health-care establishment to compensate for the value of paid services related to the treatment of a taxable person or his first-degree family member, a disabled person, a disabled child or a child having at least one disabled parent; an orphan child, half-orphan child; a child from a family with many children or a needy family; a child whose parents are deprived of parental rights, including the purchase of medicines (donorship components, prosthetics, products for medical purposes for the individual use of disabled persons) in amounts, which are not covered by payments from the universal state social medical insurance fund, except for the cosmetic treatment or cosmetic surgery expenses (including the cosmetic prosthetics not related to the medical indications), the hydropathic treatment and heliotherapy not related to chronic diseases, the teeth treatment and prosthetics manufacture using the precious metals, galvanoplasty and porcelain, abortions (other than abortions undertaken because of medical indications or in case of the pregnancy resulting from the rape), sex-change operations, the treatment for venereal diseases (other than AIDS and venereal diseases, which resulted from the non-sexual contraction or rape), the treatment for tobacco or alcoholic addiction; the purchase of medicines, medicinal products and devices not included into the list of vital products specified by the Cabinet of Ministers of Ukraine;

   prosthetic and orthopaedic enterprises, rehabilitation institutions for the compensation of the cost of paid services on rehabilitation, technical or other means of rehabilitation provided for such a taxable person recognized to be a disabled person according to the established procedure or his disabled child in the scope that is not covered by disbursements from budgets and the universal state social medical insurance fund;

   b) an infants', children's home, boarding school (including special, sanatoria-type or for orphans), family-type orphanage, foster home, a social rehabilitation school, a shelter for minors; a distribution shelter of the network of the Ministry of Internal Affairs of Ukraine for the allocation of the charitable aid among individuals in the age under eighteen years that stay in such establishments;

   c) a state or community owned establishment or charitable organisation, including the Red Cross Society of Ukraine, which provide catering and night lodging services to homeless individuals;

   d) a penitentiary establishment for improving the conditions of stay, catering or medical treatment of individuals staying in the investigation detention centres or the imprisonment centres, or to such individuals directly;

   e) a boarding home for elderly or disabled people and its branch establishments, pensions for war and labour veterans, geriatric home for improving the conditions of their stay, catering, medical services and social rehabilitation; a rehabilitation centre, a territorial centre of social service (the provision of social services), a registration
centres and social protection establishments for homeless individuals, social adaptation centres for individuals discharged from imprisonment centres, sanatoria for veterans and disabled people maintained at the expense of the state and local budgets, for the allocation of the charitable aid among individuals who stay in such establishments;

f) a taxable person, who performs a scientific research or development, in order to reimburse for the value of the equipment, materials and other expenses (other than the salary, additional benefits and other personal expenses), provided that the results of such research and development are published and may not be subject to patenting or other restrictions of publication or free dissemination of the intellectual (industrial) property objects obtained as a result of such research or development, and provided that the obtaining of such aid does not contain pre-requisites for the emergence of any contractual relations between the benefactor or any third party and the beneficiary of the charitable aid in the future, except for duties related to using such charitable aid for designated purposes;

g) an amateur sports organisation or club for the compensation of expenses related to the acquisition or the lease of the sports equipment and inventories, the utilization of sports grounds, rooms or structures for training purposes, and ensuring the participation of an amateur sportsman in sports competitions, and the purchase of the sports uniform and food during such competitions.

The term “amateur sports organisation, club” shall be understood as a public organisation, whose operations are not focused on obtaining the income.

The term “amateur sportsman” shall be understood as an individual, whose sports activities are not aimed at obtaining the income, other than the receipt of awards or prizes from the state, local self-government bodies or public organisations of both Ukraine and other states in the form of medals, diplomas, memorable prizes in forms other than pecuniary, as well as the amount of the reimbursement for expenses related to the travel of such an amateur sportsman to the site of the competitions within the scope of norms established by the legislation for the business travel of employees;

h) an educational establishment in the form of tuition fee or a payment for providing additional services for the education of a disabled person, disabled child or a child having at least one disabled parent; an orphan child, half-orphan child; a child from a family with many children or a needy family; a child whose parents are deprived of parental rights;

i) a taxable person recognized to be a disabled person according to the established procedure, a legal representative of a disabled child for carrying out the state liabilities in accordance with the legislation of Ukraine on the provision with technical and other means of rehabilitation, products for medical purposes, a car at the expense of the budget funds (on condition that a disabled person, disabled child is taken off the register on the provision with such means, products, a car at the expense of the budget funds). The categories of disabled people and disabled children, the list
of technical and other means of rehabilitation, products for medical purposes, brands of cars mentioned in this sub-item, shall be ratified by the legislation.

Until the implementation of a universal state social medical insurance system, the provisions of sub-item "a" of this sub-item shall apply to the total amount (value) of the charitable aid received by the beneficiary for the said purposes (subject to the restrictions set forth in this item).

The charitable aid received by family-type orphanages or foster homes shall be exempt from taxation, if its amount (value) does not exceed three hundred thousand UAH during the reporting tax year at the time of the state care contract validity.

170.7.5. A beneficiary of the targeted charitable aid provided in the form of funds shall be eligible for using it during the time frame specified by conditions of such aid, but not more than 12 calendar months following the month of receipt of such aid, except for the obtainment of the charitable aid in the form of the endowment. If the targeted charitable aid in the form of funds is not utilised by its beneficiary within the specified time frame and not returned to the benefactor before the expiry thereof, the said beneficiary shall include the unused amount of such aid into the aggregate annual taxable income and pay the appropriate tax.

The term “endowment” shall be understood as the amount of funds or securities lodged by the benefactor to a bank or a non-bank financial institution, due to which the beneficiary of the charitable aid becomes eligible for using the interest or dividends accrued on the amount of such endowment. In this case, such a beneficiary shall not have the right to spend, or dispose of, the principal of such an endowment without the consent of the benefactor.

170.7.6. A beneficiary of the targeted charitable aid shall have the right to apply to a tax agency concerning the prolongation of the period of use of such a targeted charitable aid with adducing the circumstances that testify the impossibility of its use in full within the time frames specified by this item, and the head of such a tax agency shall have the right to take a decision on such a prolongation. If a tax agency refuses such a prolongation, its decision may be appealed against according to the procedure specified for appealing against a decision of the control agency in accordance with this Code.

170.7.7. It shall be prohibited to provide the charitable or sponsorship aid to state authorities and local self-government bodies or not-for-profit organizations set up by them or, on their instruction, to third parties, if the provision of such charitable aid is a pre-requisite or a subsequent condition for the issue of any permit, licence, approval, state service provision to a taxable person or taking another decision to his benefit or for the acceleration of such issue, provision, taking (the simplification of the procedure).

The actions of officials (officers) of the state authorities and local self-government bodies that involve putting forward such conditions shall be deemed to constitute the extortion of funds or property in the amount of the charitable or sponsorship aid.
170.8. Taxation of the income received under long-term life insurance contracts (including the lifelong pension insurance), non-state pension provision contracts, and pension deposit contacts and according to trust management contracts.

170.8.1. A resident insurer, which accrues the insurance indemnity or the redemption amount under a non-state pension provision or long-term life insurance contract, shall be the tax agent of a taxable person receiving the insurance indemnity, the lifelong pension or the redemption amount.

The administrative official of non-state pension funds that accrues the disbursement according to the contract with a non-state pension fund shall be the tax agent of a taxable person being a participant of non-state pension funds.

A bank which makes the disbursements under a pension deposit contract or the account of the bank-managed fund participant shall be the tax agent of a taxable person being a depositor under a pension deposit contract or a participant of a bank-managed fund.

The administrator of the Accumulative Fund or a non-state pension fund shall be the tax agent of a taxable person receiving the once-off payment from the said funds.

170.8.2. The tax agent shall withhold and pay (transfer) to the budget the tax at the rates specified in item 167.1 of Article 167 of this Code charged on:

a) 60 per cent of the amount of:
   a once-off insurance payment under a long-term life insurance contract on the attainment of a certain age specified in the said insurance contract by the insured individual or in case of the attainment of the expiry date of such a contract by the said individual.

   If a beneficiary is an insurer according to the contract, the amount of the excess of the insurance indemnity over the amount of the paid-in insurance payments according to the rules of taxation of the income from the investment of funds on a deposit account shall be subject to taxation;

   a once-off insurance indemnity under a lifelong pension insurance contract, except for the once-off payment envisaged in sub-item "c" of sub-item 170.8.3 of this item;

   the term pension payments made from a non-state pension fund to a fund participant in accordance with the procedure and within time frames specified by the legislation;

   the regular and consecutive pension payments (annuities) under a long-term life insurance contract, pension payments under a pension deposit contract, pension and targeted payments of a bank-managed fund participant, payments of the lifelong pension (lifelong annuities), except for cases specified in sub-item "a" of sub-item 170.8.3 of this item;

b) the redemption amount in case of the early breakage of a long-term life insurance contract by an insured individual;
c) funds the tax was not withheld (paid) from and which are paid out to the depositor from his pension deposit or the account of a bank-managed fund participant in connection with the early termination of the pension deposit contract, trust management contract or the non-state pension provision contract.

170.8.3. The following amounts shall not be subject to taxation by a tax agent on their accrual (disbursement):

a) amounts of the regular and consecutive payments (annuities) under a long-term life insurance contract or pension payments under a pension deposit contract, pension and targeted payments of a bank-managed fund participant, termed pension payments, once-off term pension payments or lifelong pensions accrued to a resident taxpayer being under age or in the age of at least 70 years;

b) the amount of the insurance indemnity under a long-term life insurance contract, if the insured individual becomes a group I disabled person as a result of an insured accident;

c) the amount of payments under a pension deposit contract, payments from the account of a bank-managed fund participant, a term pension payments, lifelong or once-off pension payments, if the depositor or the participant of a non-state pension fund or the insured individual contracts group I disability;

d) the amount of the once-off pension payment to a member of a non-state pension fund or the Accumulative Fund at the expense of the funds of the Accumulative Fund.

The income in the form of the insurance indemnity or the payment under a pension deposit contract, trust management contract or a non-state pension provision contract paid in case of the insured person’s death to a beneficiary or a successor of a taxable person shall be taxed according to rules prescribed by this Code for the inheritance taxation purposes.

The amount of the taxable income received under long-term life insurance contracts, pension deposits, trust management contracts concluded with participants of bank-managed funds, and non-state pension provision contracts shall be reduced by the amount of insurance premiums paid under such contracts before 1 January 2004.

170.9. Taxation of amounts of the excessive spending of funds obtained by a taxable person for business trips or on an accountability basis, and not repaid within the prescribed timeframe.

170.9.1. In case of the taxation of amounts of the excessive spending of funds obtained by a taxable person on an accountability basis and not repaid within the time frame prescribed by sub-item 170.9.2 of this item, the party having provided such amounts, shall be the tax agent of the taxable person, namely:

a) in case of business trips – in the amount of the excess over the amount of the taxpayer's expenses for such a business trip calculated according to Section III of the Code;

b) in case of amounts provided on an accountability basis for taking certain actions governed by the civil law in the name and on behalf of the provider of such
funds – in the amount of the excess over the actual expenses of the taxpayer for taking such actions.

For the purposes of this item the documented expenses undertaken on account of cash or non-cash funds provided for a taxable person on an accountability basis by the employer for arranging and holding receptions, presentations, festive occasions, entertainments and rest events, purchasing and distributing gifts, within the limits of the ultimate amount of such expenses specified in Section III of this Code, undertaken by such a taxable person and/or other parties for advertising purposes, shall not be included into the amount of the excess and taxed.

The amount of tax accrued on the amount of such excess shall be withheld by the party, which provided such funds, at the expense of any taxable income of a taxable person (after the taxation thereof) for the relevant month; in case of the insufficiency of such income, the tax shall be withheld at the expense of the taxable income of the following reporting months until the full repayment of such tax amount.

If the taxable person has terminated the labour or civil-law relations with the party, which provided such funds, the said tax amount shall be deducted from the last payment of the taxable income during the final settlement; in case of the insufficiency of the amount of such income, the non-repaid part of the tax shall be included into the tax liability of the taxable person as a result of the reporting (tax) year.

If the full collection of such a tax amount is impossible because of the taxable person's death or the declaration of the taxable person missing or deceased by a court decision, the said amount shall be collected during the income accrual for the last tax period of such a taxable person; the said tax amount shall be declared bad to the extent of its non-repaid part.

170.9.2. A report on the utilisation of funds provided for business-trip purposes or on an accountability basis shall be submitted in the format prescribed by the central state tax service agency before the expiry of the fifth banking day, which follows the day, on which the taxable person:

a) has finished such a business trip;

b) has finished the performance of a particular action governed by the civil law on instruction and at the expense of the party, which provided the funds on an accountability basis.

In case of the overspending of funds, the amount thereof shall be repaid by the taxpayer to the cash desk or credited to the bank account of the party, which provided the said funds, before or during the submission of the said report.

170.9.3. Provisions of this item shall also apply to the business-travel expenses or the performance of certain actions governed by the civil law, which have been paid using corporate payment cards, travel, bank or personal cheques, and other payment documents subject to the following:

a) if cash has been received in case of the utilisation of payment cards during a business travel by the business traveller being a taxable person, then the taxable person shall submit a report on the utilisation of funds provided for the business travel
purposes, and repay the amount of the excessively spent funds before the expiry of the third banking day after the end of the business trip;

b) if during the business travel the business traveller being a taxable person has made cashless settlements with the utilisation of payment cards, and the time frame for the submission of the taxable person's report on the utilisation of funds provided for the business travel does not exceed 10 banking days, then, in case of the existence of valid reasons, the employer (self-employed individual) shall have the right to extend it to 20 banking days (until the clarification of issues related to detecting the differences between the relevant reporting documents).

170.10. Taxation of the income obtained by non-residents.

170.10.1. The income originating from sources in Ukraine that is accrued (disbursed, provided) to the benefit of non-residents shall be taxed according to the rules and at the rates set for residents (with consideration for the peculiarities defined for non-residents by some provisions of this section).

170.10.2. If the income originating from sources in Ukraine is paid to a non-resident by another non-resident, the said income shall be credited to an account opened by such a non-resident with a resident bank, whose regime shall be specified by the National Bank of Ukraine. In this case, the said resident bank shall be deemed to be the tax agent in case of any transactions to the debit of such an account.

In case disbursement of such income by a non-resident to another non-resident in cash or in a form other than pecuniary form, the non-resident receiving such income shall on its own calculate and pay (transfer) the tax to the budget within 20 calendar days following the date of receipt of such income, but not later than the end day of his stay in Ukraine.

The procedure of the compliance with provisions of this sub-item shall be specified by the Cabinet of Ministers of Ukraine in concurrence with the National Bank of Ukraine.

170.10.3. If the income originating from sources in Ukraine is disbursed to a non-resident by a resident legal entity or self-employed individual, the said resident shall be deemed to be the tax agent of such a non-resident in respect of the said income. If a contract is concluded with a non-resident, whose conditions provide for the receipt of the income originating from sources in Ukraine by such a non-resident, the resident shall indicate the rate of tax to be applied to such income in the said contract.

170.10.4. In accordance with the results of a reporting tax year during which a foreigner has acquired the status of the resident of Ukraine, the said foreigner shall submit the annual tax return stating the income originating from sources in Ukraine and the foreign income.

170.10.5. Taxation of the income obtained by non-residents from the participation in concert tour events.

For the purposes of this section “concert tour events” shall be defined as the entertainment events (concerts, performances, circus, lecture and concert,
entertainment programmes, creative evening sessions, performances of mobile circuses, mobile mechanical attractions of Luna Park type, etc.) with the involvement of cultural establishments (enterprises, institutions and organisations), including independent professional teams and solo concert performers.

Provisions of this sub-item shall not apply to charitable concert tour events held according to the legislation of Ukraine.

The income obtained by non-residents from the participation in concert tour events shall be taxed by tax agents on a generally applicable basis determined by this section.

Business entities being concert venues the lease contracts for holding a concert tour event are directly concluded with shall be equated to the tax agents of concert tour events participants. Business entities being concert venues shall perform the functions of tax agents regarding the check of the completeness and timeliness of tax payment by the foreign participants of concert tour events (their representative) or pay the tax on their own according to the relevant contract with such a participant (his representative) to the budget at the place of location of such concert venues.

170.11. Foreign income taxation.

170.11.1. In case if the source of payment of any taxable income is foreign, the amount of such tax shall be included into the aggregate annual taxable income of a taxable person who has received such income and must submit the annual tax return, and shall be taxed according to the rates determined in item 167.1 of Article 167 of this Code.

170.11.2. If a taxable person may reduce the amount of the annual tax liability by the amount of taxes paid abroad according to provisions of international treaties accepted as binding by the Verkhovna Rada (Parliament) of Ukraine, the said taxable person shall determine the amount of such a reduction on the specified grounds in the annual tax return.

In case of the unavailability in the hands of a taxable person of the supporting documents for the amount of the income received by him from foreign sources and the amount of the tax paid in the foreign jurisdiction, formalized according to Article 13 of this Code, such a taxable person shall submit to the state tax service agency at his tax address an application on the postponement of the tax return submission till 31 December of the year following the reporting year. In case of the failure to submit the tax return within the prescribed time frame the taxable person shall incur liability specified by this Code and other laws.

170.11.3. The following taxes shall not be netted off to reduce the amount of the annual tax liability of a taxable person:

a) capital (capital gains) taxes, property taxes;
b) postal taxes;
c) sales taxes;
d) other indirect taxes regardless of their being categorised as profit taxes or separate taxes under the legislation of foreign states.
170.11.4. The amount of the tax on the foreign income of a resident taxable person paid outside Ukraine may not exceed the amount of tax calculated on the basis of the aggregate annual taxable income of such a taxable person in accordance with the legislation of Ukraine.

170.12. Taxation of income received by individuals in the form of the payment (interest) that is divided into the unit membership fees of the credit union members.

170.12.1. In case of the accrual (disbursement) of the payment (interest) that is divided into the unit membership fees of the credit union members to the benefit of a taxable person the credit union that taxes such income at the rate determined in item 167.2 of Article 167 of this Code shall be the tax agent of a taxable person.

170.12.2. The credit union disbursing the payment (interest) that is divided into the unit membership fees of the credit union members to the payers of this tax shall submit the tax calculation of the accrued payment (interest) and the tax withheld from it to the tax service agency in the time frames specified by this Code for a tax quarter.

**Article 171. Parties Responsible for Withholding (Accrual) and Payment (Transfer) of Tax to the Budget**

171.1. The party responsible for the accrual, withholding and payment (transfer) to the budget of the tax on the income in the form of salary shall be the employer disbursing such income to the benefit of the taxable person.

171.2. The party responsible for the accrual, withholding and payment (transfer) to the budget of the tax on other types of income shall be:

a) the tax agent – in respect of the taxable income originating from sources in Ukraine;

b) the taxable person – in respect of the foreign income and the income originating from parties relieved from the duty to accrue, withhold or pay (transfer) the tax to the budget.

**Article 172. Procedure of Taxation of Real-estate Sale (Exchange) Transactions**

172.1. The income received by a taxable person from a sale (exchange) not more than once per reporting tax year of a residential house, an apartment or a part thereof, a room, a garden (dacha) house (including the land plot on which such objects are located, as well as household and ancillary structures and buildings located on such a land plot), and a land plot not exceeding the norm of free transfer determined by Article 121 of the Land Code of Ukraine depending on its purpose and on condition that such property was owned by a taxable person for more than three years shall not be taxed.
The income from the alienation of household and ancillary structures located on the same land plot with a residential or garden (dacha) house that are sold with it shall not be defined separately for the purposes of taxation.

172.2. The income received by a taxable person from the sale of more than one of the real estate objects specified in item 172.1 of this article, or from the sale of the real estate object not specified in item 172.1 of this article, shall be subject to taxation at the rate determined by item 167.2 of Article 167 of this Code.

The income from the sale (exchange) of an uncompleted construction object shall be taxed according to the same procedure.

172.3. The income from the sale of a real-estate object shall be determined on the basis of the price specified in the sale contract but not lower than the assessed value of such an object calculated by an agency empowered to perform such an assessment in accordance with the law.

In case of the exchange of a real-estate object for other (others) the income of a taxable person in the form of a pecuniary compensation received by him from the alienation of real estate specified in:

a) paragraph one of item 172.1 of this article – shall not be taxed;

b) item 172.2 of this article – shall be taxed at the rate defined by item 167.2 of Article 167 of this Code.

172.4. During the performance of real estate sale (exchange) transactions between individuals the notary shall notarize the relevant contract upon availability of the assessed value of such real estate and the document confirming the payment of the tax to the budget by a contracting party (parties) and report on a quarterly basis to the state tax service agency in the location of the state notary office or the working place of the private notary the information on such a contract, including the information about its value and the amount of the paid tax in accordance with the procedure prescribed by this section for tax calculation.

172.5. The amount of the tax shall be defined and paid individually via banking institutions by:

a) an individual who sells or exchanges real estate with other individual – till the notarization of a sale or exchange contract;

b) an individual who had owned a real estate object alienated under the court decision on the change of ownership and the transfer of ownership for such property.

An individual shall state the income from such alienation in the annual tax return.

172.6. In case of the failure to undertake the notary act in respect of notarizing a real estate object sale or exchange contract, under which the tax has been paid, a taxable person shall be entitled to the refund of the excessively paid tax amount on the basis of the tax return submitted in accordance with the established procedure and the documents confirming the actual payment of the tax.

172.7. Along with the provisions of item 172.4 of this article, if a legal entity or a sole trader is a party of a real estate object sale or exchange contract, such a party
shall be the tax agent of a taxable person in respect of the accrual, withholding and payment (transfer) to the budget of the tax from the income received by a taxable person from such sale (exchange).

172.8. For the purposes of this article the term “sale” shall be understood as any transfer of ownership for real estate objects, except for inheritance and donation thereof.

172.9. The income from the transactions of the sale (exchange) of real estate objects carried out by non-resident individuals shall be taxed under this article according to the procedure set for residents at the rates specified in item 167.1 of Article 167 of this Code.

172.10. The sale of an inherited (received as a gift) real estate object carried out by residents and non-residents shall be subject to taxation according to the provisions of this article.

172.11. The procedure of defining the assessed value of real estate and incompleted construction objects which are sold (exchanged) shall be specified by the Cabinet of Ministers of Ukraine.

**Article 173. Procedure of Taxation of Movable Property Objects Sale or Exchange Transactions**

173.1. The income of a taxable person from the sale (exchange) of a movable property object during a reporting tax year shall be taxed at the rate specified in item 167.2 of Article 167 of this Code.

The income from the sale of a movable property object shall be determined on the basis of the price specified in a sale contract but may not be lower than the assessed value of such an object.

173.2. By way of derogation from item 173.1 of this article, in case of the sale of one movable property object in the form of a passenger car, a motor cycle, a scooter not more than once per reporting tax year, the income of the seller from the said transactions shall be taxed at the rate of 1 per cent.

The income received by a taxable person from selling the second and the following movable property objects in the form of a passenger car, a motor cycle, a scooter during a reporting tax year shall be taxed at the rate specified in item 167.2 of Article 167 of this Code.

The income from the sale of a movable property object in the form of a passenger car, a motor cycle, a scooter shall be determined on the basis of the price specified in a sale contract but may not be lower than the assessed value of such an object and not lower than 25 per cent of the value of the same new movable property object.

173.3. In case if a legal entity or a sole trader is a party to the movable property object sale contract, the said party shall be deemed to be the tax agent of a taxable person and perform all the functions of a tax agent determined by this section.
In case if a movable property object is sold (exchanged) with the mediation of a legal entity (a branch, outlet or another separated unit thereof) or a representative office of a non-resident or an individual sole trader, the said mediator shall perform the functions of a tax agent in respect of submitting to the state tax service agency the information on the amount of the income and the tax paid to the budget according to the procedure and within the time frame determined for tax calculation, and a taxable person shall pay the tax from the income of the movable property objects sale (exchange) transactions individually upon the conclusion of a contract.

173.4. During the performance of movable property object alienation transactions according to the procedure prescribed by this article:

the notary shall notarize the relevant contract upon the availability of the assessed value of such movable property and the document confirming the payment of the tax to the budget by a contracting party (parties) and submit on a quarterly basis to the state tax service agency in the location of the state notary office or the working place of the private notary the information on such a contract, including the information about its value and the amount of the paid tax in accordance with the procedure prescribed by this section for tax calculation;

the business entity that provides services of the conclusion of exchange contracts or takes part in the conclusion of an exchange contract subject to the availability of the assessed value of such movable property and a document confirming the payment of the tax by the contracting parties shall submit on a quarterly basis to the state tax service agency on such contracts, including the information on the amount of the income and the amount of the tax paid to the budget according to the procedure and within the time frame determined for tax calculation.

For the purposes of this item a taxable person shall define the amount of the tax and pay it to the budget on his own via banking institutions.

In case of delivering by a court of law or court of arbitration a judgment on the replacement of the owner and the conveyance of the ownership of the movable property, the amount of tax shall be defined and paid individually via banking institutions by an individual having owned the movable property object alienated by such a decision on the basis of his stating the income from such alienation included into the aggregate annual taxable income.

173.5. Agencies performing the state registration of transportation vehicles shall report state tax service agencies in the location thereof on transportation vehicles registered or deregistered during 20 calendar days following the last calendar day of a reporting quarter according to the form approved by the central state tax service agency, as well as on their owners.

173.6. The income originating from the movable property objects sale (exchange) transactions performed by non-resident individuals shall be subject to taxation in accordance with this article and in compliance with the procedure prescribed for residents at the rates determined in item 167.1 of Article 167 of this Code.
173.7. The sale of the movable property object inherited (received as a gift) by residents and non-residents shall be subject to taxation according to the provisions of this article.

173.8. For the purposes of this article the term “sale” shall be understood as any transfer of ownership for movable property objects, except for the inheritance and donation thereof.

Article 174. Taxation of Income Received by a Taxable Person as a Result of Acceptance of Inheritance or Gift of Funds, Property, Property or Non-property Rights

174.1. For taxation purposes, a taxable person’s inheritance objects shall be categorised as:

a) a real-estate object;

b) a movable property object, for instance:
   - antiques or works of art;
   - natural precious stones or precious metals, decorations made with precious metals and/or natural precious stones;
   - any transportation vehicle and its belongings;
   - other types of movable property;

c) a commercial property object, namely: securities (other than savings certificates (certificates of deposit), mortgage certificates), a corporate right, the title to a business object as such, i.e., the title to the integral property complex, the intellectual (industrial) property or the right to obtain the income therefrom, property and non-property rights;

d) amounts of the insurance indemnity (insurance payments) under insurance contracts, and amounts kept on the testator’s pension deposit account, accumulative pension account, individual pension account of the testator being a member of the accumulative pension provision system;

e) cash funds or the funds kept on the testator's accounts held with banks and non-bank financial institutions, including the savings certificates (certificates of deposit), mortgage certificates, real estate transaction fund certificates.

174.2. Inheritance objects shall be taxed:

174.2.1) at a zero rate:

a) the value of the property, which is inherited by first-degree family members of the testator;

b) the value of the property listed in sub-items "a", "b", "e" of item 174.1 of this article inherited by a person being a disabled person of group I or having the status of an orphan child or a child deprived of parental care, and the value of the property listed in sub-items "a", "b" of item 174.1 inherited by a disabled child;

c) savings deposited before 2 January 1992 with offices of the Savings Bank and state insurance institutions of the USSR that operated on the territory of Ukraine.
and the government securities (State Interest-free Targeted Bonds of the year 1990, State Lottery Bonds of the year 1982, state treasury bills of the USSR, certificates of the Savings Bank of the USSR) and monetary savings of citizens of Ukraine deposited to offices of Oschadny Bank of Ukraine and the former Ukrderzhstrakh during the years 1992 to 1994 that have not been repaid, which are inherited by any successor;

174.2.2) at the rate specified in item 167.2 of Article 167 of this Code, the value of any inheritance object inherited by successors not being first-degree family members of the testator;

174.2.3) at the rates specified in item 167.1 of Article 167 of this Code for any inheritance object inherited by a successor from a non-resident testator, and for any inheritance object inherited by a non-resident successor from a resident testator.

174.3. The successors that have received the inheritance shall be the persons responsible for the payment (transfer) of the tax to the budget.

The income in the form of the value of inherited property (funds, property, property or non-property rights) within the scope that is subject to taxation shall be included by the successors into the aggregate annual income of a taxable person and stated in the annual tax return, except for non-resident successors who shall pay the tax before the notary services in respect of inheritance objects.

174.4. The notary shall report on a quarterly basis to the state tax service agency in the location of the state notary office or the working place of the private notary the information on the issue of inheritance certificates and/or the notarisation of donation contracts in accordance with the procedure prescribed by this section for tax calculation.

The notary shall issue an inheritance certificate to a non-resident successor subject to the availability of the documentary evidence of paying the tax on inheritance objects value by the successor.

174.5. In case of inheriting the right for a deposit at a bank (non-bank financial institution) according to Article 1228 of the Civil Code of Ukraine the said bank (non-bank financial institution) shall be a tax agent.

The insurer being a financial institution shall be the tax agent in case of the conveyance of the right for the obtainment of insurance payments in accordance with Article 1229 of the Civil Code of Ukraine.

174.6. Taxation of the income received by a taxable person as a gift (or as a result of the conclusion of a donation contract) from individuals.

Funds, property, property or non-property rights, value of work and services donated to a taxable person shall be taxed according to the rules prescribed by this section for the taxation of inheritance.

Article 175. Ascertainment of the Amount of Interest Paid by a Taxable Person on a Housing Mortgage Loan for the Purposes of Tax Discount Accrual
175.1. A resident taxable person may include to the tax discount a part of the interest on a housing mortgage loan provided for the borrower in the national or foreign currency actually paid during the reporting tax year.

On the repayment of interest on a housing mortgage loan in the foreign currency the amount of payments on such interest performed in the foreign currency shall be converted into UAH at the official currency exchange rate of the National Bank of Ukraine inuring as of the day of such interest repayment.

This eligibility shall arise if the said housing mortgage loan funds the construction or the acquisition of a residential house (apartment, room) nominated by such a taxable person as his main place of residence, for instance, in accordance with a mark of the registration in the location of such a residence in the identity card.

175.2. In case if the housing mortgage loan funds the acquisition of a residential house (apartment, room), a part of the interest included to the tax discount of a taxable person being a borrower of the housing mortgage loan shall equal the product of the interest actually paid by a taxable person during the reporting tax year for its repayment, and the coefficient considering the minimum housing area for defining the tax discount, calculated according to item 175.3 of this article.

In case if the housing mortgage loan funds the construction of a residential house (apartment, room), a part of the interest included to the tax discount of a taxable person being a borrower of the housing mortgage loan accrued during the first year of the repayment of such a loan may be included into the tax discount subsequent to the results of the reporting tax year, during which the constructed object of housing mortgage passes into the ownership of a taxable person and starts to be used as the main place of residence, with the successive transferring of the right for the inclusion into the tax discount of the following annual amounts of the interest actually paid by a taxable person within the duration of the right for the inclusion to the tax discount of a part of such interest, prescribed by item 175.4 of this article. At that, the total amount of a part of the interest allowed to be included into the tax discount shall equal the product of the interest actually paid by a taxable person being a borrower during the relevant reporting tax year, which is considered into the repayment, and the coefficient considering the minimum housing area for defining the tax discount calculated according to item 175.3 of this article.

175.3. The coefficient considering the minimum housing area for defining the tax discount for the housing mortgage loan interest shall be calculated according to the following formula:

\[ K = \frac{MP}{FP}, \]

where \( K \) is a factor;

MP is the minimum total housing area equivalent to 100 square meters;
FP is the actual area of the housing constructed (purchased) by the taxable person at the expense of the mortgage loan.
If the said coefficient is larger than one, the tax discount shall include the amount of the interest actually paid on the mortgage loan without the application of the said coefficient.

175.4. The eligibility for the inclusion of the amount calculated under this article into the tax discount shall be granted to a taxable person under one mortgage loan during 10 successive calendar years starting from the year, when:

- the housing mortgage object is acquired;
- the constructed housing mortgage object passes into the ownership of a taxable person and starts to be used as the main place of residence.

If the housing mortgage loan matures in more than 10 calendar years, a taxable person shall become eligible for including a part of the interest on a new housing mortgage loan into the tax discount after the full repayment of the previous housing mortgage loan principal and interest.

A taxable person shall have the right to restore the eligibility for including a part of the interest amount actually paid under a new housing mortgage loan into the tax discount outside the time frames specified in this article in case of:

- a) the forced sale or confiscation of the mortgage object in cases covered by law;
- b) the liquidation of the housing mortgage object by decision of a local executive agency or local self-government body in cases covered by law;
- c) the destruction of the housing mortgage object or the declaration thereof to be not suitable for utilisation for the reason of insuperable force (force-majeure reasons);
- d) the sale of the mortgage object in connection with the insolvency (bankruptcy) of a taxable person according to the law.

175.5. In case if the amount of the housing mortgage loan received by an individual exceeds the amount spent on the acquisition (construction) of the mortgage object, the amount of the interest paid for the mortgage loan use in the part spent on lending purposes shall be included into the expenses.

**Article 176. Ensuring of the Fulfillment of Tax Liabilities**

176.1. Taxable persons shall be obliged:

- a) to keep accounts for the income and expenses to the extent necessary for determining the amount of the aggregate annual taxable income, if such a taxable person is required by this section to submit the return or has the right to submit the return to obtain the refund of the overpaid taxes, including the exercise of the eligibility for the tax discount.

The forms and the procedure of such accounting shall be specified by the central state tax service agency;
b) to obtain the primary accounting documents, on whose basis the expenses on the calculation of the investment profit are defined and the tax discount of a taxable person is created, and keep them during the limitation period prescribed by this Code;

c) to submit the tax return in the established format within the prescribed time frames, in cases when such a submission is required according to provisions of this section.

On request of a state tax service agency and within the frames of its authority specified by the legislation, taxable persons shall present documents and information related to the emergence of the income or the eligibility for the tax discount, the calculation and the payment of the tax, and confirm the trueness of the information indicated in the tax return on the said tax with appropriate documents;

d) to provide parties required by this Code to be responsible for the withholding (accrual) and the payment of the tax to the budget with documents confirming the eligibility of the taxpayer receiving such income for the application of the social tax breaks;

e) to admit officers of the tax agency into the territory or the premises used by the taxable person for obtaining the income from the exercise of business activities according to the procedure specified by law;

f) to take measures envisaged by this Code in case of changes of the social tax break receipt grounds;

g) to pay timely the agreed amounts of tax liabilities, as well as amounts of penalties (financial sanctions) charged by the state tax service agency, and the fine, except for amounts disputed under the administrative or judicial procedure;

h) to submit the tax return according to the results of a reporting year within the time frames envisaged for the individual income tax payers, if during the calendar year the income subject to taxation at the rates specified in item 167.1 of Article 167 of this Code is disbursed to a taxable person by two or more tax agents, and at that the total amount of such income in any calendar month exceeds the tenfold of the minimum salary amount set by the legislation as of 1 January of the reporting tax year.

176.2. The parties having the status of tax agents under this Code shall be obliged:

a) to timely and fully accrue, withhold and pay (transfer) to the budget the tax on the income paid to the benefit of a taxable person and taxed before or during such payment and at its expense;

b) to submit the tax calculation of the income amounts accrued (paid) to the benefit of taxable persons, as well as the tax amounts withheld therefrom to the state tax service agency in their location within the time frames established by this Code for the tax quarter, unless otherwise stipulated by provisions hereof. The said calculation shall be submitted irrespective of whether the said person disburses the income to taxable persons during the reporting period or not. The introduction of other forms of reporting on the said issues shall be disallowed.
If a separated unit of a legal entity is not authorised to accrue, withhold and pay (transfer) the tax to the budget, the tax calculation in the form of a dedicated excerpt related to the said unit shall be submitted by the legal entity to the state tax service agency in its location, and the legal entity shall send a copy of the said calculation to the state tax service agency in the location of such a separated unit in accordance with the established procedure;

c) to provide a taxable person on his request with the information about the income paid to his benefit, the amount of applied social tax breaks, and the amount of the withheld tax;

d) to provide the state tax service agency with other information about the taxation of the income of a specific taxable person in the scope and under the procedure prescribed by this section and Section II of this Code;

e) to be liable in accordance with the legislation in case of the non-submission or the late submission of the tax calculation. The tax amounts payable to the budget, which are indicated therein, shall be the agreed tax liability amounts of the tax agent and, in case of the incomplete or late payment, shall be collected to the budget together with the payment of penalties and the fine charged starting from the first to the last day of the time frame for the submission of the tax calculation specified by this Code;

f) to submit to the state tax service agency in the place of registration thereof the tax return of the individual income tax for the basic tax period equivalent to a calendar month according to the form set by the central state tax service agency on the total amount of the income accrued (disbursed, provided) to the benefit of taxable persons, as well as the total amount of the individual income tax withheld from the said income and the amounts of the tax transferred to the budget.

Such a return shall be submitted irrespective of whether a tax agent disburses the income to taxable persons during the reporting period or not.

**Article 177. Taxation of the Income Received by an Individual Sole Trader from the Exercise of Business, except for Individuals Who Opted for a Simplified Taxation System**

177.1. The income of individual sole traders obtained during the calendar year from the exercise of business shall be taxed at the rates specified in item 167.1 of Article 167 of this Code.

177.2. The net taxable income defined as the difference between the aggregate taxable income (pecuniary and non-pecuniary proceeds) and the documented expenses directly related to the exercise of business by such an individual sole trader shall be the object of taxation.

177.3. In case of an individual sole trader registered as a taxable person for the value-added tax purposes, the amounts of the value-added tax included into the price
of the acquired or sold commodities (work, services) shall not be included into the expenses and the income.

177.4. The documented expenses that are included into gross production (circulation) expenses in accordance with Section III of this Code shall be considered as the expenses directly related to the obtainment of the income.

The value of the acquired movable property and real estate that is subject to the state registration shall not be included into the expenses of an individual sole trader, if such property had been acquired before the state registration of an individual by a business entity and/or is not used in such activities.

177.5. Individual sole traders shall submit a tax return to the state tax service agency in their tax address as a result of the calendar year within time frames prescribed by this Code for the annual reporting tax period, which shall also specify advance payments of the income tax.

177.5.1. The advance payments of the individual income tax shall be calculated by the sole trader on his own, but at least 100 per cent of the annual amount of the tax on the taxable income of the previous year (in comparable conditions), and paid to the budget quarterly, 25 per cent each quarter (by 15 March, by 15 May, by 15 August and by 15 November).

177.5.2. Individual sole traders registered during the year according to the procedure prescribed by law or those who opted from the simplified taxation system for the generally applicable taxation system or had paid a fixed tax before coming into force of this Code shall submit a tax return as a result of the reporting quarter of the commencement of such activity or the conversion to the generally applicable taxation system. Sole traders registered for the first time shall also state in the tax return the information on their property status and the income as of the date of the state registration by a sole trader. Taxable persons shall calculate and pay advance payments within time frame specified in sub-item 177.5.1 of item 177.5 of this article that will occur in the reporting tax year.

177.5.3. The final calculation of the individual income tax for the reporting tax year shall be carried out by a taxable person on his own on the basis of details provided in the annual tax return taking account of the income tax paid during the year and the amount paid for the trade patent on the basis of the documentary confirmation of the fact of the payment thereof.

The excessively paid tax amounts shall be subject to the inclusion into future payments on this tax or the refunding to a taxable person according to the procedure prescribed by this Code.

177.6. If a sole trader receives income other than the income from the exercise of business activities, in the range of types of such activities chosen by him, the said income shall be taxed according to the generally applicable rules instituted by this Code for individual taxable persons.

177.7. A sole trader shall be deemed to be the tax agent of his employee, an individual having with him labour relations or relations governed by the civil law, or
any other individual in respect of any taxable income accrued (disbursed, provided) to the benefit of such an individual.

177.8. On the accrual (disbursement) of the income from operations performed by a sole trader in the range of types of activities chosen by him a business entity accruing (disbursing) such income shall not withhold the tax from the income at the source of disbursement, if the sole trader gaining such income has presented the copy of the certificate of his state registration as a business entity. This rule shall not be applied in case of the income accrued (disbursed) for fulfilling certain work and/or providing a service according to a contract governed by the civil law, in case of the ascertainment of the fact that the relations according to such a contract are actually labour relations, and the contracting parties may be equated to an employee or an employer in accordance with sub-items 14.1.195 and 14.1.222 of item 14.1 of Article 14 of this Code.

177.9. The taxation of the income received by a sole trader, who has opted for another system of taxation of the income from the exercise of business, shall take place in accordance with the rules prescribed by this Code.

177.10. Sole traders shall keep the Book of income and expenses records and hold the documents confirming the origin of commodities.

The form of the Book of income and expenses records and the procedure of its keeping shall be specified by the central state tax service agency.

Sole traders shall apply payment transactions registers in accordance with the Law of Ukraine “On Use of Payment Transactions Registers in the Sphere of Trade, Public Catering and Services”.

177.11. Sole traders shall submit the annual tax return within the time frame determined in sub-item 49.18.5 of item 49.18 of Article 49 of this Code, in which along with the income from business activities the other income originating from sources in Ukraine and the foreign income shall be stated.

177.12. Foreigners and stateless individuals registered as sole traders in line with the legislation of Ukraine shall be deemed residents and are subject to the effect of item 177.11 of this article.

Article 178. Taxation of the Income Received by an Individual Exercising Independent Professional Activities

178.1. Individuals intending to exercise independent professional activities shall get registered at the state tax service agencies according to their permanent place of residence as self-employed individuals and receive the registration certificate in line with Article 65 of this Code.

178.2. The income of individuals obtained during the calendar year from the exercise of independent professional activities shall be taxed at the rates of item 167.1 of Article 167 of this Code.
178.3. The aggregate net income defined as the difference between the aggregate income and the documented expenses necessary for exercising a certain type of independent professional activities shall be deemed to be the taxable income. In case of the failure of the individual exercising independent professional activities to obtain the certificate, the income received from such activities disregarding the expenses shall be the object of taxation.

178.4. Individuals exercising independent professional activities shall submit the tax return according to the results of the reporting year in line with this section and within the time frame prescribed for the individual income tax payers. Foreigners and stateless individuals registered as self-employed individuals at the state tax service agencies shall be deemed residents and shall state in the annual tax return along with the income from exercising independent professional activities the other income originating from sources in Ukraine and the foreign income.

178.5. On the disbursement to individuals exercising independent professional activities of the income directly related to such activities by business entities being tax agents, the tax from the income at the source of disbursement shall not be withheld, if the said individual has presented the copy of the certificate of his tax registration as the individual exercising independent professional activities. This rule shall not be applied in case of the income accrued (disbursed) for fulfilling certain work and/or providing a service according to a contract governed by the civil law, in case of the ascertainment of the existence of labour relations according to such a contract, and the contracting parties may be equated to an employee or an employer in accordance with sub-items 14.1.195 and 14.1.222 of item 14.1 of Article 14 of this Code.

178.6. Individuals exercising independent professional activities shall keep records of income and expenses from exercising such activities. The form of the said records and the procedure of their keeping shall be specified by the central state tax service agency.

178.7. The final individual income tax calculation for the reporting tax year shall be performed by a taxable person individually and in accordance with the data stated in the tax return.

Article 179. Procedure of Submission of the Annual Property Status and Income Declaration (Tax Return)

179.1. A taxable person shall submit an annual property status and income declaration (tax return) according to this Code or other laws of Ukraine.

179.2. For the purposes of this Code, the duty of a taxable person to submit a tax return shall be deemed performed, if he received the income:
solely from tax agents, except for the cases directly specified by this section;
from transactions of the sale (exchange) of property and the donation, during the contracts notarisation of which the tax has been paid according to this section.
179.3. Resident taxable persons departing from the country to a permanent place of residence shall submit the tax return to a state tax service agency before the expiry of 60 calendar days preceding such a departure.

Within 30 calendar days after the receipt of such a tax return the state tax service agency shall check the said tax liability, ascertain the payment of the tax amount due and issue the certification of such payment and the absence of the tax liability under this tax to be presented to the customs authorities while crossing the customs border and constituting the basis for the performance of customs procedures.

The form of such a certification shall be determined by the central state tax service agency.

The procedure of the implementation of this item shall be specified by the Cabinet of Ministers of Ukraine.

179.4. Taxable persons shall be relieved from the duty to submit the tax return in the following cases:

a) regardless of types and amounts of the income received by taxable persons, who:
   - are minor or legally incapable individuals fully supported by other individuals (including parents) and/or the state as of the end of the reporting tax year;
   - are under arrest or are detained or convicted to the imprisonment, are held captive or imprisoned on the territory of other states as of the tax return submission deadline;
   - are being sought for as of the end of the reporting tax year;
   - are enrolled to the mandatory military service as of the end of the reporting tax year;

b) in other cases specified by this section.

179.5. The tax return shall be filled in by the taxable person on his own or by another party authorised by such a taxable person to fill in the return on a notarised basis according to the procedure specified by Chapter 2 of Section II of this Code.

179.6. The duty to complete and submit the tax return in the name of the taxable person shall be placed upon the following parties:

- the guardian or tutor in respect of the income received by a minor or legally incapable by a court decision individual;
- the successors (property administrators, state bailiffs) in respect of the income received by a deceased taxable person during the reporting tax year;
- the state bailiff authorised to take measures to secure property claims of creditors of a taxable person declared bankrupt in accordance with the established procedure.

179.7. An individual shall pay the amount of tax liability stated in the submitted tax return on his own before 1 August of the year following the reporting year.

The amount of tax liabilities additionally charged by the state tax service agency shall be paid to the relevant budget within time frames specified by this Code.
179.8. The amount to be refunded to the taxable person shall be credited to his bank account held with any commercial bank, or sent with postal transfer to the address indicated in the return within 60 calendar days of receipt of such a tax return.

179.9. The form of the tax return shall be specified by the Ministry of Finance of Ukraine on the basis of the following conditions:

- the general part of the tax return shall have a simplified appearance and not contain the information about the income (expenses) received (incurred) by a small number of taxable persons;
- the tax return shall be unified and universal for all the cases of its submission instituted by the legislation;
- the information about the income, property status, expenses, financial liabilities, the information regarding the stated data of family members shall be provided by specific categories of individuals identified by the legislation;
- calculations of certain types of the income (expenses) shall be included into annexes to the tax return to be filled in solely by taxable persons subject to the availability of such income (expenses);
- the tax return and annexes thereto shall be compiled using the generally used terminology, and contain detailed instructions in respect of their completion;
- the tax return and annexes thereto shall identify a taxable person and contain the information necessary for determining the amount of his tax liabilities or the amount of the tax subject to refunding in case of a taxable person’s use of his eligibility for the tax break.

The tax return forms shall be provided free of charge by state tax service agencies to taxable persons on their request and be generally accessible for the population.

179.10. Before 1 March of the year which follows the reporting period, a taxable person shall have the right to address an inquiry to the relevant state tax service agency with a request to provide explanations in respect of the completion of the annual tax return, and the state tax service agency shall provide the relevant services free of charge.

179.11. Individuals shall submit the annual tax return containing the information about the income, property status, expenses, financial liabilities in cases and the scope specified by law, and the information concerning family members in all the cases of its submission prescribed by law shall be stated in the annex to the tax return.

The tax return and annexes thereto shall be submitted by an individual in accordance with this article during any reporting period in the reporting tax year with the indication of the income (assets) as of the day of its submission.

179.12. The state tax service agency having received the tax return shall issue a certificate on the submitted property status and income declaration (tax return) according to the form determined by the central state tax service agency on the request of a taxable person.
SECTION V. VALUE ADDED TAX (VAT)

Article 180. Taxable Persons

180.1. For taxation purposes the following persons may be deemed taxable persons:

1) Any person who carries out business activities and is registered as a taxable person by it voluntary decision under the procedure prescribed by Article 183 of this Section;

2) Any person registered or any person who subjects to the registration as a taxable person;

3) Any person that imports commodities into the customs territory of Ukraine in the volumes subject to taxation, and any person that is in charge of the tax payment when moving commodities across the customs boundary of Ukraine according to the Customs Code of Ukraine, as well as:

   The person entrusted to follow all requirements of the customs regimes, which stipulate full or partial conditional exemption from taxation, in case of violation of these customs regimes specified by the customs legislation;

   the person who uses a tax break inappropriately (including when importing goods into the customs territory of Ukraine) and/or contrary to conditions or legitimate purposes of its provision in accordance with this Code, as well as any other persons who make use of a tax break which is not appointed for them.

   Provisions of this item shall not apply to transactions of the importation of cultural valuables into the customs territory of Ukraine by individuals (citizens of Ukraine) or by business entities not being taxable persons, listed in Item 197.7 of Article 197 of this Code;

4) The person who keeps records of the business performance under the joint business agreement without foundation of a legal entity;

5) the person who administers property and keeps separate tax accounting for the VAT in respect of business transactions related to the use of the property that is received in managing under the property management agreements.

   For taxation purposes the business relations between the property manager of his own business activities and his activities of property management shall be deemed equivalent to relations on the basis of separate contracts governed by the civil law;

6) A person that carries out the transactions of the supply of forfeited property, founds, treasures, the property found to be ownerless, the property not claimed by the owner until the end of the storage period and the property conveyed into the ownership of the state by way of succession or on other legal grounds (including the property specified in Article 172 of the Customs Code of Ukraine), regardless of whether such a person achieves the total amount of commodity (service) supply transactions specified in Item 181.1 of Article 181 of this Code, and regardless of the
taxation regime applied by such a person in accordance with the legislation.

7) A person authorized to pay a tax of taxable objects arising as a result of services delivery by railroad transport enterprises from their core activities that are being subordinated to a taxable person according to the procedure prescribed by the Cabinet of Ministers of Ukraine.

180.2. The service user shall be responsible for the charging of the tax and crediting it to the budget in case of services provided by non-residents, including their permanent representative offices not registered as taxable persons, if the services are provided on the customs territory of Ukraine.

180.3. The persons specified in Item 180.2 of this Article are vested with the rights, fulfil their obligations and bear responsibility provided by the effective legislation of Ukraine in relation to taxable persons.

Article 181. Requirements for the Registration of Persons as Taxable Persons

181.1. In case the total amount from transactions of the supply of commodities (services) taxable under this Section, including the use of a local or global computer network, accrued (paid) to such a person in the course of the last twelve calendar months exceeds UAH 300,000 (disregarding the value added tax), the person in question must obtain registration as a taxable person with the agency of the state tax service in its location or the place of residence pursuant to requirements of Article 183 of this Code, except for a payer of the universal tax.

181.2. The persons not registered as taxable persons, who import commodities to the customs territory of Ukraine in volumes subject to taxation under the law, shall pay the tax during customs clearance of commodities without being registered as taxable persons for the purposes of this tax.

Article 182. Voluntary Registration of Taxable Persons

182.1. If the person, which carries out taxable transactions and doesn’t come within the scope of the definition given in Item 181.1 of Article 181 of this Code because the value of its taxable transactions is less than that specified in Article, and the volumes of commodity/service suppling to other taxpayers over the last 12 calendar months achieve in sum not less than 50 per cent of the total quantity to be delivered, considers it appropriate to obtain registration as a taxable person by its voluntary decision, the said registration shall be made on the basis of its application.

Article 183. Procedure for Taxable Persons Registration

183.1. Any person, who is subject to the mandatory registration or has made a decision on the voluntary registration as a taxable person, shall submit the application for the registration to the agency of the state tax service in its location or the place of residence.

183.2. In case of mandatory registration of the person as a taxable person, the
application for registration shall be submitted to the agency of the state tax service of Ukraine at the latest on the 10th day of the calendar month after the end of the month when, for the first time, the volume of taxable transactions reached the amount specified in Article 181 of this Code.

183.3. In case of voluntary registration of the person as a taxable person, the application for registration shall be submitted to the agency of the State Tax Service at the latest 20 calendar days prior to the beginning of the tax period, starting from which such persons will be deemed payers of this tax and will have the right to accrue tax credit and issue tax receipts.

183.4. The persons who switch to the generally applicable taxation system from the simplified taxation system, provided that the said persons meet the requirements set by Item 181.1 of Article 181 or Item 182.1 of Article 182 of this Code which does not envisage tax payment, so, the above-mentioned persons shall submit the application simultaneously with the application for the refusal to apply simplified taxation system.

The date of switching of the said persons to the generally applicable taxation system shall be the date of their registration as taxable persons.

183.5. The persons mentioned in Item 183.3 and Item 183.4 of this Article should specify in the application the effective date of registration as a taxable person, which corresponds to the transaction commencement date or the starting date of the tax period (calendar month), beginning from which such persons will be deemed payers of the tax and have the right to issue tax receipts.

183.6. If the last day of the term for the application submission is a day off or a holiday or a free day, the business day following the day off, a free day or holiday shall be deemed the last day of the term for the application submission.

183.7. The application for the registration of the person as the taxpayer shall be submitted by this individual personally or directly by the Executive manager who headed the legal entity as a taxpayer (both of cases with legally valid certificates to confirm the person and the person's authorities) to the agency of the state tax service in its location or the place of residence. The application shall specify the grounds for the registration of the person as a taxable person.

183.8. An agency of the state tax service shall refuse the registration of a person as a taxable person, if it is ascertained as a result of the review of the application for the registration and/or the submitted documents that the person does not supply commodities (services) or fails to meet the requirements of Article 180, Item 181.1 of Article 181, Item 182.1 of Article 182 and Item 183.7 of Article 183 of this Code, or in case of the circumstances that constitute the ground for the annulment of the registration under Article 184 of this Code.

183.9. If there are no grounds for the refusal to register the person as a taxable person for the value added tax purposes, the agency of the State Tax Service shall be obliged to issue (or send by mail with a letter with a notice of delivery) to the applicant the registration certificate of such person as a taxable person at the latest on
the business day following the desired (planned) registration date specified in the taxable person’s application or within 10 business days from the date of receipt of the registration application, unless the desired (planned) registration date is indicated in the application or if it comes earlier than the date, which falls on the last day of the term established for the registration of a taxable person by a tax agency. If the desired (planned) registration date, which is specified in the taxable person’s application, follows the end of "the 10 business days period" from the date of receipt of the registration application, the agency of the State Tax Service shall be obliged to issue (or send by mail with a letter with a notice of delivery) to the applicant the registration certificate of such person as a taxable person at the latest on the desired (planned) registration date specified in the taxable person’s application.

183.10. Any person who is subject to mandatory registration as a taxable person shall be deemed a taxable person from the first day of the month following the month of the attainment of the volume of taxable transactions specified in Article 181 of this Code, without the eligibility for the deduction of tax amounts to a tax credit and receive the budget refund before the moment of the VAT registration by a tax payer.

183.11. The original certificate of the registration of a taxable person shall be duly kept by the payer and copies of the certificate, validity of which is authenticated by the agency of the state tax service, shall be placed in all accessible places in the taxable person’s premises and all his branches (departments) and representative offices.

183.12. The central agency of the state tax service of Ukraine shall keep the Taxable Persons Register, which contains information on the persons registered as taxable persons.

183.13. To provide taxable persons with the information, the central agency of the state tax service of Ukraine shall monthly publish the following on its web-site:

183.13.1) data from the Registry of taxable persons including the corporate name or family name, first name and middle name of a taxable person, the date of tax registration, the individual tax number, numbers and the issuance date of the certificate of the taxable person registration;

183.13.2) information on the persons, whose registration as taxable persons was annulled by the application of a taxable person or on the initiative of the agencies of the state tax service or under the court decision, in particular: on the annulled certificates of registration of taxable persons with the indication of individual tax numbers, dates of annulment, reasons of annulment and the grounds for certificate annulment.

183.14. The forms of the application for registration, applications for the registration annulment and certificates on registration as well as policy of the registration of taxable persons shall be established by the central agency of the state tax service.

183.15. In the event that a taxable person changes his location (place of residence) or passes to the other agency of the state tax service, he shall be withdrawn from the records in one agency of the state tax service and entered into the records by
another agency of the state tax service according to the procedure established by the
Central Agency of the State Tax Service.

183.16. If the legislation specified the period, for which the entity is created, or
the term, after which the data in the certificate of registration of a taxable person are
supposed to change, the said certificate shall be issued for such period only.

183.17. The person created as a result of the reorganisation of a taxable person
(except the person created by means of the transformation) shall be registered as a
taxable person as another newly established entity according to the procedure
specified by this Code, for instance, when the tax liabilities have been transferred to
this person in connection with the distribution of tax liabilities or tax debt.

183.18. The person registered as a taxable person shall be assigned an
individual tax number to be used for the paying of the tax.

**Article 184. Annulment of Taxable Person Registration**

184.1. The registration of the taxable person shall be valid till the date of the
annulment of the said taxpayer's registration; the annulment shall be carried out by
means of taking the person off the Taxable Persons Register which shall take place in
the following cases:

a) if any person, registered as a taxable person during previous 12 months, has
submitted an application for the annulment of his registration as a taxpayer and the
total value of taxable goods/services provided thereby over the last 12 calendar
months was less than the amount specified in Article 181 of this Code, provided that
the amount of tax liabilities was repaid in cases specified in this Section;

b) if any person, registered as a taxable person, has submitted an application for
taking him off the Taxable Persons Register in connection with the termination of his
activities according to the legislation of Ukraine, and has received a liquidation
balance-sheet or a transfer balance-sheet approved by the state tax service agency in
connection with the termination of his activities, and provided that the amount of tax
liabilities in relation to this tax was repaid in cases specified in this Section;

c) any person, registered as a taxable person is registered as a universal tax
payer, whose payment does not envisage the payment of the value-added tax;

d) if a person registered as a taxable person fails to provide the state tax service
agency with the value-added tax return for 12 consecutive tax months and/or provides
the state tax service agency with the declaration (a tax calculation) testifying the lack
of supplying/buying commodities transactions which are carried out for the purpose
of the tax duty buildup or setting up of a tax credit.

e) if constituting documents of any person registered as a taxable person are
found invalid with a court decision;

f) if the court of commerce issued a judgement about the liquidation of a taxable
person as a legal entity who was declared bankrupt;
g) if the taxable person is liquidated under court decision (the individual is deprived of a business entity status), the person becomes exempted from the tax or the tax registration of the person is annulled (invalidated or repealed) by court decision;

h) if an individual, registered as a taxable person, has died or declared missing or deceased or disabled by the court, or his civil capacity was limited;

i) the availability in the Unified State Registry of Legal Entities and Sole Traders of a record of the absence of a legal entity or an individual sole trader from its place of location (place of residence) or a record that the confirmation of data on the legal entity is unavailable;

ej) if the effective term of the certificate on registration of a person as the VAT payer has expired;

k) the volume of commodities/services supplying by some taxpayers, registered as the VAT payers by their voluntary decisions, to other taxpayers over the last 12 calendar months achieves in sum less than 50 per cent of the total quantity to be delivered.

184.2. The annulment of the registration on the ground specified in Sub-item “a” of Item 184.1 of this Article shall be carried out upon a taxable person’s request, and the annulment of the registration on the basis of Sub-items “b” – “k” of Item 184.1 of this Article shall be carried out both upon a taxable person’s request or by independent decision of the competent agency of the state tax service. The certificate of the registration of a taxable person shall be deemed annulled beginning from the date of the annulment of a taxpayer registration.

184.3. The agency of the State Tax Service of Ukraine shall annul the registration of a person as a taxpayer who submitted the application for the annulment of his registration as a taxable person if the agency establishes that this person meets the requirements of Item 184.1 of this Article.

184.4. If legal grounds for annuling a registration of a taxable person are unavailable, the agency of the state tax service shall provide this taxable person with the justified written refusal related to annulment of the person's registration as a taxpayer including an explanation on this issue within 10 calendar days after the application on the annulment has been received.

184.5. From the moment of the annulment of the person's registration as a taxpayer, the person shall be deprived of the vested right for the deduction of tax amounts to a tax credit and issue tax receipts.

184.6. In case of the annulment of the person's registration as a taxable person, the period that starts from the day following the last day of the previous tax period and ends on the day of the registration cancellation shall be deemed the last reporting (tax) period.

184.7. If during the last reporting (tax) period the taxable person has registered commodities and non-circulating assets, on the acquisition of which the tax amounts were included in the tax credit, the taxable person shall be obliged not later than on the date of the submission of the application for cancellation of his registration as a
taxable person to recognise the conditional supply of such goods and non-circulating assets and to accrue tax liabilities, that shall be determined on the basis of the usual price for commodities or non-circulating assets excepting for the cases established by the law, such as: the reorganisation of a taxable person by means of the merger, the accession, the transformation, the division or the separation according to the legislation.

184.8. In the event that on the date of the submission of the application for the annulment of the person's registration the taxable person has tax liabilities resulted from the last tax period, such tax amount shall be included in the decrease of the budget reimbursement, and if the budget reimbursement is unavailable – it shall be paid to the state budget. The annulment of the person's registration as a taxpayer shall be carried out on the day following the day of making budget settlements on tax liabilities for the last tax period.

184.9. In the event that the person has the right on the budget reimbursement resulted from the last tax period, the said reimbursement shall be granted to the person during time frames prescribed by this Section, regardless of whether this person will be registered in the future as the payer of this tax within the date of receipt such a budget reimbursement or not.

184.10. The agency of the State Tax Service of Ukraine shall, within three business days after the annulment of the registration, notify in writing the person about a decision on its registration annulment.

**Article 185. Definition of the Taxation Object**

185.1. The object of taxation implies taxable person’s transactions on:

a) the supply of goods with the place of supply located on the customs territory of Ukraine, in accordance with Article 186 of this Code, including transactions of the transfer of the ownership right to the pledge objects to the borrower (lender), the commodities that are transferred on condition of commodity loan as well as transfer of financial leasing objects into the use to the lessee;

b) the supply of services, whose place of supply is located on the customs territory of Ukraine under Article 186 of this Code;

c) importation of goods (related services) to the customs territory of Ukraine under the customs regime of importation or re-importation (hereinafter referred to as “importation”);

d) exportation of goods (related services) under the customs regime of exportation and re-exportation (hereinafter referred to as “exportation”).

e) for the taxation purposes, the supplying of commodities (related services), being in the free circulation on the territory of Ukraine, shall be deemed equivalent to an exportation to the customs regime of the duty-free shop, the customs warehouse, or the territory of a special customs zone created in accordance with provisions of Chapters 35-37 of the Customs Code of Ukraine;
f) for the taxation purposes, the supplying of commodities (related services) from the customs regime of the duty-free shop, the customs warehouse or the territory of a special customs zone which created in accordance with provisions of Chapters 35-37 of the Customs Code of Ukraine, shall be deemed equivalent to an importation for its further free circulation on the territory of Ukraine;

g) the supply of services related to the international passenger transportations as well as the personal luggage and loads (cargo) carrying with railway transport and motor, sea, river and air vehicles.

**Article 186. Place of Supply of Commodities and Services**

186.1. Place of goods supply shall be:

a) the place of actual location of goods at the moment of their supply (except as provided by the sub-items “b” and “c” of this item);

b) the place, where the goods are located as of the moment of their transportation or carriage – in case when the goods are transported or carried by a seller, a purchaser or a third person;

c) the place where construction, mounting or installation (with or without testing) is carried out by a seller or on his behalf.

186.1.1) if supply of goods is made for the consumption thereof on the board of sea vessels and aircraft or trains in the area of passenger carriage within the customs territory of Ukraine, the point of departure of the passenger transport vehicle shall be deemed the place of supply.

For the purposes of this item, the area, where the passenger carriage is made without stops outside the customs territory of Ukraine between points of departure and arrival of the passenger transport vehicle, shall be deemed to be the area of passenger carriage within the customs territory of Ukraine.

“Point of departure of the passenger transport vehicle” shall be the first point of passengers boarding within the customs territory of Ukraine and after the stop outside the customs territory of Ukraine, if necessary.

“Point of arrival of the passenger transport vehicle within the customs territory of Ukraine” shall be the last point of the embarkation (disembarkation) of passengers on the customs territory of Ukraine.

186.2. Place of service supply (provision of services) shall be:

186.2.1) the place of actual provision of services connected with movable property, namely:

a) forwarding services in the area of business ancillary to the transportation, such as the loading, unloading, reloading, warehouse processing of commodities and other similar services;

b) services of the expert appraisal and valuation of the movable property;

c) services connected with the carriage of passengers and freights, including with the supply of foods and drinks intended for the consumption in the specified place;
d) services in the form of the performance of the repair work, the raw material processing services, and other work and services related to the movable property;

186.2.2) the place of actual location of real property (including the real property that is being built) for the services connected with real property:
   a) services of real estate agencies;
   b) services of the preparation and performance of the construction work;
   c) other work in the location of the real estate (including the real estate that is being built);

186.2.3) the place of actual provision of services provided in the sphere of culture, art, education, science, sports, entertainment or other similar fields including services of organizers of the activities in the said spheres provided for the purposes of arrangement of paid exhibitions, conferences, training seminars and other similar events.

186.3. The place of supply of services listed in this item shall be the place, in which the service user is registered as a business entity or - in the absence of such a place - the place of the permanent or habitual residence. Such services shall include:
   a) an issuance of property rights to the intellectual property, a creation to an order and use of the intellectual property objects (including their use according to the terms of licensing contracts) and issue (or transfer) of the right on a reduction of the contaminant emissions (which formed from chemical compounds of "carbon" element, so that are noxious and may be a cause of "the hothouse effect");
   b) advertising services;
   c) provision of consultancy, engineering (means "engineering aspect of design" and contains a previous draft), engineering (civil-engineering design), consulting, legal (including advocatory), accounting, auditing, actuarial and other similar services, as well as services of developing, supplying and testing of the software, including information processing services and consulting in informatization, as well as providing another services in the sphere of informatization where the computer activity is involved;
   d) provision of the personnel, including if the personal shall work at the customer's place of professional performance;
   e) leasing of movable property except transport vehicles and bank safes;
   f) telecommunication services, namely: the services related to the transmission, dissemination or reception of signals, words, images and sounds, or information of any nature using wire-based, satellite communications and cellular communication systems, radiotechnical, optical and other electromagnetic systems, including the relevant provision or the transfer of the right to use the possibilities of such transmission, dissemination or reception, including the provision of access to global information networks;
   g) radio and television broadcasting services;
h) provision of mediation services on behalf and at the expense of another person or in own name but at the expense of another person in case of providing the customer with services listed in this sub-item;

i) provision of forwarding office services.

186.4. The place of registration of the supplier shall be deemed to be the place of supply of services, except for transactions listed in sub-items 186.2 and 186.3 of this article.

Стаття 187. Chargeable Date

187.1. The date of appearing tax liabilities (chargeable date) in relation to supply of goods (services) shall be understood as the date that falls to the tax period, during which any of earlier events took place:

a) the date of crediting seller’s (customer’s) money to the taxable person's bank account as the payment for goods (services) that subject to supply, and in case of supply of goods (services) for cash – the date of entering funds into the cash desk of the taxable person, and if such is absent – the date of cash collection in the bank institution that serves the taxable person;

b) the date of the shipment of commodities or, in case of the exportation of commodities, the date of the execution of the properly executed customs declaration (according to the customs legislation claims) that confirms the fact of the crossing of the customs border of Ukraine or, in case of services, the date of the execution of a document that confirms the fact of the supply of services by the taxable person.

187.2. In case of supply of goods and services with the use of vending machines or the other similar equipment, which does no envisage the availability of the cash register controlled by the authorized individual, the date of appearing tax liabilities shall be understood as the date of taking cash receipts out of such vending machines or similar equipment. The rules for cash collection of such sale proceeds shall be established by the National Bank of Ukraine.

187.3. In case of the supply of commodities under commodity credit (commodity loan, instalment loan) contracts that provide for the payment (accrual) of the interest, the date of the accrual thereof under terms and conditions of the appropriate contract shall be deemed to be the chargeable date in respect of such interest.

187.4. In the event that the supply of goods and services is made through vending machines with the use of tokens, cards or other domestic currency substitutes, the date of supplying such tokens, card and other domestic currency substitutes shall be deemed to be the chargeable date.

187.5. In the event that the supply of goods and services is made with the use of credit or debit cards, traveller, commercial, personal or other checks, the date of increasing the tax liabilities shall be understood as the date of the execution of the tax receipt, which acknowledges the fact of supplying by the taxable person the goods (services) to the seller, or as the date of issuing the appropriate invoice (sales check),
whichever of the events comes earlier.

187.6. The date of appearing tax liabilities of the landlord (lessor) in relation to the transactions on financial lease (leasing) shall be understood as the date of actual transfer of the financial leasing object into the use of the tenant (lessee).

187.7. In case of supplying goods and services with the payment therefor from the budget funds, the date of appearing tax liabilities shall be understood as the date of arrival such funds to the bank account of the taxable person or as the date of receiving the appropriate compensation in any other form, including the decrease in the indebtedness of such taxable person to the budget under his liabilities.

187.8. The chargeable date in case of the importation of commodities into the customs territory of Ukraine shall be the date of the submission of a customs declaration for the customs clearance.

The chargeable date in case of transactions of the provision of services (commodities and services related to the supply of the goods specified in Article 30 of this Section) by non-residents on the customs territory of Ukraine shall be understood as the date of debiting the settlement account of the taxable person in return for services, or as the date of the execution of documents confirming the fact of provision of services by a non-resident, whichever of the events comes earlier.

187.9. The date of appearing tax liabilities of a contractor under long-term contracts shall be the date of the actual transfer of the results of works under these contracts.

For the purposes of this item, a long-term contract (period contract) shall mean any contract for the manufacture of goods, the performance of work, rendering of services with the long-term (over one year) process cycle of production, provided the agreements concluded for production of such goods, for the performance of work and rendering of services do not provide for their staged delivery.

187.10. If taxable persons that supply thermal energy, natural gas (other than liquefied gas), provide water supply, waste water disposal services, or services whose value is included into the rent or the housing maintenance fee to individuals, budget-funded institutions not registered as taxable persons, as well as to housing operation offices, apartment operation detachments, condominiums and other similar payers of taxes that collect funds from the said buyers for the subsequent transfer thereof to sellers of such commodities (providers of services) by way of the compensation for their value (hereinafter referred to as ZHEK), the date of crediting funds to the bank account of the taxable person shall be the chargeable date, alongside with that the date of appearing the right on a tax credit shall be the date of the debit of the taxable person’s bank account in return for the procured commodities (services).

The said rule of the definition of the chargeable date shall also apply to transactions of the supply of the said commodities / services fro ZHEKs and budget-funded institutions receiving the said commodities / services, if they are registered as taxable persons.
For the purposes of this item, the services whose value is included into the rent or the housing maintenance fee shall mean the lift and dispatcher system technical maintenance services, the maintenance of fire alarm automation and smoke exhaust systems, household electric ovens, the maintenance of smoke and ventilation ducts, in-house water and thermal power supply, waste water disposal and storm water disposal systems, the transportation and recycling of the solid household and large-sized waste, the cleaning of the building area and the area adjacent to the building, as well as other services provided by ZHEKs to buyers specified in this item at their expense.

187.11. The advance payment for commodities being exported or imported shall not change the value of the tax amounts related to the tax credit or the tax liability of a taxable person being the exporter or the importer respectively.

**Article 188. Procedure for the Identification of the Taxable Amount in Case of the Supply of Commodities (Services)**

188.1. Taxable amount for the transactions on the supply of goods/services shall be determined proceeding from their contractual value but should not be lower than regular prices determined under Article 39 of this Code, considering national taxes and duties (except value added tax and the excise tax on ethyl alcohol used by manufacturers being business entities for the production of medicines, including blood components and preparations made thereof, except for medicines in the form of balms and elixirs).

The contractual value shall include any cash amounts, the value of tangible and intangible assets, which are transferred to the taxable person directly by the purchaser or via any third person as compensation for goods (services) value.

Taxable amount for the transactions on the supply of goods imported to the customs territory of Ukraine shall be determined subject to their contractual value but should not be lower than the customs value of the goods, based on which the taxes and customs duties were assessed during the customs clearance with allowance for the excise tax and import duty, except the VAT (value added tax), which is included in the prices of goods (services) according to the law.

If the supply of goods (services) is carried out at regulated prices (tariffs), the taxable amount shall be determined based on their contractual value calculated at such prices (tariffs).

In case of supplying non-circulating assets (capital assets), including in case of their liquidation, transformation of productive assets into non-productive assets and the use thereof in non-taxable transactions instead of taxable transactions, the taxable amount shall be determined based on the net book value as of the time of the supply thereof.

The taxable amount shall be inclusive of value of commodities (services) supplied for any funds (except the amount of compensation for covering difference between actual expenses and regulated prices (tariffs) in the form of a grant (subsidy))
received from the state or local budget), and the value of tangible and intangible assets, which are transferred to the taxable person directly by the recipient of commodities (services) or via any third party as compensation for the value of commodities (services) supplied by this taxable person.

In case of the supply of commodities under the terms of the financial leasing contract, the taxable amount shall be understood as a contractual value but should not be lower than the price of acquisition of the leasing object.

In cases specified by Article 189 of this Code, the taxable amount shall be determined subject to provisions of Article 189 of this Code.

**Article 189. Specific Features of Taxable Amount Determination in case of Supply of Commodities (Services) in Certain Cases**

189.1. In case of supply of commodities (services) free of charge or with partial payment of their value by cash within barter transactions and the performance of transactions with payments in kind against labour compensation to individuals who have labour relations with the taxable person, the supply of commodities (services) within the taxable person's balance sheet for non-production use, as well as in the case of the supply to a related party of the supplier, a business entity not registered as a taxable person or an individual, the taxable amount shall be determined based on the actual value of the transaction but it should not be lower than the usual prices instituted under Article 39 of this Code.

189.2. The value of containers, which, pursuant to the terms and conditions of the agreement (contract), are defined as returnable (deposit-paid) containers, shall not be included in the taxable amount. If containers are not returned to the forwarder within the term not exceeding 12 calendar months from the moment of the receipt of returnable containers, the value of such returnable containers shall be included into the taxable amount of the recipient.

189.3. If the taxable person carries out business of the supply of second-hand commodities (commission trade) acquired from the persons not registered as taxable persons, the commission fee of such a taxable person shall be the taxable amount.

If the taxable person carries out business of the supply of similar (of the same type) second-hand commodities acquired from the persons not registered as taxable persons under (within) contracts that provide for the conveyance of the ownership of such commodities, the positive difference between the price of the sale and the price of the purchase of such commodities, determined in accordance with the procedure prescribed by this section, shall be the taxable amount.

The date determined in accordance with the rules prescribed by Item 187.1 of Article 187 of this Code, shall be the date of increasing the tax liabilities.

At that, the price of sale of the used vehicle (second-hand vehicle) shall be determined as follows:

1) for an individual, the price of sale of the used vehicle shall be determined on the basis of the price specified in the sale contract but may not be lower than the
assessed value of such vehicle that is calculated by a party to valuation activities authorized to perform such a valuation according to the law;

2) in case of taxable persons, the price of sale of the used vehicle shall be determined on the basis of the price specified in the sale contract but may not be lower than the usual prices.

The terms used for the purposes of this Section shall have the following meanings:

commodities that were being used during not less than 1 year as well as vehicles which don't come within the definition of "the unused vehicle" shall be determined as "used commodities".

The list of vehicles which shall be deemed "unused (new) vehicles" is given below:

a) "ground-based vehicles", that shall be understood as vehicles being under the registration in Ukraine for the first time with regard to the legislation and should have the land distance covered in total not more than 6,000 kilometers;

b) "sea-going vessel" shall be understood as a vehicle being under the registration in Ukraine according to the legislation of Ukraine for the first time with regard to the vehicle in question, with a proviso (provided) that not more than 100 hours had passed after the first bringing it into service.

c) "aircraft" ("airborne vehicle") shall be understood as a vehicle being under the registration in Ukraine according to the legislation of Ukraine for the first time. At that, the quantity of the airborne hours (to the moment of the registration) does not exceed 40 hours after the first bringing it into service. The term "Airborne hours" shall be understood as the quantity of hours that shall be calculated as a difference between the aircraft take-off and the aircraft landing moments (block-times);

"Similar commodities" shall be deemed the commodities defined in the meaning that is determined by Section I of this Code.

189.4. In case of commodities conveyed/received under the commission (consignment), surety, trust management contracts, the value of supply of such commodities determined under Article 188 of this Code, shall be the taxable amount.

The date of the increase in the tax liabilities and the tax credit of taxable persons that supply and receive commodities (services) under commission (consignment), surety, agency, trust management contracts and other contracts governed by the civil law without the title to such commodities (services) shall be determined according to the rules established by Articles 187 and 198 of this Code.

The said order and rules of the definition of the chargeable date and the tax credit shall also apply to transactions of the sale of the garnished property by force that performed according to the legislation by justice agencies.

189.5. In case of supplying of the goods under the terms of financial leasing contracts, which have been returned by the leasing recipient who not registered as a taxpayer due to the failure to comply with the rules of this contract, the positive difference between the price of the sale and the price of the purchase of such
commodities shall be the taxable amount.

At that, the price of the sale shall be determined in accordance with Item 188.1 of Article 188 of this Code, and the price of purchase shall be determined at the level of the amount of leasing payments in terms of compensation of the financial leasing object value, which are not paid for such a leasing object as of the date of the said restitution.

189.6. The provisions of items 189.3-189.5 of this Article shall not apply to the transactions of the exportation of commodities from the customs territory of Ukraine or the importation thereof into the customs territory of Ukraine under the contracts referred to above.

189.7. If a taxable person carries out transactions of the supply of commodities (services) that are subject to taxation pursuant to Article 185 of this Code on security of the purchaser’s debt liabilities provided to such a taxable person in the form of a promissory note or a bill of exchange (transfer note) or other debt instruments (hereinafter referred to as the “bills”) issued by such purchaser or the third person, the taxable amount shall be determined on the basis of the contractual value assessed according to the procedure established by Item 188.1 of Article 188 of this Code without allowance for discounts or other reductions in the par value of this bill or, in case of interest-bearing notes, the taxable amount shall be determined on the basis of the contractual value increased by the amount of interest accrued or such that must accrue on the par value of such a bill.

189.8. Tax liabilities shall not be accrued on the par value of the bill, including without the allowance for discounts or with the allowance for the interest.

189.9. If fixed productive assets (funds) or non-productive assets (funds) are liquidated by the independent decision of the taxable person or are transferred on a gratis basis to the person not registered as a taxable person, as well as in case of including non-circulating assets in non-productive assets (funds), such liquidation and free transfer, for the purposes of taxation, shall be considered as the supply of such fixed productive or non-productive assets (funds) at their usual (regular) prices determined as of the date of supply of these assets (funds).

Provisions of this item shall not apply to the cases when fixed productive or non-productive assets are liquidated in connection with the destruction or damaging thereof as a result of Acts of God (force majeure circumstances) and in other cases when such liquidation is made without a taxable person’s consent, including in case of stealing non-circulating assets or when a taxable person provides the agency of the State Tax Service with the appropriate document on the destruction, demolition or otherwise transformation resulted in the impossibility of using non-circulating assets in the future for the original purpose.

189.10. In case if (as a result of the liquidation of non-circulating assets) components, constituent elements or other residuals are obtained that are posted to tangible accounts with the purpose of the use thereof in the business activity of the taxable person, the tax liabilities shall not be accrued for such transactions.
189.11. In case of the conditional supply of commodities, the usual (regular) price of such commodities or non-circulating assets shall be the taxable amount.

189.12. In cases if the taxpayer carries out the transactions of the supply of agricultural products and products of the processing thereof to the persons who are not registered as taxable persons, and if these products are acquired (or obtained) by the said taxpayer from the individuals who are not registered as taxable persons, the trade surcharge determined by the said taxpayer shall be the object of taxation.

**Article 190. Procedure for the Determination of the Taxable Amount for the Commodities Imported into the Customs Territory of Ukraine and the Services Provided by Non-residents on the Customs Territory of Ukraine**

190.1. The taxable amount in case of the importation of commodities into the customs territory of Ukraine shall be the contractual value but not lower than the customs value of these commodities determined under the Customs Code of Ukraine taking account of the payable duty and the excise tax, except the value-added tax, which is included in the prices of goods (services) according to the law.

While determining the taxable amount, the foreign currency shall be converted into the domestic currency at the official exchange rate of the domestic currency for the said currency set by the National Bank of Ukraine as of the date of the submission of the customs declaration for the customs clearance and, in case of the charge of the tax liability by the customs agency, if the customs declaration has not been submitted, as of the date of the ascertainment of the tax liability.

190.2. For the services provided by non-residents on the customs territory of Ukraine, the taxable amount shall be determined on the basis of the contractual value with allowance for the taxes, duties, except for the value added tax that is included in the price of supply in accordance with the legislation. The value so determined shall be converted into the domestic currency at the exchange rate of the National Bank of Ukraine effective as of the date of appearance of tax liabilities. In case of receiving services from non-residents without payment therefor, the taxable amount shall be determined on the basis of usual prices for such services without allowance for the tax.

**Article 191. Specific Features of the Determination of the Taxable Amount for Finished Products Manufactured with the Use of Customer-provided Raw Materials of a Non-resident in case of the Supply Thereof on the Customs Territory of Ukraine**

191.1. The taxable amount for the customs clearance of the customer-provided raw materials or finished products received by a Ukrainian contractor in return for the provision of processing services shall be determined taking account of the provisions of Article 190 of this Code.
191.2. The taxable amount in case of the supply of finished products on the customs territory of Ukraine obtained as payment for the supply of processing services shall be determined under Article 188 of this Code.

**Article 192. Specific Features of the Determination of the Taxable Amount in Certain Cases (Amendatory Procedure for the Existing Systems of the Tax Liability and the Tax Credit)**

192.1. In the event of any change in the amount of the compensation for the commodities (services) supply, including the revision of prices, the recalculation thereof in case of the return of supplied commodities to the provider thereof, or the refund of the downpayment, the tax liabilities amount and the tax credit of the supplier and the recipient shall subject to the appropriate adjustment.

192.1.1. If, as a result of such a recalculation, the compensation amount decreases in favour of the taxable person being the supplier, then:

a) the supplier shall accordingly decrease the amount of tax liabilities as a result of the tax period, during which such recalculation was made, and send the calculation of the adjustment of the tax amount to the recipient;

b) the recipient shall accordingly decrease the amount of the tax credit as a result of such tax period in case it is registered as a taxable person as of the date of the adjustment and has increased the tax credit in connection with the receipt of such commodities (services).

192.1.2. If the said recalculation results in the increase in the amount of the compensation payable to the supplying taxable person, then:

a) the supplier shall increase the amount of tax liabilities as a result of the tax period of such a recalculation appropriately, and send a calculation of the adjusted tax value to the recipient;

b) the recipient shall increase the amount of the tax credit as a result of the tax period appropriately, if it is registered as a taxable person as of the recalculation date.

192.2. The provisions of Item 192.1 of this Article shall not apply to the cases when the supplier of goods (services) is not a taxable person as of the end of the reporting (tax) period, during which the recalculation was made.

The decrease in the tax liabilities amount of the supplying taxable person in case of changing the compensation for the value of commodities (services) provided to the persons, who were not payers of this tax as of the supply date, shall be permitted only if the commodities supplied earlier are returned into the ownership of the supplier with giving to the recipient full pecuniary compensation for their value including the case of price adjustment connected with the warranty replacement of commodities or the replacement of low quality goods according to the law or the contract.
192.3. Results of the recalculation of tax liabilities and the tax credit of the supplier and the recipient shall be indicated in the tax return for the reporting tax period under such procedure as prescribed by the state tax service central agency.

**Article 193. Tax Rates**

193.1. Tax rates shall be set on the basis of the taxable amount as follows:

a) 17 per cent;

b) 0 per cent.

**Article 194. Transactions Taxable at the Basic Rate**

194.1. Transactions specified in Article 185 of this Code, except for those transactions, which are not taxation objects, exempted from taxation, and transactions subject to the zero rates shall be taxed at the rate indicated in sub-item "a" of item 193.1 of Article 193 of this Code, which is the basic rate.

194.1.1. The tax shall amount to 17 per cent of the taxable amount and shall be added to the price of commodities and services.

**Article 195. Transactions Taxable at the Zero Rate**

195.1. Transactions taxable at the zero rates include the transactions on:

195.1.1) the exportation of commodities (related services), if their exportation is confirmed with a duly executed cargo customs declaration in accordance with requirements of Customs Code of Ukraine;

195.1.2) transactions of the supply of commodities for such purposes:

a) for providing or fuelling sea vessels, which:

are used for navigation activity, carriage of passengers and freight at a charge, production, fishing or other business activity outside territorial waters of Ukraine;

are used for rescuing or rendering assistance in neutral or territorial waters of other countries;

are included in the Naval Forces of Ukraine and go outside territorial waters of Ukraine, including to anchorages;

b) supply of goods for providing or fuelling aircraft, which:

carry out international flights for the purposes of the navigation activity or the transportation of passengers or cargo at a charge;

are included in the Air Force of Ukraine and go outside the air boundary of Ukraine, including to the temporary air-based places;

c) supply of goods for providing or fuelling (refuelling) spaceships, space missile carriers or earth satellites;

d) supply of commodities for providing or fuelling (refuelling) of the military land transport or any other special contingent of Military Forces of Ukraine, which takes part in peacekeeping activities outside Ukraine or in other cases provided by the legislation of Ukraine;

e) transactions of the supply of commodities/services by retail trade outlets,
which located on the territory of Ukraine in customs control zones (or in duty free shops) according to the procedure prescribed by the Cabinet of Ministers of Ukraine.

The duty-free shops may supply commodities solely to individuals travelling from the customs territory of Ukraine, or to individuals moving by vehicles that belong to the residents, and if they are being outside the customs borders of Ukraine. The procedure for control over the compliance with this Sub-item shall be prescribed by the Cabinet of Ministers of Ukraine. The violation of provisions of this Sub-item shall be entailed the liability by law.

In case of the inverse import of the commodities into the customs territory of Ukraine, which are acquired in duty-free shops without payment of the value-added tax, these goods shall be subject to taxation according to the procedure prescribed by the law for taxation of the import transactions.

195.1.3. The supply of such services, as:

a) international transportation of passengers, cargo and luggage (baggage) by railway, motor, sea, river and aircraft transport/vehicles.

For the purposes of this sub-item, transportation shall be deemed international if such transportation is being carried out according to the Universal Carriage (Traffic) Document;

b) services composed of works with the movable property previously imported into the customs territory of Ukraine for the performance of such works and exported outside the customs territory of Ukraine by the taxable person, who performed these works, or by the non-resident recipient.

The work performed with the movable property shall include the work on processing goods, which may include processing (treatment) of goods such as mounting, assembling, installation and maintenance, as a result of which new commodities are produced, including the provision of services on processing customer-provided raw materials, as well as modernisation and repair of commodities that envisage performance of a set of transactions with the partial or full restoration of the production resource of an object (or its components) specified in the standard and technical documentation, the performance of which envisages the improvement of the condition of the said object;

c) providing with services of performing the maintenance of the aircraft that carry out international flights.

The services of performing the maintenance of the aircraft, which carry out international flights, shall include a full system of necessary services that are directly related to the carrying out of an international flight. They are:

performing the maintenance of the aircraft and passengers (the aircraft landing/takeoff cycles, providing passengers with services in air terminals and aircraft security, nonstandard standing of the aircraft);

providing passengers with services in airports, as well as providing of land services in the process of performing the maintenance of the aircraft;
airport areas lease, in the part of working places that shall be used for serving the international flights and their passengers (offices, registration desks and other personnel facilities/service rooms that shall be leased by different air companies, which carry out international flights);

professional services of the personnel in the area of serving the aircraft, international flights and their passengers.

195.2. "The zero rate" shall apply to the transactions of the exportation of commodities (related services), if such transactions are exempted from taxation on the customs territory of Ukraine according to the provisions of this Section.

**Article 196. Non-taxable Transactions**

196.1. Transactions, which are not the objects of taxation, shall include the following transactions on:

196.1.1. issue, placement into any forms of management and sale (repayment, buy-out) of securities for cash that have been issued by business entities, the National Bank of Ukraine, the Ministry of Finance of Ukraine, local self-government bodies according to the legislation, including investment and mortgage certificates, real estate transaction fund certificates, derivatives, as well as corporate rights expressed in forms other than securities; the exchange of the said securities and corporate rights expressed in forms other than securities for other securities; the settlement/clearing, registration and depository activities on the securities market, as well as management of assets (including pension assets, the banking management funds) in accordance with the law.

The provisions of this sub-item shall not apply to the transactions on the delivery of forms of traveller, bank and personal checks, valuable securities, accounting and payment documents, plastic (charge) cards as well as jubilee and memorable coins to be sold for numismatic purposes, as well as other goods/services the special payment is collected for in the form of the fixed amount or in the form of the percentage;

196.1.2. the transfer of property for the custody and for leasing (lease), except for the transfer of property for the financial leasing;

the return of property from the custody to the owner thereof, as well as the property that is previously transferred for leasing (lease) to the leasing provider (lessor), except for the property transferred for the financial leasing;

the accrual and payment of the interest or the commission as parts of leasing (lease) payment under the financial leasing contract/agreement; for taxation purposes the payment of the interest on the financial leasing object, which is pre-assessed in a foreign currency, shall be specified in hryvnias at the exchange rate, which is determined by the National Bank of Ukraine as valid as of the time of payment;

the transfer of the property on pledge (mortgage) to the creditor and/or as collateral for another valid claim of the creditor, and the return of such property from the pledge (mortgage) to the owner thereof (after the expiry date of the contract), if
the place of such supply (return) is located on the customs territory of Ukraine;

Transactions of monetary payments of principal amount and accrued interest of consolidated debt secured by mortgage, transactions in connection with joining and/or purchase (sale) of the said consolidated mortgage debt, replacement of one part of consolidated mortgage debt with another or the return (repurchase) of such a consolidated mortgage debt by a resident or in favour of a resident according to the law;

196.1.3. provision of services of the insurance, coinsurance and reinsurance by persons, who have the license for rendering such services (the insurance licence) according to the law, as well as the services related to the said activities that shall be provided by insurance (reinsurance) brokers and insurance agents;

the provision of services of the universal statutory (state) social insurance (including pension insurance), non-state pension provision, raising and servicing pension deposits and accounts of the participants of the banking management funds, administration of non-state pension funds;

196.1.4. transactions of circulation of currency valuables (including foreign currency and national currency), services related to the circulation of bank metals, bank notes and coins of the National Bank of Ukraine, except that ones to be used for numismatic purposes and their value of sales shall be their taxable amount; the issue, circulation and redemption of state monetary lottery tickets and other documents that shall certify persons' right for taking part in state monetary lotteries; payment of pecuniary advantages, prizes and awards; supply of non-cancelled stamps of Ukraine, envelopes and post-cards with non-cancelled stamps of Ukraine, except collection stamps, post-cards and envelopes for philatelic needs and their sale price shall be their taxable amount;

196.1.5. services of the collection of funds, cash and payment services, raising deposits, placement on commission and repayment of funds under loan agreement, deposit or funds agreement (including pension funds/deposits), management of funds, securities (derivatives and corporate rights), entrustment, granting, managing and accounts receivable pledging (cession) of financial credits, credit warranties and comfort-letters by the party, which provided such credits, warranties and comfort-letters;

trade in the debt liabilities for monetary funds or valuable securities, except for transactions of debt collection (debt securities) and the factoring transactions (the factoring), except for the factoring transactions in case if currency valuables, securities (including compensation certificates), investment certificates, fixed-income mortgage certificates, transactions of cession of the right of claim under the mortgage credits (loans), housing bonds, land bonds and derivatives shall be the object of debt;

196.1.6. payment of wages (or other similar benefits) in a pecuniary form, as well as pensions, scholarships, subsidies, grants at the expense of budget means or the Pension Fund of Ukraine, or another funds of the universal statutory (state) social insurance (excepting the property benefits);
payment of dividends and the royalty in the monetary form or in the form of securities, which shall be carried by the issuer (emitter);

providing of commission (brokerage, dealer) services in trade industry and/or in management of securities (corporate rights), derivatives and currency valuables, including every monetary payments (as well as commission payments) to the stock or monetary (currency) exchanges, or to the off-exchange stock markets or their members in connection with the fact of arrangement and trade securities by licensed traders who effect the trading activity related to securities, derivatives and currency valuables;

196.1.7. transactions of the reorganisation (the merger, the accession, the transformation, the division) of the legal entities;

the transfer of commodities (performed works and provided services) to the separate financial statement (separated balance sheet) of a taxable person empowered by the agreement to keep records of the joint business performance while carrying out this joint business performance, shall be deemed the supplying of such goods (performed works and provided services);

196.1.8. the supply of paid services in the area of educational activities in out-of-school hours to fosterlings, pupils and students by out-of-school education establishments;

196.1.9. providing of services within the scope of administration of the banking management funds by banks (monetary/financial institutions), as well as funds of real estate activities or funds of financing of building operations (including the transference for financing of building operations from the financing of building operations funds), for carrying out payments under mortgage certificates in accordance with the legislation;

196.1.10. transactions in payment of the arbitration tribunal duty and reimbursement (covering) of another expenses connected with resolving cases by the an arbitration tribunal in accordance with the law;

196.1.11. providing of services within the scope of agencies and freighting (chartering) seagoing vessels (the maritime merchant service/ mercantile marine) by the ship-brokers in favour of non-residents, who provide services of international transportation of passengers, carriage of their baggage (luggage) and cargo carriage, international operations;

196.1.12. transactions of the exportation of commodities from the customs territory of Ukraine under the temporary (duty) export customs arrangements in accordance with provisions of Chapter 34 of the Customs Code of Ukraine, or under the customs regime of the processing in accordance with provisions of Chapter 39 of the Customs Code of Ukraine, including operational leasing objects and vehicles that shall be repaired;

196.1.13. the supply of commodities (related services) to the customs territory of Ukraine under the customs regime of waiver in favour of the state in accordance with provisions of Chapter 41 of the Customs Code of Ukraine. The subsequent supply of such commodities (related services) at the customs territory of Ukraine or
out of the customs territory of Ukraine shall be taxed at the appropriate tax rates
determined by Article 193 of this Code.

196.1.14. The supply of services determined by Sub-item "c" of Item 186.3 of
Article 186 of this Code.

**Article 197. Transactions Exempted from Taxation**

197.1. Transactions, which are exempted from taxation, shall include the
following:

197.1.1. the supply of baby foods, baby commodities according to the list
approved by the Cabinet of Ministers of Ukraine;

197.1.2. provision of services related to the obtainment of the higher,
secondary, vocational and pre-school education including the post-graduate study and
the obtainment of the Doctor's degree (Ph.D.degree), by educational institutions,
which have the license for rendering such services, as well as provision of services on
bringing up and training children by recreation centres, children’s music, art and
sports schools and clubs, and schools of arts, as well as services related to the
student's inhabitancy at the halls of residence. These shall include the services of:

a) the child care and teaching services in children’s music and art schools and
cultural centres (musical instrument playing, choreography, fine arts, societies (open
classrooms) of foreign languages, computer training classes);

b) the child care and teaching in preschools within the frame of study curricula
and plans as well as beyond indicated volume;

c) all kinds of educational services provided by in I-III level education
institutions;

d) all kinds of educational services provided by technical vocational schools;

f) the sub-collegiate courses preparing for the admission to higher education
establishments;

g) the repeated study courses before re-examination thereof by excluded
students (cadets) with the subsequent examination;

h) training of post-graduate and doctoral students;

i) holding the examination of postgraduate students;

j) provision of scientific consultations for students that develop their
qualification on their own;

k) pre-university training;

l) classes on scientific, technical, cultural, art, physical training, sport, legal,
tourism and regional ethnography matters;

m) consultations for pupils, students, cadets, beyond the volume indicated in
the study plans and curricula, for postgraduates and doctoral students;
n) organisation of summer language courses, schools, seminars; individual and group physical and sport training at stadiums, gyms, pools, tennis courts for children, pupils and students;

197.1.3. the supply of:

a) Technical and other treatment facilities (except of passenger cars), services of their delivery and repairing; the supply of special commodities including the supply of medicinal commodities for peculiar/separate use for disabled people and other privileged categories of the population according to a list approved by the Cabinet of Ministers of Ukraine;

b) the supply of component parts and semi-finished products for the manufacture of technical and other treatment facilities (except of passenger cars), special commodities including the supply of medicinal commodities for peculiar/separate use for disabled people and other privileged categories of the population according to a list approved by the Cabinet of Ministers of Ukraine;

c) the supply of passenger cars for disabled people to the authorised executive agency with the payment at the expense of the state or local budgets and monies of the statutory state insurance, and transactions of their gratis transfer to the disabled people;

197.1.4. provision of services on the delivery of pensions, insurance payments and allowances to the population (regardless of the delivery method) on all delivery stages up to receiving thereof by the end user;

197.1.5. the supply of services on health protection by health care institutions, which have the license for supplying such services, and the supply of rehabilitation services for disabled people and children-invalids by the establishments, which have the license for rendering such services according to the legislation, except for the following services:

a) the provision of the cosmetology assistance other than provided on the basis of medical indications;

b) the massage for the improvement of the health of adult people, the adjustment of the posture, etc.;

c) the performance of the preventive medical examinations with the preparation of a health status statement on request of individuals;

d) the hygienic expert appraisal of design materials and preliminary design proposals, for instance, on the placement of an object, as well as the standard documents for new technologies of the manufacture of products and new types of products on the basis of the application of the customer; the hygienic appraisal of samples of new products;

e) the provision of consultancy assistance on the state sanitary and hygienic expert appraisal;

f) the examination of objects being rehabilitated or operated for the conformity with the sanitary legislation on the basis of a request of a customer;
g) the performance of the toxicological/hygienic, medical/biological, sanitary/hygienic, physiological and other studies on request of a customer in order to determine the safety of products for the human health;

h) the issue of permits for the production, use, transportation, storage, sale, disposal, destruction and recycling of domestic and imported products and substances potentially hazardous for the human health to business entities;

i) the provision of the consultancy assistance to legal entities and individuals on the application of the healthcare legislation, including the legislation on securing the sanitary and epidemic well-being of individuals;

j) the performance of the medical examination for the issue of:

a) a firearm purchase and carry permit to individuals other than military servicemen and officers, who are permitted to carry firearms by the legislation;

b) the relevant documents for the travel of individuals abroad on the invitation of relatives living in foreign countries, for the medical treatment in foreign healthcare establishments or sanatoria on own will, as well as for business trips (except for state officials, whose work is associated with such travel and who are in possession of relevant medical documents);

c) the driving licence;

k) the medical services for congresses, conferences, symposia, festivals, meetings, competitions, etc;

l) the medical servicing of individuals at their discretion in healthcare establishments with the improved service level;

m) the organisation of the medical control over individuals who engage into the physical culture and sports activities in recreation establishments;

n) the preventive vaccination of individuals travelling abroad on an invitation, for the treatment in foreign healthcare establishments or sanatoria on their own will, and for tourism purposes (except for those travelling for the medical treatment and on business);

o) the compilation of sanitary passports of radiotechnical facilities on requests of customers, and performance of research for the confirmation thereof;

p) the performance of the state sanitary and hygienic expert appraisal for the accreditation and certification of enterprises, institutions and organisations for the performance of the toxicological/hygienic, medical/biological, sanitary/hygienic and other research on requests of customers;

q) the identification of harmful and hazardous factors of the production environment, technological and labour processes, the research for the purposes of the development of means and measures at eliminating or mitigating their harmful impact on requests of customers;

r) the training of specialists of enterprises, institutions and organisations on the job on requests of customers in institutions of the sanitary-epidemiological service, state hygienic and epidemiological research institutes, the performance of the sanitary/hygienic and bacteriological research;
s) the provision of services of the organisation of the work of sectoral sanitary laboratories, the provision thereof with the medical equipment (devices) on requests of customers; the on-the-job training of specialists of such laboratories in the methodology of the sanitary and hygienic research;

197.1.6. the supply of rehabilitation services for disabled people and children-invalids, as well as the supply of vouchers for the sanatorium-resort therapy, for the recreation and rest of individuals (persons) in the age under 18 years, disabled people and children-invalids on the territory of Ukraine;

197.1.7. provision of services on:
   a) support of children in infant teaching and educational schools and boarding schools;
   b) support of persons in old people’s homes and people with disabilities, child's homes, "boards out" for war veterans and veterans of labour, senior centers, rehabilitation establishments, areal social service centres (rendering of the social services);
   c) the catering and night shelter services, and the provision of other social services to homeless individuals in registration centres, social protection establishments for homeless individuals and individuals released from prisons in centres of the social adaptation of individuals released from prisons;
   d) children catering in infant and secondary schools, and in vocational schools, as well as individuals catering in health care institutions;
   e) catering and provision with clothing, public utility services and other services provided to the persons kept in penitentiary institutions namely: catering, including the food preparation;
      provision of clothing, underwear, footwear and bed linen;
      use of long-term visitor rooms;
      postal and telephone/telegraph communication services;
      supply of foods and living essentials;
      repair of clothing and footwear;
      additional medical services;
      bath and laundry services;
      rental of cinema and video films, cultural and educational events;
   f) catering and provision with clothing, public utility services and other social services at the expense of state funds, which shall be paid to persons supported in rehabilitation establishments, areal social service centres (rendering of the social services), institutions, enterprises and organisations of Panukrainian social organizations of disabled people and their associations, which shall provide them with rehabilitation, recreation, the physical culture and sports activities, registration centres, social protection establishments for homeless individuals, centres of the social adaptation of individuals released from prisons; health resorts for veterans and invalids, support of persons in old people’s homes and people with disabilities, child's
homes, as well as psychoneurological and particularized rest homes, "boards out" for war veterans and veterans of labour, senior centres;

197.1.8. Provision of services on the passengers carriage by urban passenger vehicle (other than taxi), tariffs for which shall be regulated in accordance with the statutory procedure.

This exemption shall not apply to the transactions of leasing or hiring passenger vehicle;

197.1.9. Provision by religious organisations of religious services and objects according to the list, namely:
   a) ceremonial services: baptism, church marriage, funeral, public prayer, requiem service, consecration (of rooms, cars, etc.), circumcision, first communion, bar-mitzva (majority);
   b) ceremonial objects: candles, icons, crosses (worn under clothing, funeral, altar, prayer, water-consecration, priestly crosses, crosses with decorations, etc.), beads, covers (for altar, funeral, etc.), lockets with religious symbols, coal for incense, incense, lamp oil, chrism, icon lamps, censers, candle holders (for seven candles, Easter holders for three candles), shrouds, clothing of the clergy (cassocks, underwear, vosdukh, orlitsa, albs, calottes, mitres, kamelaukion, etc.), wreaths, gramatikos, equipment for the baptism (baptism chest), movement, tabernacle, font, host stamp, sprinkler, spear, bowl (chalice), saucers, star, spoon, scoop, paten, floats, bells, organs, harmonia, passage prayers, "alive in assistance" belts, mezuzah, tallit, tefillin, sculptures of the saints, gonfalons, flags, matzoth, wafer, Scriptures;

197.1.10. the supply of funeral services and the supply of ceremonial commodities by state and municipal agencies, namely:
   a) the invitation of an agent of the funeral services for the processing of an order for the funeral organisation;
   b) the issue of a medical death certificate;
   c) the delivery of ceremonial objects for the organisation of the funeral to the customer;
   d) the loading, unloading and moving of ceremonial objects;
   e) transportation services provided in the course of the funeral;
   f) sale of a standard coffin;
   g) sale of a container for the transportation of a zinc-plated coffin; the soldering of a zinc-plated coffin;
   h) the storage of bodies of the deceased in refrigerating chambers in excess of the norm of the stay of a body after the death in a healthcare establishment, and the storage of bodies of people deceased at home or in other places;
   i) services of the preparation of the body for the funeral or the cremation (services of a barber and a cosmetologist, washing, embalming, placement into the coffin);
   j) grave digging;
k) carrying of the coffin with the body (to the house, the apartment in an apartment house, to the morgue, from the house, the apartment or the morgue to the place of the funeral);
l) the musical accompaniment to the funeral ritual;
m) the civil funeral rites;
n) the services of the funeral organiser;
o) the production and the installation of a metal grave table, the cross, the headstone or a provisional monument;
p) the sale of standard funeral wreaths and mourning bands therefor;
q) the organisation of the dispatch of the coffin with the body or the urn with the ashes abroad;
r) in case of the burial into the family grave, the services of the dismantling of the existing stone (monument) and the installation thereof;
s) the writing of the text on the morning band;
t) the cremation;
u) the sale of the urn;
v) the sale of the cup for the urn;
w) the burial of the urn with ashes into the grave, the placement of the urn with ashes into the columbarium, the scattering of ashes.

197.1.11. Exemptions listed in sub-item 197.1.10 of this item shall not apply to the transactions of the supply of services of the burial and the cremation of bodies of animals and the related activities;

197.1.12. the gratis transfer of the rolling stock by one railway station or enterprise of public railways to other railways or the state-owned enterprises of public railways;

The gratis transfer of the rolling stock among enterprises within a railway shall be carried out by order of the head of the railway on the basis of the decision of the Ukrainian Railways; the said transfer within the Ukrainian Railways shall be carried out by order of their General Director. The gratis transfer of the rolling stock shall be covered with a protocol of acceptance in accordance with the legislation.

The gratis transfer shall take place in the case of:
the process needs due to the common technological process;
the rolling stock reallocation due to the restructuring of the sector and the liquidation of individual units.

If the book value of the relevant group of fixed assets shall not change, so, no tax liabilities shall arise as of the date of the performance of transactions of the gratis transfer of the rolling stock by one railway or public railway enterprise to other railways or state-owned public railway enterprises. In this case, the railways or railway enterprises that transfer the rolling stock on a gratis basis shall not adjust the tax credit amounts;

197.1.13. the gratis privatisation of residential property including public places in apartment houses and land-use of the communal property, farmlands according to
the legislation as well as the provision of services, whose receipt is a compulsory condition for the privatisation of the residential property, including public places in apartment houses and land-use of their communal property, as well as farmlands according to the legislation; The gratis transfer of a part of public assets (stock certificates) to the state farms' workers and to workers of other agricultural farms being privatized, as well as to equal individuals according to the Law of Ukraine "On features of the privatisation of property in the agroindustrial complex". The list of enterprises subject to the privatisation shall be specified by the Cabinet of Ministers of Ukraine.

197.1.14. provision with housing (residential property), except the first provision thereof.

For the purposes of this sub-item, the first supply of the residential property (a housing fund object) shall mean:

a) the first transfer of the finished newly constructed housing (residential property) to the purchaser’s ownership or the provision of services (including the value of materials acquired at the contractor’s expense) of the construction of such housing at the customer’s expense;

b) the first sale of reconstructed or thoroughly repaired dwellings (residential property) for the purchaser, who is the person other than the owner of this object at the moment of taking it out of operation (use) in connection with such reconstruction or thorough repair, or as provision of services (including the value of materials acquired at the contractor’s expense) on such reconstruction or thorough repair at the customer’s expense.

Provisions of this sub-item shall also apply to the first sale with "dacha"(country houses) and garden houses as well as to any other property objects registered pursuant to the legislation as housing (residential property);

197.1.15. the provision of the charitable aid, in particular, the gratis supply of commodities and services to charitable organisations established and registered according to the legislation and the provision of such aid by charitable organisations by recipients of the charitable aid according to the legislation charitable activity and charitable organisations.

The gratis supply shall be understood as the supply of goods and service to charitable organisations and recipients of charitable aid without any pecuniary, material or other kinds of consideration. In case of the non-compliance with conditions of this sub-item, such transactions shall be taxed on a generally applicable basis.

The marking rules shall apply to the commodities received as charitable aid from domestic charities in major areas defined in Article 4 of the Law of Ukraine "On Charity and Charitable Organisations".

The marking shall be carried out by means of inscribing a label, a tag or the internal or external surface of the commodity package with the words "Charitable
Aid. Not for sale”. The symbols of the charitable organisation and the charity may be used for marking the charitable aid commodities.

The commodities shall be marked so that the inscription is fully and clearly visible during the visual inspection of the package or the commodities.

The charitable aid commodities shall be marked by charities providing such aid. The control over the compliance with marking rules shall be exercised by local executive agencies and agencies of the state tax service.

The charitable aid may be provided in the form of commodities, work, services intended for the use by legal entities being recipients thereof for the exercise of activities in areas envisaged by Article 4 of the Law of Ukraine "On Charity and Charitable Organisations".

Upon receipt of an offer from the charity on the provision of the charitable aid in the form of commodities, its types and amounts, the legal entity being the recipient of the charitable aid shall:

determine the people to which it will be provided taking account of recommendations of the relevant executive agencies and local self-government bodies;

notify the charity of the intent to accept the offered charitable aid.

Legal entities being recipients of the charitable aid shall keep accounting and operative records of the receipt, the storage, the allocation and the use of the charitable aid in the form of commodities, work and services, as well as the reports in the format prescribed by the central executive agency in charge of statistics to be sent to agencies of the state tax service.

The legal entities being recipients of the charitable aid shall use the chart of accounts and its usage manual valid in Ukraine for the accounting for transactions related to the charitable aid.

Legal entities being recipients of the charitable aid shall determine on their own the procedure of the analytical accounting for transactions related to the charitable aid, and open relevant accounts.

Legal entities being recipients of the charitable aid shall show the following in their annual financial statements:

in the accounting balance sheet - separately the funds (commodities, work, services) received as charitable aid;

in the profit and loss account - separately the value of the received charitable aid.

The annex (notes) to the annual statement shall contain the necessary clarifications of the performance indicators related to the charitable aid.

The control over the receipt, storage and allocation of the charitable aid in the form of commodities, work and services shall be exercised by local executive agencies; the control over the use thereof for designated purposes shall be exercised by local executive agencies and agencies of the state tax service.

The marked goods received for the purposes of the charitable aid, which are supplied for cash or other consideration, and/or the proceeds received for such supply
shall be subject to the seizure from the unfair seller and forfeited to the benefit of the state according to the established procedure.

Transactions of the provision of charitable aid in the form of excisable commodities, securities (except for provided endowments that mentioned in Section IV of this Code), intangible assets and commodities, and services intended for business activity listed in Section VI of this Code shall not be subject to exemption.

197.1.16. the gratis transfer into the state or community ownership of territorial communities of villages, towns and cities, or the transfer to their common ownership of the objects of all ownership forms, which are in the balance sheet of one taxable person and are conveyed to the balance sheet of another taxable person, if such transactions are carried out by the decision of the Cabinet of Ministers of Ukraine, central and local executive agencies and local self-government bodies made within their competence.

Provisions of this sub-item shall also apply to the transactions of the gratis transfer of objects from the balance sheet of a legal entity of any ownership form to the balance sheet of another state- or community-owned legal entity, which are carried out by the decision of a state authority of Ukraine or a local self-government body taken within their competence, regardless of whether the transaction parties are taxable persons for the value added tax purposes;

197.1.17. the gratis transfer of commodities and services of own production by subsidiary farms and medical-production labour workshops (production shops and stations) of boarding houses, territorial centres of social service (provision of social services), homeless re-integration centres, centres of the social adaptation of individuals released from prisons, specialised hospitals, medical and prevention institutions of special type and dispensaries, provided that such transfer is carried out for satisfying own needs of the aforesaid institutions;

197.1.18. the supply of paid state services, which are rendered to individuals or legal entities by the executive agencies and local self-government bodies as well as by other persons empowered by these agencies or the legislation of Ukraine to render the said services and the need for whose obtainment is prescribed by the legislation of Ukraine, including charges for registration, licences and certificates in the form of fees, state duty, etc.;

197.1.19. the provision of services on the registration of acts of civil status by state authorities empowered to make such registration pursuant to the legislation;

197.1.20. the supply by the state- or community-owned libraries (or by Panukrainian social organizations of disabled people) of paid services on completing registration and accounting documents (tickets, library cards), use of rare, valuable directories and books (night issue), topic-based selection of literature upon the customer’s request and the provision of subject, address, bibliographic and factual statements;

197.1.21. the supply (sale, transfer) of land plots and land shares, except for the land shares where the real estate objects are accommodated and shall be included to the real estate objects' prices according to the legislation (taking into account
provisions of the first paragraph of sub-item 197.1.13 of item 197.1 of Article 197 of this Code);

a rental fee for the land plots being in possession of the state or territorial communities, if this rental fee in full shall be transferred to the appropriate budgets;

197.1.22. the transactions of the payment for the fundamental scientific research, the research works and the research and design efforts by a person who shall be in receipt of such amounts directly from the State Treasury of Ukraine;

197.1.23. the gratis transfer of devices, equipment and materials other than those excisable to scientific institutions and scientific organisations, higher education establishments of accreditation levels III to IV entered into the State Register of Scientific Organisations Supported by the State.

197.1.24. the supply at the rural territory of repair services of schools, kindergartens, orphanages, health care and material assistance (within the one income tax exemption per month for one person) by manufacturers of agricultural commodities with their own food production and processing land services (tillage services) to large families, labor and war veterans, rehabilitated citizens, the disabled, single elderly persons, persons affected by the Chernobyl disaster, and schools, infant schools, boarding schools, health care institutions;

197.1.25. the supply of (subscription for) periodical printed mass media and books, except for publications of erotic nature; supply of textbooks, manuals and copybooks of domestic production, Ukrainian-foreign or foreign-Ukrainian dictionaries, delivery of such periodical printed mass media on the customs territory of Ukraine.

197.1.26. transfer of the confiscated property, finds, treasures, assets recognized as the derelict property, that property on which the owner did not appeal to the end of storage, and property that according to the law of inheritance or other vested rights shall become the property of the state (including property as defined in Article 172 of the Customs Code of Ukraine) or at command of public agencies or organizations authorized to maintain or supply them according to law, as well as free transfer operations of property specified in this item in cases, which are determined by law, in possession and use of state bodies, organizations (institutions), which shall be sponsored from the budget funds and institutions where the orphans and children deprived of parental care are being brought up, as well as foster care homes, foster families.

Operations of the succeeding (following) supply of these goods shall be taxed on the common basis;

197.1.27. supply of medicines eligible for the production and application in Ukraine and introduced in the State Registry of Medicines (including by pharmaceutical institutions), as well as supply of medicinal commodities under a list approved by the Cabinet of Ministers of Ukraine;
197.1.28. supply of goods/services in the amount of compensation to cover the difference between actual costs and regulated prices (tariffs) in the form of production subsidies from the budget.

197.2. Transactions exempted from taxation shall include the transactions of the supply and importation to the customs territory of Ukraine of commodities and services intended for personal needs of diplomatic missions, consular institutions of foreign states and representative offices of international organisations in Ukraine, as well as for the use thereof by the diplomatic personnel of these diplomatic missions and their family members, who reside together therewith. The procedure of the exemption and the list of the transactions exempted from taxation shall be specified by the Cabinet of Ministers of Ukraine on a reciprocal basis in relation to each specific country.

In case of the further supply of vehicles imported with the exemption under provisions of this sub-item on the customs territory of Ukraine, the tax shall be paid by the persons listed in paragraph three of sub-item 3 of item 180.1 of Article 180 of this Code not later than the date of such a supply.

197.3. Transactions exempted from taxation shall include the transactions of the importation into the customs territory of Ukraine of marine fishery goods (fish, mammals, molluscs, crustaceans, aquatic plants, etc., which are cooled, salted, frozen, tinned or processed into flour or other products) produced (fished out) by the sea vessels registered with the State Ship Register of Ukraine or the Ship Logbook of Ukraine. Transactions of the further supply of the said commodities by legal entities (ship owners or freighters) shall be taxed according to the generally applicable procedure established by this Code.

197.4. Exemptions for goods provided for in Item 197.1 of this Article shall apply to operations for import into the customs territory of Ukraine.

197.5. The exemption under item 197.1 of this Article shall not apply to the transactions with excisable commodities listed in Section VI of this Code.

197.6. Transactions exempted from taxation shall include the transactions of the supply of commodities (except for excisable commodities) and services (except for gambling and lottery business and the services of supply of excisable commodities) received under commission (consignment) agreements and contracts of guarantee, agency, trust management and other contracts governed by the civil law, which empower such a taxable person to supply commodities on behalf and under instruction of another person without transferring the ownership of such commodities, which are produced directly by enterprises and organisations founded by public disabled people organisations and are owned thereby, where the number of disabled people, who have the principal place of employment there, constituted not less than 50 per cent of the average registered number of permanent employees during previous reporting period, and provided that the fund for the remuneration of the labour of disabled people during the reporting period constitutes no less than 25 per cent of the total payroll expenses under the rules of taxation with the corporate profit tax.
The direct production shall be understood as the manufacture of commodities, as a result of which the amount of expenses on processing (treatment and other transformations) of raw materials, components, constituent parts and other purchased goods that are used for the production of such commodities amounts to at least 8 per cent of the sales price of commodities so produced.

The aforesaid enterprises and organisations of public organisations of disabled people shall be eligible for this privilege subject to the registration with the appropriate state tax service agency to be undertaken on the basis of the submission of a decision of the Commission for Activities of Enterprises and Organisations of Public Organisations of Disabled People and the appropriate application from the taxable person for such a privilege according to the Law of Ukraine "On Fundamentals of the Social Protection of Disabled People in Ukraine".

In case of the violation of the requirements of this sub-item by the taxable person, the agency of the state tax service shall annul its registration as a person eligible for the tax exemption and the tax liabilities of such taxable person shall be recalculated from the tax period, when these violations were revealed, according to the general taxation rules established by this Code and with the simultaneous use of the appropriate financial sanctions.

Tax reporting of such enterprises and organisations shall be provided according to the procedure prescribed by the legislation.

197.7. Transactions exempted from taxation shall include the transactions of the importation of cultural valuables with codes of the Ukrainian Classification of Goods for Foreign Economic Activity (UKT ZED) 9701 10 00 00, 9701 90 00 00, 9702 00 00 00, 9703 00 00 00, 9704 00 00 00, 9705 00 00 00, 9706 00 00 00 produced 50 or more year ago to the customs territory of Ukraine.

197.8. Transactions exempted from taxation shall include the transactions of the provision of services on the transportation (carriage) of passengers and luggage by way of transit across the customs territory of Ukraine, as well as provision of services related to such transportation (carriage).

197.9. The transactions of the supply of services to foreign vessels and domestic ships engaged in international transport of passengers, luggage and cargo and paid them according to the legislation of Ukraine in the form of port fees, shall be exempted from taxation.

197.10. Exempted from the taxation the operation of air navigation services to supply services of the aircraft carrying domestic, international and transit flights in the flight information area of Ukraine in the field of responsibility of Ukraine. The documented procedure, tax invoices and display of these operations in tax reporting shall be specified by the Cabinet of Ministers of Ukraine.

197.11. Transactions of the importation of the property in the form of the international technical aid under provisions of international treaties of Ukraine accepted to be binding by the Verkhovna Rada of Ukraine or humanitarian aid provided under the Law of Ukraine "On Humanitarian Aid" to the customs territory of
Ukraine, shall be exempted from taxation.

197.12. The operations of banks and other financial institutions in the supply (sell, alienate otherwise) of property transferred by individuals and business entities - private enterprise of sole proprietors and other persons who are not taxable persons, in gage, including mortgages, and which was levied, shall be exempted from taxation.

197.13. Exempt from taxation shall be the bank transactions for the sale (transfer) or purchase of obligations on deposits (depositation).

197.14. The operations of the import into the customs territory of Ukraine for natural gas source in accordance with the code number of the Ukrainian Classification of Goods for Foreign Economic Activity (UKT ZED) 2711 21 00 00 shall be understood as the exempted operations (from taxation).

197.15. The transactions exempted from taxation shall be transactions of the supply of construction works on affordable housing and housing that is being built on the state funds.

197.16. The transactions of importation into the customs territory of Ukraine that exempted from taxation shall be as follows:

197.16.1. the machinery operating on non-traditional and renewable energy sources, the energy-conservation equipment and materials, measurement instruments, tools for the control and the management of the spending of fuel and energy resources, the equipment and materials for the manufacture of alternative fuels, or for the manufacture of energy from the renewable energy sources;

197.16.2. the machinery, equipment and components used for the manufacture of:

197.16.2.1. the machinery operating on renewable energy sources;
197.16.2.2. Materials and raw materials, equipment and components, which shall be used for the manufacture of alternative fuels, or for the manufacture of energy from the renewable energy sources;
197.16.2.3. the energy-conservation equipment and materials, products, whose operation ensures the conservation and sustainable use of fuel and energy resources;
197.16.2.4. measurement instruments, tools for the control and the management of the spending of fuel and energy resources.

The list of the said commodities with denoting of the code numbers of the Ukrainian Classification of Goods for Foreign Economic Activity (UKT ZED) shall be specified by the Cabinet of Ministers of Ukraine.

In case of violation of requirements for the designated use of the said commodities, the taxable person shall be obliged to increase tax liabilities as a result of the tax period, during which this violation took place, by the value added tax amount that should have been paid at the moment of the importation of these commodities, as well as to pay a fine accrued on such a tax amount based on 120 per cent of the discount rate of the National Bank of Ukraine effective as of the date of payment in the tax liability and for the period from the date of the importation of such commodities till the date of the increase in the tax liabilities.
197.17. On the period of military exercises (war games) in Ukraine, which shall be realized in the framework of the program "The Partnership for Peace", the transactions on the supply of the lubricants on the customs territory of Ukraine that shall be purchased by non-residents for transferring to the participants of the mutual with subunits of Armed Forces of Ukraine's military exercises, shall be exempted from taxation.

The procedure, the list of enterprises and the volume of supply of fuels and lubricants shall be specified by the Cabinet of Ministers of Ukraine.

**Article 198. Tax Credit**

198.1. The eligibility for the appropriation of the tax amounts to the tax credit shall arise by virtue of the fact of carrying out the transactions of:

a) the acquisition or production of commodities (for instance, in case of the importation thereof into the customs territory of Ukraine) and services;

b) the acquisition (construction, erection, creation) of non-circulating assets, for instance, in case of the importation thereof into the customs territory of Ukraine (for instance, in case of the acquisition and/or the importation thereof as a equity contributions and/or in (at the time of) transferring of such assets onto the balance of the taxpayer authorised to keep accounts for joint business performance results);

c) the receipt of services provided by a non-resident on the customs territory of Ukraine, and in case of receiving of the services, if the place of their supply shall be the territory of Ukraine;

d) the import of the non-circulating assets to the customs territory of Ukraine under the terms of operational or financial leasing.

198.2. The date of the origin of law on the eligibility of the taxable person for the appropriation of the tax amounts to the tax credit shall be the date of the earlier of the following events:

either the date of the debit of the taxable person’s bank account in return for the commodities (services);

or the date of receiving the commodities (services) by the taxable person, which confirmed with a tax receipt.

In case of transactions of the importation of commodities into the customs territory of Ukraine and the provision of services by non-residents on the customs territory of Ukraine, the date of the eligibility for appropriation of the tax amounts to the tax credit shall be the date of the payment (accrual) of the tax related to tax liabilities under item 187.8 of Article 187 of this Code.

The date of the eligibility for the increasing of a tax credit for a lessee in case of financial leasing transactions shall be the date of the actual receipt of the financial leasing object by such a lessee.

The date of the eligibility of a customer for appropriation of the tax amounts to the tax credit under contracts identified as long-term contracts under item 187.9 of
Article 187 of this Code shall be the date of the actual receipt by the customer of the results of the work (formalised with protocols of acceptance) under such contracts.

For the commodities (services), the acquisition (supply) of which is controlled with accounting devices, the fact of receipt (supply) of such commodities (services) shall be confirmed with accounting data.

198.3. Tax credit of the reporting period shall be determined on the basis of contractual (contract) value of goods and services, but not above the level of usual prices determined in accordance with Article 39 of this Code, and consists of the amounts of taxes accrued (paid) by the taxpayer at the rate specified by item 193.1 of Article 193 of this Code, during such reporting period in connection with:

- acquisition or manufacture of goods (including during their import) and services for their further use in taxable transactions in the taxpayer's business activity;
- purchasing (construction, construction) of fixed funds (fixed assets, including other non-circulating financial assets and unfinished capital investments in non-circulating capital assets), including in their import, for the purpose of the further use in taxable transactions in the frames of the taxpayer's business activity.

The right to charge tax credit occurs regardless of whether such products / services and fixed assets were used in taxable transactions in the taxpayer's business activity during the tax reporting period and whether the taxpayer has carried out such taxable transaction during the tax reporting period.

198.4. If the taxable person acquires (produces) commodities (services) and non-circulating assets intended for the use in transactions, which are not taxation objects or are exempted from taxation, the tax amounts paid (accrued) in connection with such acquisition (production) shall not belong under the tax credit of the said person.

198.5. If in further such commodities (services) actually are used in transactions not being the object of taxation or are exempted from taxation according to this Section (except for the use in transactions covered with sub-item 196.1.7 of item 196.1 of Article 196 of this Code), or if fixed assets are transformed into non-productive assets, or if facts of the lack (theft) are ascertained, then the said commodities (services) and fixed assets shall be deemed to be sold for the purposes of taxation at their usual(regular) price in the tax period, during which the said using or transferring are being proceeded, but not less than the price of their acquisition (manufacture, construction, erection) in case if the taxpayer has exercised his own right on the tax credit for this commodities/services.

The date of the recognition of expenses shall be deemed the date of the use of goods/services in accordance with Section III of this Code.

198.6. Amounts of the tax paid (accrued) in connection with the acquisition of commodities (services) not confirmed with reconciled (discharged) tax receipts or executed with the violation of requirements or not confirmed with customs declarations (other similar documents under item 201.11 of Article 201 of this Code) shall not be appropriated to the tax credit.
If, as of the moment of the inspection of the taxable person by an agency of the state tax service, the tax amounts that are previously appropriated to the tax credit are being remained "undocumented" with papers specified in this item, the taxable person shall be liable by law.

If the taxpayer has not included the tax amount of the VAT to the tax credit in the relevant reporting period on the basis of received tax bills (receipts), this right is being remained for him within 365 days from the date of discharge of the tax bill.

The taxable persons who has been practicing the cash method before the effective date of this Code, or are practicing the cash method nowadays, then these persons shall be entitled to the including of tax amounts into the tax credit on the basis of tax receipts received within 60 calendar days from the date of the debit of the taxable person’s bank account.

For banking institutions in obtaining them ownership of the mortgaged property in order to sell such a right shall be kept until the moment of the sale of this mortgaged property.

**Article 199. Proportional Appropriation of Tax Amounts to the Tax Credit**

199.1. If the manufactured and/or acquired commodities (services) are partially used in taxable transactions and partially those non-taxable, to the tax amounts, which the taxable person has the eligibility to appropriate to the tax credit, shall be inclusive of that proportion of the tax paid (accrued) during the production or the acquisition thereof, which corresponds to the proportion of the use of these commodities (services) in taxable transactions.

199.2. The proportion of the use of paid (accrued) tax for acquired (imported) commodities (services) between the taxable and non-taxable transactions shall be determined as percentage ratio of volumes of the supply of the taxable transactions (without tax amounts) of the prior calendar year to the aggregate volume of the supply of taxable and non-taxable transactions (without tax amounts) of the same prior calendar year. The quantity estimated in the interests shall be applied during the current calendar year.

199.3. A taxable person that has not performed non-taxable transactions during the prior calendar year, and this non-taxable transactions that have been carrying out since the reporting period, including newly established taxable persons, shall calculate the proportion of the use of the acquired commodities (services) between the taxable and non-taxable transactions on the basis of calculation estimated with the help of the actual data in respect of volumes of taxable and non-taxable transactions during the 1st reporting tax period, when such transactions were avowed.

The calculation of the proportion of using of the paid (accrued) tax for the acquired (imported) commodities (services) between the taxable and non-taxable transactions shall be submitted to the agency of the State Tax Service concurrent with
the tax declaration of the reporting tax period, when the taxable and non-taxable transactions were avowed.

199.4. A taxable person shall recalculate the proportion of the use of commodities (services) in taxable transactions as a result of the calendar year on the basis of actual volumes of taxable and non-taxable transactions carried out during the year. In case of the withdrawal of the taxable person from records, for instance, by court decision, the proportion shall be recalculated on the basis of actual volumes of taxable and non-taxable transactions carried out since the beginning of the current year till the date of the withdrawal from records.

The proportion of the use of non-circulating assets in taxable transactions shall be recalculated as a result of 12, 24, and 36 months of the application thereof.

199.5. The proportion of the use shall be applied to the adjustment of the tax amounts carried out to the tax credit. The results of the recalculation of the amounts of tax credit specified in the tax return for the last tax period of the year. In case of the withdrawal of a taxable person from the record, for instance, by court decision, the adjustment shall be indicated by the taxable person in the tax return of the last tax period, when the withdrawal from the record has taken place.

199.6. The rules of this article shall not be applied and the tax credit shall not be reduced if:

Carrying out the transactions envisaged by the Sub-item 196.1.7 of Item 196.1 of Article 196 of this Code;

The supply of waste and scrap of ferrous and nonferrous metals by the tax payer, which are formed as a result of the taxpayer's activity in consequence of the processing, handling, melting of goods (raw materials, blanks, etc.) in manufacturing, construction, disbursement (dismantling) of liquidated fixed assets and similar transactions.

Article 200. Procedure for the Assessment of the Tax Amount to be Paid (Transferred) to the State Budget of Ukraine or Refunded from the State Budget of Ukraine and Payment Time Frames

200.1. The tax amount to be paid (transferred) to the State Budget or refunded from the budget shall be defined as the difference between the amount of tax liabilities for the reporting (tax) period and the amount of the tax credit for such a reporting (tax) period.

200.2. In case of the positive value of the amount calculated pursuant to item 200.1 of this Article, the said amount shall be subject to payment (transfer) to the budget within time frames prescribed by this section.

200.3. In case of negative value of the amount calculated pursuant to item 200.1 of this Article, the said amount shall be deducted from the amount of the tax debt, which emerged during the previous reporting (tax) periods (including the debt that was made payable by instalments or deferred according to this Code), or, if the tax debt is not available, included into the tax credit of the next reporting (tax) period.
200.4. If the amount calculated by a person in the next reporting period under item 200.1 of this article is negative, then:
   a) a proportion of such a negative value that equals the amount of the tax actually paid by the recipient of commodities/services in preceding tax periods to suppliers of such commodities (services) or the State Budget of Ukraine, or in case of receiving of services on the customs territory of Ukraine from the non-resident a proportion equals the amount of the tax liability included to the tax return of the last reporting (tax) period for the received services obtained from the non-resident by the recipient of services/commodities, shall be refunded from the budget.
   b) the balance of the negative value of the preceding reporting (tax) periods after the budget refund shall be included into the tax credit of the next tax period.

200.5. The following persons shall not be eligible for the budget refund:
   that were registered as taxable persons for the purposes of this tax less than 12 calendar months prior to the month, as a result of which the application for the budget refund is submitted (except for the accrual of the tax credit as a result of acquisition or construction (building) of fixed assets);
   those that during last 12 calendar months carried out the taxable transactions with the volume less than the declared amount of the budget refund (except for accrual of the tax credit as a result of acquisition or construction (building) of fixed assets).

200.6. A taxable person may make a voluntary decision on crediting it with the due budget refund amount in full or with a part thereof by way of deduction from tax liabilities under this tax in the future reporting (tax) periods subject to conditions listed in item 22.4 of this article. The said decision shall be specified by the taxable person in the tax return submitted as a result of reporting (tax) period, during which the right to submit the application for the budget refund pursuant to provisions of this Article comes into existence. While making such a decision, the said amount shall be disregarded for the purposes of the calculation of the budget refund amounts in the next reporting (tax) periods.

200.7. The taxable person eligible for the receipt of the budget refund that has made a decision on the recovery of the budget refund shall submit the tax return and the application for the return of the budget refund amount indicated in the tax return to the competent agency of the state tax service.

200.8. The return shall be supported with a calculation of the amount of the budget refund, original customs declarations (declarant's copies) that confirm the exportation of commodities (related services) from the customs territory of Ukraine.

200.9. The form of the refund application and the form of the calculation of the budget refund amount shall be specified by the central agency of the state tax service.

200.10. The agency of the State Tax Service shall carry out the formal inspection of the data declared therein within 30 calendar days of the deadline of receipt of the said tax return.

200.11. If there are grounds to believe that the calculation of the budget
reimbursement has been done improperly (not in accordance with the standards of the
tax legislation), the agency of the state tax service shall be entitled to carry out an off-
schedule on-site documentary inspection of the taxable person for determining the
appropriateness of the accrual of such a budget refund through 30 calendar days of the
deadline of carrying out the formal inspection.

The list of sufficient grounds that shall entitle the tax authorities to conduct the
unexpected exit documentary verification of a person as a taxpayer of the value
added tax to determine the accuracy of calculation of tax refund from the budget, shall
be stipulated by the Cabinet of Ministers of Ukraine.

200.12. the agency of the state tax service shall be obliged to provide the
agency of the State Treasury of Ukraine with an opinion indicating the amount to be
refunded from the budget within five business days after finishing of the verification.

200.13. Based on the received opinion of state tax service agency, the State
Treasury of Ukraine shall grant the budget refund amount to a taxpayer noted in the
said opinion by transferring funds from the budget to the current bank account of the
taxpayer in the servicing bank within five business days after receiving the opinion of
the state tax service.

200.14. If, according to the results of the off-site or documentary off-schedule
on-site inspection, the agency of the state tax service reveals the inconsistency of the
budget refund amount with the amount declared in the tax return, the said agency
shall:

a) in case of the understatement of the budget refund amount claimed by the
taxable person in relation to the amount determined by the agency of the state tax
service as a result of the above inspections, the agency of the state tax service shall
send the taxable person a tax notice indicating the understated amount and the
grounds for the calculation thereof. In this case, it shall be deemed that the taxable
person has voluntarily refused to receive the understated amount as a budget refund
and sets it off against the tax liabilities under the said tax in future tax periods under
item 200.6 of this article;

b) in case of the overstatement of the budget refund amount claimed by the
taxable person in relation to the amount determined by the agency of the state tax
service as a result of the above inspections, the agency of the state tax service shall
send the taxable person a tax notice indicating the overstated amount and the grounds
for the calculation thereof;

c) if, as a result of inspections, it has been detected that the taxable person is
not eligible for the budget refund, the agency of the state tax service shall send the
taxable person a tax notice stating the grounds for the refusal of the budget refund.

200.15. If, as a result of the inspection of tax amounts declared for the refund,
the taxable person or the agency of the state tax service starts the procedure of the
administrative or judicial appeal, the agency of the state tax service of shall be obliged
to notify the agency of the State Treasury of Ukraine thereof at the latest on the
business day following the day of receipt of the relevant notice from the taxable
person or the court ruling on opening the case. The agency of the State Treasury of Ukraine shall suspend the refund procedure to the extent of the disputed amount until the effective date of the court ruling.

After the procedures of administrative and judicial appeal have been finished, the agency of the state tax service shall be obliged to provide the agency of the State Treasury of Ukraine with an opinion indicating the tax amount to be refunded from the budget within five business days of receipt of the relevant decision.

200.16. In the event that the taxable person exports from the customs territory of Ukraine the commodities (related services) received from another taxable person on terms of commission, consignment, order or other kinds of agreements, which do not envisage the transfer of the ownership of such commodities (related services) from such other taxable person to the exporter, the eligibility for the budget refund shall be enjoyed by this another taxable person. At that, the commission fee received by the exporting taxable person from such another taxable person shall be included into the taxable amount for this tax at the rate specified in sub-item "a" of item 193.1 of Article 193 of this Code, and not included into the customs value of commodities being exported.

200.17. Revenues of the State Budget of Ukraine shall be the source of the budget refund (including the budget debt).

The restricting (limit) or stipulating of the budget refund outpayments by presence or absence of proceeds received from this tax in some regions of Ukraine shall be prohibited.

200.18. The taxable persons eligible for the receipt of the budget refund according to this article have submitted the appropriate application and conform to requirements defined by Item 200.19 of this Article, shall eligible for the receipt of the budget refund automatically.

The automatical receipt of the budget refund shall be effected as a result of the off-site inspection that shall be carried out within 20 calendar days next of the deadline of receipt of the tax return, as well as according to the requirements specified by Article 76 of this Code.

200.18.1. The agency of the state tax service shall be obliged to provide an agency of the State Treasury with its opinion indicating the amount subject to the budget refund within 3 days after the completion of the inspection.

200.18.2. The agency of the State Treasury of Ukraine shall provide the taxable person with the automatical budget refund amount specified therein by transferring funds from a budget account to the current bank account of the taxable person in the servicing bank within 3 operating days on receipt of the opinion from the agency of the state tax service.

200.18.3. In case of violation of the refund terms determined by the item 200.18 of this Article, the authorities of the agency of the State Tax Service and agency of the State Treasury of Ukraine shall be responsible for this violation according to the law.
200.19. The following taxpayers shall be eligible for the automatic budget refund (the persons who conform to the listed requirements):

200.19.1. they are not being in bankruptcy court proceedings under the Law of Ukraine "On restoring solvency of the debtor or the avowry of his bankruptcy";

200.19.2. Legal entities and individual sole traders who are entered into the State Register of Legal Entities and Individual Sole Traders, and if there are no records concerning their activity among the facts listed below:
   a) lack of confirmation of the information;
   b) absence at the location (place of residence);
   c) making decisions on separation, the termination of legal entities, business of natural person - entrepreneur;
   d) recognition of fully or partially invalidity of constituting documents or amendments to the constituting documents of a legal entity;
   e) termination of state registration of legal entity or business of the individual sole trader and there are no solution or information on such persons on the basis thereof the cancellation of state registration of legal entity or business of sole traders shall be carried out;

200.19.3. carry out transactions a zero rate shall be applied to (the percentage of which during the previous 12 successive tax reporting periods/months shall assemble in total not less than 50 per cent of the total volume of supply(delivery) (for taxpayers with the quarterly reporting period - during the previous four successive reporting periods);

200.19.4. total discrepancy between the tax credit, formed by the taxpayer purchased commodities/services and tax liabilities of its contractors in the supply of such goods and services, according to tax bills, not to exceed 10 per cent of the taxpayer claimed the VAT refund;

200.19.5. where the average wage is less than two and a half times the minimum level established by the legislation in each of the last four fiscal reporting period (quarter), by Article IV of this Code;

200.19.6. have one of the following criteria:
   a) or number of employees who are employed by such taxpayers, more than 20 people in each of the last four fiscal reporting period (quarter), established by Section IV of this Code;
   b) or has assets for the conduct of declared activities, net book value at the balance sheet date according to the tax account exceeds the amount of tax claimed for compensation for the previous 12 calendar months;
   c) or the level of determining the tax liability of income tax payable to the budget (the ratio of tax paid to the amount of received revenue) is higher than the industry average in each of the last four fiscal reporting period (quarter), established by Section III of this Code;

200.19.7. not have tax debt.
200.20. The procedure of determining whether the taxpayer meets criteria specified in item 200.19 of this article, shall be approved by the central organ of the state tax service. Determination of compliance taxpayer specified criteria carried out automatically within 15 calendar days after the deadline for submission of reports;

200.21. In case of inconsistency by finding a state tax authority of taxpayer criteria specified in this Article and in the absence of such a taxpayer the right to automatically refunding state tax authority shall within 17 calendar days after the deadline for submission of reports to inform the taxpayer of the decision and provide detailed explanation and calculation criteria, values are not met. The decision can be appealed by the taxpayer in the prescribed manner.

When a state tax on time is sent to the taxpayer of this message, it is believed that such a taxpayer meets the criteria for obtaining the right to automatically refunding.

200.22. Since January 1, 2014 the off-site inspection of the tax reporting of taxpayers who have a positive tax history has been carried out within five calendar days after filing the tax return.

Taxpayers who during the preceding 36 successive months of meeting the criteria approved by the Cabinet of Ministers of Ukraine, shall be deemed to have a positive tax history.

200.23. Amount of tax payers will not be reimbursed for a specified period of this Article shall be deemed receivable budget refund of the VAT. The amount of such debt there are fine at 120 per cent rate of the National Bank of Ukraine set the penalty at the time of occurrence during the term of its validity, including the repayment date.

**Article 201. Tax Bill**

201.1. The taxpayer must provide the buyer (receiver) at his request signed by a person authorized by the payer and the seal of the tax roll, which are specified in separate lines:

a) the serial number of the tax bill;

b) the date of writing the tax bill;

c) full or abbreviated name specified in statutes or legal entity name and patronymic of an individual registered as payers of value added tax - seller of goods / services;

d) the taxpayer's tax number (seller and buyer);

d) the location of legal entity or tax-seller address individual - the seller, as registered by the taxpayer;

d) full or abbreviated name specified in statutes or legal entity name and patronymic of an individual registered as a payer of value added tax - the buyer (receiver) of goods / services;

e) description (nomenclature) of goods / services and their number, amount;

g) supply price excluding tax;
g) the tax rate and a corresponding income tax expense in the digital value;
c) the total balance to be paid subject to tax;
s) type of civil-legal agreement.

201.2. Form and procedure for filing a tax bill approved by the central organ of the state tax service.

201.3. In case of exemption in cases stipulated by Article 197 of this chapter, the tax bill writes "No VAT", with reference to the relevant item and / or subparagraph of Article 197 of the Code.

201.4. Tax bill issued in duplicate on the day of the tax obligations of the seller. The original tax invoice issued to the buyer, a copy remains in the seller of goods / services.

201.5. For transactions that are taxed, and operations exempt comprise separate tax bills.

201.6. Tax bill is a tax document and simultaneously displayed in the register of tax liabilities and tax bills issued by the seller and the register of tax invoices received by the buyer. The state tax service, according to registers of issued and received tax bills, provided electronically, the taxpayer reported the presence in the register data differences with contractors. If a taxpayer within 10 days after receipt of such notice may specify the tax obligations without penalty provided by Section II of this Code.

201.7. Tax bill is issued to each full or partial delivery of goods / services and the amount of funds received for the current account as a prepayment (advance). If the share of goods / services, service does not include a separate value, list (range) part of the goods supplied or services specified in the annex to the tax bill in the manner prescribed by the central organ of the state tax service, and taken into account when determining the overall tax liabilities.

201.8. The right of taxation and making tax bills provided only to persons registered as taxpayers in the manner prescribed by Article 183 of this Code.

201.9. Not sufficient authorization for assigning tax amounts to a tax credit tax bill issued by the payer, exemptions by court order.

201.10. Tax bill issued by a taxable person who carries out the operations to supply goods / services at the request of the buyer and is the basis for calculating tax amounts relating to tax credits.

In carrying out operations to supply goods and services tax payer - the seller of goods / services must provide the buyer a tax bill after registration in the Unified Register of tax invoices.

Confirmation of acceptance by the seller of tax invoice and / or calculating adjustments to the Unified Register of receipt of tax invoices are in electronic form in text format, which is sent over the operational day.

The date and time of tax invoice and / or calculating adjustments electronically to the State Tax Administration of Ukraine is the date and time recorded in the receipt.
If sent tax bills and / or adjustment calculations formed in violation of the requirements stipulated under Article 201, paragraph 201.1 and / or Article 192, paragraph 192.1 of this Code, during the operational day of purchase receipt is sent electronically in text format on the rejection of them in electronic form, indicating reasons.

If during the trading day has not been sent a receipt of acceptance or rejection of such tax bill is incorporated in the Uniform Register of tax invoices.

Procedure for the Single Registry of tax bills by the Cabinet of Ministers of Ukraine. Buyer has the right to verify information received tax bill for compliance with data Single register of tax invoices.

Lack of registration of the fact the taxpayer - the seller of goods and services tax bills in the single register of tax invoices and violation of filing a tax bill does not entitle the buyer to include the sum of value added tax and the tax credit does not relieve the seller from the obligation to include the amount of the VAT value specified in the tax invoice, the amount of tax liability for that period.

Detecting data inconsistency tax bill and the Single Registry of tax bills is the basis for the State Tax Service documentary unscheduled spot-check the seller and buyer where appropriate goods / services.

In the event that a seller of goods / services do not provide a tax bill or if violation of the order of its filling and the procedure for registration in the Unified Register the purchaser of such goods / services has the right to add to the tax return reporting tax period, a statement of complaint to a provider that is the basis for inclusion of amounts of tax to the tax credit. The appending to the application statement copies of checks or other commodity payment documents confirming the payment of tax in connection with the acquisition of such goods / services or copies of original documents drawn up in accordance with the Law of Ukraine "On Accounting and Financial Reporting in Ukraine", confirming the receipt of such goods / services.

Receipt of such a statement of complaint is the bases for a documentary unscheduled spot-check this seller to determine the authenticity and completeness of charging him with tax obligations on such transaction.

201.11. The basis for calculating tax amounts relating to tax credits without the tax bill will also include:

a) traffic ticket, hotel bill or account, which put the tax payer for services, other services whose value is determined in terms of meters, containing a total amount of payment, the amount of tax and tax number of the seller, except those that form set international standards;

b) cash receipts, which contain the amount of the goods / services, the total amount of accrued tax (defined number of fiscal and tax number of the supplier). At that, a total charge of the goods / services can not exceed 200 USD per day (excluding tax).
In the case of payers for transactions with customers, cash settlement transaction registers check should include data on the total amount to be paid by the buyer subject to taxes and the amount of tax paid as part of the total.

Procedure for calculating and storing electronic cash registers tax amounts determined by the Cabinet of Ministers of Ukraine.

201.12. In the case of importing goods into the customs territory of Ukraine a document certifying the right to refer tax amounts to tax credits, considered declaration, issued in accordance with legislative requirements, which confirms the payment of tax.

For operations to supply services to non-resident in the customs territory of Ukraine the document certifying the assignment of tax amounts to a tax credit, is tax bills, tax liabilities for which tax returns are included in the previous period.

201.13. For individuals not registered as businesses that deal in goods (articles) on the territory of Ukraine in volumes that are taxable under the law, of the customs declaration is equivalent to filing tax bill.

201.14. Taxpayers are obliged to maintain separate accounting operations to supply and purchase of products / services which are taxed and not subject to income tax and exempt from taxation under this section.

201.15. Summary results of this calculation are shown in tax returns, the form which is set in the manner provided in Article 46 of this Code. The taxpayer maintains a registry of issued and received tax bills in electronic form, stating the tax bill number, date of discharge, the total supply and the amount of accrued taxes, and registration number of the taxpayer - the seller, who issued a tax bill this taxpayer. Form and fill the order issued by the Registry and received tax bills are set according to the requirements of Section II of this Code.

Taxable monthly on dates stipulated for submission of tax reports (calendar month), including to whom this section set the tax reporting period - a quarter, submit a state tax authority copies of records and registrar of the issued and received tax bills for this period in the electronic form.

State tax authority develops and publishes on its official website, the program accounting records and registrar of the issued and received tax bills in electronic form and provides it free distribution (including the necessary amendments) as by providing access to a copy of the program, both through Internet and by recording on magnetic media taxpayer upon its request.

**Article 202. Reporting (tax) period**

202.1. Reporting (tax) period is one calendar month, and in cases, especially by this Code, the calendar quarter, with the following features:

a) if the person is registered as a taxpayer with a different day than the first day of a calendar month, the first reporting (tax) period is the period which begins from the date of such registration and ending on the last day of the first full calendar month;
b) If a person's tax registration canceled another day than the last day of a calendar month, the latest reporting (tax) period is the period that begins on the first day of such month and ending on the day of such cancellation.

202.2. Taxpayers who according to subparagraph b of paragraph 154.6 Article 154 of this Code shall have the right to use zero tax rate for the period from April 1, 2011 January 1, 2016 may choose quarterly tax period. Statement on the choice of the quarterly tax period is filed with the tax authority for declaration of results of the last fiscal period of the calendar year. This quarterly tax period begins to apply from the first tax period following calendar year.

If during any period of the application of the quarterly tax period the taxpayer loses the right to apply the zero rate of income tax, provided Sub-item b) of item 154.6 of Article 154 of this Code, a taxpayer is obliged to go to the monthly tax period starting with the month, accounting for such excess indicated in the relevant tax return for the effects of that month.

**Article 203. The procedure of admission of tax returns and payments to the budget period**

203.1. Tax return filed by the basic accounting (tax) period is the calendar month within 20 calendar days following the last calendar day of the reporting (tax) a month.

203.2. The taxpayer is obliged to pay your tax liability specified in the filed his tax return, within 10 calendar days following the last day of the relevant time limit under paragraph 203.1 of this article for filing tax returns.

**Article 204. The procedure of taxation of import into the customs territory of Ukraine of foreign raw materials by the customer and export manufactured with it ready-made products.**

204.1. At the import of raw materials to the territory of Ukraine by a foreign customer in accordance with the customs regime of processing within the customs territory of Ukraine complete conditional exemption applies if the amount of tax liability simply accepted bills of the state tax service with a deferred payment for a period of processing raw materials, not exceeding the maximum term fixed by the law of Ukraine, which regulates the operations of raw materials.

The procedure for issuing, accounting, and deferment of payment (repayment) accepted bills is determined according to the Law of Ukraine "On tolling operations in foreign relations."

204.2. When exporting from the customs territory of Ukraine finished products manufactured from raw materials imported by foreign customer to the customs territory of Ukraine in view of the Law of Ukraine "On tolling operations in foreign relations, the VAT is not charged.
Article 205. The procedure of taxation of exportation from the customs territory of Ukraine of the Ukrainian customer's raw materials and import of manufactured finished products from it

205.1. Customer's raw materials exported from the customs territory of Ukraine to Ukrainian customer, subject to all requirements of the customs regime of processing outside the customs territory of Ukraine are no withholding taxes.

205.2. Finished products produced from raw materials Ukrainian customer, which is imported into the customs territory of Ukraine, is taxed in the manner prescribed for the operations of importing goods into the customs territory of Ukraine.

205.3. When you return to Ukraine currency revenues from the delivery of finished goods outside the customs territory of Ukraine tax paid for delivered services purchased materials, fuel, intangible assets, Ukrainian refunded to the customer in the order established for export transactions.

Article 206. Features of taxation while moving goods across the customs border of Ukraine

206.1. When importing goods into the customs territory of Ukraine the amount of tax assessed by customs authorities, be paid to the state budget to the taxpayers / or on the day of customs declaration directly to the Treasure State Account with the exception of transactions for which the exemption is given (conditional release) from taxation.

206.2. In the case of importing goods into the customs territory of Ukraine according to the customs procedure in which the goods are placed are taxed as follows:

206.2.1. in customs regulations of import and re-import tax is paid in full (except for goods that are exempt from tax on importation into the customs territory of Ukraine in accordance with Article 197 of the Code);

206.2.2. customs transit regime and the denial to the state tax is not paid;

206.2.3. in the customs regulations of customs warehouse, destruction or damage, a duty free shop is a full conditional exemption;

206.2.4. customs regime of temporary import (export) applied conditional exemption, namely:

a) complete conditional exemption applies if:

   temporary import into the customs territory of Ukraine and the re-exportation of goods under the Customs Code of Ukraine and applications B.1 - B.9, C, O to the Convention on temporary admission;

   temporary import into the customs territory of Ukraine and the re-exportation of aircraft imported into the customs territory of Ukraine for the Ukrainian air carriers operating lease agreements;

   temporary export goods from the customs territory of Ukraine and their subsequent entry to the expiration of temporary export;
b) the partial conditional exemption applies in case of temporary importation of goods listed by the Cabinet of Ministers of Ukraine in accordance with Article 4 of Annex E of the Convention on Temporary Admission (except excise and set point "and" this paragraph), the territory of Ukraine to produce or performance.

For each full or partial month declared the term of said goods in the customs territory of Ukraine pay 3 percent tax, which must be paid in case of manufacture of goods for free circulation under the customs regime of import. Paid amount of tax included in the tax amounts relating to tax credits in the period in which it was taxed.

In the same order paid tax in case extensions of time of temporary import these goods under the Customs Code of Ukraine.

No tax is extending the period of temporary importation of these goods after three years of their stay in the customs territory of Ukraine and the tax in previous periods of the stay.

The total amount of tax payable in the event of a partial exemption of goods shall not exceed the amount subject to payment if the goods were released for free circulation in the customs regime of import as of the date when they were extended effect of temporary admission.

The amount of tax paid on the basis of partial exemption from taxation of goods that were imported temporarily into the customs territory of Ukraine for the purpose of manufacture or performance, when placing these products in other customs regimes will not be returned.

In the event of termination of temporary admission with partial exemption from taxation of goods and release them into free circulation or transmission of the imported goods under this regime for use tax paid to another person to the extent prescribed by law for the importation of goods into the customs territory of Ukraine in the customs regime of importation, minus the amount already paid under the partial exemption of goods tax. At the same time period when such exemption applied, the interest payable on the amounts of tax liabilities that were subject to the payment, if such amounts were licked on the restructuring of tax liabilities in accordance with Section II of this Code;

206.2.5. If the goods placed in the customs regime of processing within the customs territory of Ukraine tax is not payable.

This full conditional release is subject to a tax liability in the amount of notes and subject to export processed products from the customs territory of Ukraine during this period.

If the taxpayer fails to promissory notes, tax liability is paid on common grounds.

Issue, circulation and redemption of promissory notes executed in accordance with the law that governs the operations of raw materials.

206.2.6. When you enter the customs territory of Ukraine goods processed products that were removed in the customs regime of processing outside the customs territory of Ukraine, the tax paid in the manner prescribed for the import customs
procedure, except for import to Ukraine of food processing products, which were removed outside to repair the customs regime of processing outside the customs territory of Ukraine, which are tax deductible.

206.3. In case of breach of customs regimes, while in that position given the full or partial conditional exemption, the person responsible for compliance regime should pay the amount of tax liability, which was granted conditional release. Thus the date for the conditional exemption for the amount of tax liability accrues penalty pursuant to Section II of this Code.

206.4. When you enter the customs territory of Ukraine by natural persons personal belongings, goods vehicles and the procedure for levy of tax to be paid in case of movement of goods across the customs border of Ukraine and other conditions not covered by this Code, in which goods shall be exempt from taxation determined by law.

206.5. If re-exportation of goods from duty-free shops outside the customs territory of Ukraine fails to tax (including zero).

Delivery of goods duty free shops without taxation can be carried out exclusively to individuals who leave the customs territory of Ukraine, and entities that serve the passengers of international flights after they completed the passport and customs control.

In case of export duty-free shops or bonded ware goods in the customs regulations are duty free shop or customs warehouse, free circulation within the customs territory of Ukraine (except move to other duty free shops or customs warehouses) are taxed in order provided for the operations of importing goods into the customs territory of Ukraine.

In case of shortage of goods by customs authorities in the duty free shop or a licensed customs warehouse, tax is charged under Article 190, paragraph 190.1 of this Code. Responsibility for the budget transfer tax is a duty free shop owner or holder of license warehouses.

206.6. In the case of financial guarantees laid down by the customs laws when moving goods across the customs border of Ukraine, the tax is calculated according to the laws and the official exchange rate of national currency, the National Bank of Ukraine, which operates on the date of such guarantees as to the manufacture of goods for free circulation in customs regime of import.

Article 207. The procedure of taxation of the tourism services

207.1. This article sets out the rules of taxation of tourist services provided by a person acting on their own behalf, not the agent of another person and uses the goods or services of others in the provision of travel services.

207.2. Travel services - from temporary accommodation in hotels, motels, camping, other places of temporary accommodation and food services, transportation, excursions and other tourist information service, including the services of life insurance or health of the tourist or his civil third party liability are included in the
cost of temporary accommodation or the cost of travel vouchers (vouchers). The specified range of travel services for tax purposes is treated as a tourist service.

207.3. Tour Operator - a person who directly provides services in temporary accommodation or acquiring the services of other taxable persons included in the tourism services in accordance with paragraph 207.2 of this article with a view to providing tourists either directly or through travel agents by providing travel voucher (vouchers).

207.4. Travel agent - a person who under the terms of civil contract with tour operator, acquiring tourist voucher (ticket) or holds an agency with its supply of name and / or on behalf of tourists travel operator or other travel agents.

207.5. The taxable amount in case of an operation to supply the tourist service tour operator or travel agent is the cost of such service (not including tax), which equals the amount of remuneration (margin), a tourist operator (agent), ie the difference between the total amount paid to the buyer (excluding tax), and actual costs of travel operator with operations to supply taxable goods and services whose value is included in the cost of such travel services, and for travel agents - the cost of travel vouchers (vouchers) purchased in tourist operator, except for travel agents, acting in this transaction as an agent.

207.6. The taxable amount in case of supply operations in Ukraine tour operator (agent) Tourism (tourist voucher (vouchers)), for its consumption (receiving) outside the territory of Ukraine, is the reward, namely the difference between the value of services (travel voucher (vouchers)) and the cost incurred by such tour operator (agent) by purchasing of such travel services.

207.7. The tax rate specified in subparagraph A of paragraph 193.1 Article 193 of this Code applies to the tax base, determined in accordance with paragraphs 207.5 and 207.6 of this article.

207.8. If the supply of tourist services (travel voucher (vouchers)) made by non-residents are not registered as taxpayers obligation to pay tax rests on persons who receive such services.

The tax amount charged (paid) tour operator (agent) in accordance with this paragraph shall not be included in the tax credit and refund.

Article 208. Taxation of services supplied by non-residents, place of supply of which is located within the customs territory of Ukraine

208.1. This article sets out the tax rules in case of supply by non-resident person that is not registered as a taxpayer service, place of delivery which is located within the customs territory of Ukraine to the person that is registered as a taxpayer, or any other resident legal entities.

208.2. The recipient of services supplied by non-residents, place of delivery which is located within the customs territory of Ukraine, has the tax at the basic rate of tax on the tax base, determined in accordance with Article 190, paragraph 190.2 of this Code.
Thus their clients - the taxpayer in the manner prescribed by Article 201 of this Code is a tax bill indicating the amount of tax charged him, which is the basis for assigning tax amounts to tax credits in the prescribed manner.

Tax bill consists of one copy remains in the recipient of services - the taxpayer.

208.3. If the service recipient is registered as a taxpayer, the amount of accrued tax included in the tax declaration obligations for that reporting period.

208.4. If the service recipient is not registered as a taxpayer, the tax bill is issued. Form of calculating tax liability of such recipient of services in an annex to the declaration of the tax is approved in the manner provided in Article 46 of this Code.

208.5. The recipient of services is equal to the taxpayer for purposes of applying the rules of this section of the tax, tax debt and liability for violations of tax.

Article 209. Special tax regime for the taxation of activities in agriculture, forestry and fisheries

209.1. A resident who conducts business in the field of agriculture, forestry and fisheries and meet the criteria set out in section 209.6 of this Article (hereinafter - the agricultural enterprise), may elect special tax treatment.

209.2. According to the special tax regime sum of value added tax, charged on the value of agricultural products / services not paid to the budget and remain in full possession of the agricultural enterprise to reimburse the amount of tax paid (accrued) to suppliers of production factors, from which formed the tax credit, and if the rest of this tax - other industrial purposes.

These amounts of VAT are accumulated by agricultural enterprises in the special account opened in the banks in the manner approved by the Cabinet of Ministers of Ukraine.

209.3. If the amount of VAT paid (accrued) agricultural enterprise to suppliers of production factors, exceeds the amount of tax assessed for transactions with supply of agricultural goods and services, the difference between such amounts are not subject to refund.

209.4. When exporting agricultural goods (services) in the customs export regime, agricultural enterprise - manufacturer of such goods or services is entitled to a refunding of VAT paid (accrued) to suppliers for goods and services whose value is included in the production factors. Such reimbursement is the general procedure.

209.5. A taxpayer who acquires agricultural products / services in the agricultural enterprise, which has chosen a special tax regime, is entitled to a tax credit for the amount paid (accrued) taxes in the total order.

209.6. Farm is an enterprise whose main business is the supply made (given) supplied goods (services) on their own or leased production facilities, as well as on a tolling basis which the share price of agricultural goods and services is not less than 75 percent of the value of all goods / services supplied within the previous 12 consecutive tax periods in aggregate reporting.

This rule is valid, given the fact that:
a) for newly registered for the entity that conducts business activities less than 12 months, such share of agricultural goods and services calculated at the end of each tax reporting period;

b) the purpose of calculating such share of the core activities of agricultural enterprises are not included in taxable transactions from the supply of capital assets that were a part of its assets is less than 12 consecutive reporting periods in aggregate tax, if such operations were not permanent and did not constitute a separate business.

209.7. Agricultural products are considered to be included in groups 1 - 24, 4101, 4102, 4103, 4301 UKT ZED if such products shall be grown, fed up, fished up (or entrapped), picked (stored up) directly by the taxpayer - the subject of a special tax regime (except for purchase of such goods in others) provided the said taxable - their manufacturer.

209.8. Standards shall not apply to manufacturers of excisable goods other than primary wine companies that supply wine (codes under UKT ZED 2204 29 - 2204 30).

209.9. Farm enterprise provides the buyer with a tax bill in the manner prescribed by this section.

209.10. To obtain a certificate of registration as a subject of special taxation regime farm is registered in the respective state tax compliance with the rules and the terms defined by Article 183 of this Code for the registration of payers of value added tax.

The certificate of registration of agricultural enterprise as a subject of special taxation regime, except the information specified in the certificate of registration of a payer of value added tax on general grounds, must contain a list of activities of the agricultural enterprise.

209.11. If the subject of a special tax regime supplies during the previous reporting 12 consecutive tax periods in aggregate non-agricultural products / services, the share of which exceeds 25 percent of all of the goods / services, then:

a) a business not subject to the special tax regime established by this article. Such an enterprise must determine the tax liability of the tax on the basis of the tax reporting period in which there had been such excess, and pay tax to the budget in the general order;

b) a state tax authority to exclude a business register of the special tax treatment and may return it to such a register after these reporting 12 consecutive tax periods under circumstances specified in this Article;

c) an enterprise of this tax payer is on the ground the first day of the month in which there had been such excess.

If the subject of a special tax regime can not alone cover the loss incurred as a result of force majeure circumstances, such entities have the right to extend the application of special tax regime without complying with the size of the share prescribed by this paragraph.
This rule does not apply if the risks of loss of goods (stocks) are adequately insured. In this case, the amount received insurance payments are taken into account in determining the share price of agricultural goods and services in the total supply for the relevant reporting period.

Whether there is force majeure, the list of entities affected by such conditions and terms of use of a special tax regime without complying with the size of the share prescribed by this paragraph shall be determined by the Verkhovna Rada of the Autonomous Republic of Crimea, regional councils.

Provisions of this paragraph begin to apply after the deadline specified by the Verkhovna Rada of the Autonomous Republic of Crimea, regional councils.

209.12. Certificate of registration of agricultural enterprise as a subject of special tax treatment is subject to cancellation if:

a) Agricultural enterprise shall submit its request for withdrawal from registration as a subject of special tax treatment and / or application for his registration as a taxpayer of this tax on general grounds;

b) The farm shall be registered by the taxpayer on a general basis;

c) farm terminated through liquidation or reorganization;

d) farm does not give tax statements to tax in the last 12 consecutive tax period.

In such cases, the farm is obliged to return state tax authority a certificate of registration as a subject of special taxation regime.

209.13. Agricultural enterprise - subject of a special tax regime provides a tax return within the terms and procedure laid down for other taxpayers. Tax return form, which is dent-agricultural enterprise - subject of a special tax regime, adopted pursuant to item 201.15 of Article 201 of this Code.

209.14. Agricultural enterprise - subject of a special tax regime makes taxation of sale (supply) of agricultural products at the rate specified by subparagraph of paragraph 193.1 Article 193 of this Code.

In case of export of agricultural products tax rate is applied, defined point "b" of paragraph 193.1 Article 193 of this Code.

209.15. For purposes of this article the following terms:

209.15.1. production factors, which are formed by the tax credit:

a) goods / services purchased by an agricultural enterprise for use in agricultural production and fixed assets acquired (constructed) to be used in agricultural production.

If the products / services, fixed assets, produced and / or purchased are used partly for agricultural enterprise production of agricultural goods (services) and partly for other goods and services, the amount paid (accrued) tax credit is distributed based on shares of such goods / services, core operations in agricultural production and according to other operations;

b) services related supply of agricultural goods, which are grown, fed, caught or collected (harvested) directly by the taxpayer:
sowing and plants, harvesting, or storing it briquetting, conducting other field work, including fertilizer and plant protection;
  packaging and preparation for sale, including drying, cleaning, grinding, disinfecting and ensilage of agricultural products (KVED 01.41.0);
  storage of agricultural products;
  cultivation, breeding, fattening and slaughter of domestic farm animals, the use of animal protection, conducting anti-epizootic measures;
  receiving services from the use of agricultural machinery, but getting it into the financial rent (leasing);
  receive the services of agricultural related activities, namely on taxation, accounting and accounting, internal control of production (KVED 74.14.0);
  destruction of weeds and pests, cultivation of crops and agricultural areas of plant protection and the use of animal protection;
  reclamation operation of irrigation and drainage systems and acreage of farmland for commercial meat section condition;

209.15.2. activities in agriculture:
  a) production plant, such as plants and growing fruits and vegetables, flowers and ornamental plants (in open or closed ground), mushrooms, seeds, herbs, seedlings and algae, and their handling, processing and / or conservation;
  b) livestock production, such as domestic farm animals, poultry farming, rabbit farming, beekeeping and silkworm breeding, snakes and other reptiles and snails and other land mammals, invertebrates and insects, and their handling, processing and / or conservation;
  c) providing services to other farms using agricultural machinery, in addition to providing its financial rent (leasing);

209.15.3. activities in the forestry (Forestry):
  a) afforestation, cultivation and care of trees or bushes or cutting of trees and / or shrubs;
  b) gathering wild mushrooms and berries and other wild plants, their processing and preservation;

209.15.4. fishing activities in the area:
  a) breeding and / or fishing up of the freshwater(estuary) fish and other freshwater fish (estuary) (05.02.0, 05.01.0 KVED);
  b) breeding and fishing up of sea or ocean fish or invertebrates (05.02.0, 05.01.0 KVED);
  c) breeding and catching shells, oysters, crustaceans, frogs, wild algae;
  d) processing and / or conservation of fish or other freshwater or marine invertebrates, shells, oysters, crustaceans, frogs, wild algae;

209.15.5. production by on a tolling basis of raw materials are grown, fed, caught or collected (harvested) directly by the taxpayer - is the operation of supply of agricultural raw materials by the customer (owner) - subject of special regime to manufacturer (processor) and the adoption of the latest processing (processing,
enrichment or use) of finished products at the production facilities of the producer (processor) for a fee without obtaining title to such products.

209.16. Handling or processing of products resulting from the taxpayer in the agriculture, forestry and fisheries activities in the area is agriculture, forestry and fisheries, provided such products are grown, fed, caught or collected (harvested) directly by the taxpayer (in addition to their acquisition by others) (05.01.0, 15.11.0, 15.12.0, 15.13.0, 15.20.0, 15.31.0, 15.32.0, 15.33.0, 15.41.0, 15.42.0, 15.43.0, 15.51.0, 15.61.0, 15.62.0, 15.71.0, 15.81.0, 15.83.0, 15.85.0 KVED).

209.17. Effects of the special tax treatment activities in agriculture, forestry and fisheries include:

209.17.1. cultivation of grain and industrial crops (KVED 01.11.0):
- growing crops for grain for food consumption, feed on seeds;
- growing legume crops, which will be subject to drying, paring of grain for food consumption, feed on seeds;
- potato production for food consumption, industrial purposes, the seed;
- growing sugar beet factory, and shag tobacco cultivation, primary processing of leaves (cleaning, drying, sorting, etc.), growing seedlings;
- seeds and fruits growing oilseeds (peanut, soybean, sunflower, colza, rapeseed, etc.) for food consumption, industrial purposes, as well as seeds;
- growing annual and perennial grasses on green fodder, grazing, hay, and silage;
- cultivation of fodder root crops (beets, rutabaga, turnip, etc.);
- melon growing fodder crops, cereals and legumes and their mixtures on green fodder, grazing, hay, silage;
- obtaining seed of sugar beet seeds and forage crops (including grass);
- growing and primary processing (soaking) avital cultures;
- attar of growing crops;
- cultivation of medicinal annual and perennial herbaceous, semi-bush, lianas and tree crops;
- attar growing plant material and medicinal plants;
- growing roots and tubers with high starch or inulin (Jerusalem artichoke, sweet potatoes, etc.) growing of hop cones, chicory;

209.17.2. vegetables, ornamental plants and nurseries growing products (KVED 01.12.0):
- vegetable and melon crops for food consumption: tomatoes, cucumbers, cabbage, carrot and table beets, squash, eggplant, melons, watermelons, beans, lettuce, onions, sweet corn and others, growing greens: dill, parsley, lettuce, spinach, etc. growing vegetable seedlings, vegetable seeds, cultivation of mycelium and mushrooms, gathering of forest mushrooms growing flowers, seeds, seedlings, flower bulbs, tubers, etc.;
- growing plant material fruit and nut-bearing crops and grapes;

209.17.3. growing fruits, berries, nuts, plants for the production of beverages and spices (KVED 01.13.0):
Fruit: apples, plums, etc.; growing berries: strawberries, raspberries, currants etc. vineyards; growing nuts (walnuts, almonds, pistachios, hazelnuts, etc.); growing crops for the production of herbs (leaves, flowers, seeds, fruits); growing plant material plant for spices; processing of fruits, berries and grapes for wine within the household, they grow;

209.17.4. cattle (KVED 01.21.0): reproduction of cattle, cattle breeding; obtaining raw milk of cows, buffalos, yaks; obtaining semen;
209.17.5. breeding sheep, goats, horses (KVED 01.22.0): reproduction of sheep, goats, horses, mules, donkeys, breeding sheep, goats, horses, mules, donkeys, sheep and obtaining raw goats' milk obtaining raw mare's milk;

obtain the fleece;
receipt of goat wool and goat down;
getting animal hair;
obtaining semen of rams, goats and stallions;
209.17.6. pigs (KVED 01.23.0): playing pigs, growing pigs;
obtaining porcine semen;
209.17.7. poultry (KVED 01.24.0): playing livestock poultry (chickens, geese, turkeys, guinea fowl, quails, ostriches, etc.), poultry raising, receiving eggs;
209.17.8. breeding of other animals (KVED 01.25.0): breeding of farm animals;

breeding rabbits, receiving products rabbit (red), breeding bees, getting honey, wax, etc.; breeding for fur, fur raw materials receipt, waterfowl breeding animals (nutria, muskrat, etc.), silkworm breeding, receiving pod, growing Californian red worm and other;
obtaining bio humus;
obtaining of other animals (camels, reindeer, laboratory animals, etc.);
receiving of other products of animals, receiving raw pig skin;
209.17.9. mixed farming (KVED 01.30.0);
209.17.10. logging and forestry (KVED 02.01.1): scaffolding growing: planting, grafting seedlings,
Protection of forests and cutting areas;
growing young coppice wood and pulpwood;
growing wood and garden materials, growing Christmas trees;
logging, felling of forests and production of industrial wood (logs, posts, poles), obtaining fuel wood;
felling (of trees) to bring forest land into suitability for agricultural production, cultivation of vegetable plaiting materials;
209.17.11. obtaining forest products (KVED 02.01.2):
gathering of forest products (acorns, chestnuts, moss, etc.) collection of juices
(birch, maple, etc.) collecting gum, natural resin, collecting seeds of trees and shrubs for afforestation, harvesting cork, shellac, gums, balsams, bast wild plants;
209.17.12. fish farming (KVED 05.02.0): marine and freshwater fish farming;
209.17.13. services in fishing, fish farming: services related to fishing (KVED 05.01.0);
services related to activities fishpond and fish farms, inspection of water bodies (KVED 05.02.0);
209.17.14. services in crop production, improvement of the landscape (KVED 01.41.0):
Service for consideration in plant or on a contractual basis: training field and seed crops, sowing and planting crops, crop spraying, including from the air, cutting of fruit trees and vines; transferring rice planting beet;
service with the harvesting and preparation of primary products to: cleaning, cutting, sorting, drying, disinfection, wax coating, polishing, packaging, peeling, soaking, cooling, packaging or in bulk, including packing in oxygen-free environment, protection of plants against diseases and pests; agrochemical service;
services using agricultural machinery with staff;
operation of irrigation and drainage systems, landscape planting and construction to protect against noise, wind, erosion, visibility and glare;
 improvement and maintenance of the landscape to environment (restoring the natural condition, reclamation, land development, creation of zones of water, septic tanks rainwater, etc.);
209.17.15. services in livestock (KVED 01.42.0): provision of services in livestock for a fee or contract basis:
animal welfare and care services for livestock and poultry;
Services survey of the herd, race and grazing, cleaning and disinfection of livestock buildings, etc.;
services to encourage livestock and poultry, and increase their productivity software, artificial insemination of animals, shearing sheep;
209.17.16. providing services in forestry (KVED 02.02.0):
Forestry services (inventory, assessment of industrial forest, planting seedlings, afforestation and reforestation, etc.), protection of forest fires, combating pests, logging services (transportation of untreated wood within the forest);
209.17.17. handling or processing of products resulting from the taxpayer in the agriculture, forestry and fisheries activities in the area is agriculture, forestry and fisheries, provided such products are grown, fed, caught or collected (harvested) directly by the taxpayer (in addition to their acquisition by others) (05.01.0, 15.11.0, 15.12.0, 15.13.0, 15.20.0, 15.31.0, 15.32.0, 15.33.0, 15.41.0, 15.42.0, 15.43.0, 15.51.0, 15.61.0, 15.62.0, 15.71.0, 15.81.0, 15.83.0, 15.85.0 CTEA).
209.18. The amount of VAT to be paid to the budget of agricultural enterprises of all ownership forms that meet the criteria defined by Article 209 of the Code, but did not choose the special tax treatment activities in agriculture, forestry and fisheries
under Article 209 of this Code and on general grounds are considered taxable value added tax, implemented by their milk, cattle, poultry, wool production, and also dairy products, raw milk and meat products produced in their own processing plants, remains fully available to these farms and focused on supporting domestic production of livestock products.

If the inventory holdings made and/or acquired, used agricultural partly for manufacturing specified in this paragraph goods (services) and partly for other goods and services, the amount paid (accrued) tax credit is distributed based on shares of such inventories in agricultural production and operations according to other operations.

Article 210. Special tax treatment for products of art, collectors' items or antiques

210.1. In the cases specified in this Article, the operations of the supply of products of art, collectors' items or antiques subject to taxation under the provisions of this Article and shall not be subject to the general procedure established by this section.

210.2. In this article, terms shall have the following meanings: cultural values - art objects, collectibles or antiques - goods that belong to this trade poses codes 9701 - 9706 by UKT ZED;

Dealer - taxpayer who acquires (acquires from other civil contracts), including through entry into the customs territory of Ukraine, cultural values, regardless of the purpose and goals of their admission, for further resale, regardless of whether such acts person on its behalf or on behalf of another person for reward;

profit margin (excluding tax) - is the amount obtained as a difference between the selling price of goods and their purchase price, calculated at the regular price.

In case of sale of cultural property at public auction (auctions) its organizer amounts for tax purposes to the dealer under this subparagraph.

210.3. If the supply of cultural values applied special scheme marginal tax revenue resulting dealer under the provisions of this article.

210.4. Margin scheme applies to supplies dealer cultural values if such values were supplied to him by one of the following persons:

a) a person not registered as a taxpayer;

b) the taxpayer, if the operation of its supply of such cultural property shall be exempt from tax or not subject to tax under this section;

c) the taxpayer, if this taxpayer in the supply of cultural property was charged to tax at the marginal scheme;

d) cultural property by the authors or their successors. Margin scheme may apply to a dealer operation to supply the customs territory of Ukraine cultural values, which were imported in the customs regulations dealer imports.
210.5. The taxable amount for supplies dealer operations of cultural property is his profit margin (excluding tax) to which the rate determined under sub-item "a" of Article 193, of paragraph 193.1 of this Code.

On the supply operations in the customs territory of Ukraine dealer that applies rules established by this Article, the tax bill is issued.

210.6. The dealer who acquires cultural values in individuals identified in paragraph 210.4 of this Article shall not be entitled to a tax credit.

210.7. On the export operations of cultural property in the customs export regime, the zero tax rates does not apply.

210.8. The taxpayer acquiring cultural values in dealer who uses the margin scheme is not entitled to claim a tax bill and tax credit attributed to the amount of tax payable on profit margin.

The dealer must keep separate tax records transactions in the purchase and delivery of cultural values and separate accounting of transactions in the purchase and supply of other goods / services covered by the general tax regime.

Article 211. Features transactions relating to performance in preparation for the withdrawal and removal of the Chernobyl atomic power station guide and transform the Shelter an ecologically safe system

211.1. For the period of work in preparation for the withdrawal and removal of reactors of the Chernobyl APS and transforming the Shelter an ecologically safe system that occur at the expense of international technical assistance provided at no charge and irrevocable basis, or from funds which are prescribed in the State Budget of Ukraine as Ukraine's contribution to the Chernobyl Shelter Fund to implement an international program - Implementation Plan for Shelter in accordance with the provisions of the Framework Agreement between Ukraine and the European Bank for Reconstruction and Development of the Chernobyl Shelter Fund Ukraine and the Grant Agreement (Project Chernobyl nuclear safety) between the European Bank for Reconstruction and Development, Government of Ukraine and the Chernobyl atomic power station:

exempted operations with imported goods (raw materials, machinery and equipment);

taxed at zero rate of supply transactions of goods (raw materials, machinery and equipment), works and supplies services in the customs territory of Ukraine, carried out within the framework of international technical assistance. Amount of tax paid by taxpayers - works, and services under the contract concluded with the recipients of international technical assistance (recipients) or non-resident individuals, having a contract with the recipient shall be reimbursed from the budget for month, following the month in which filed tax returns, provided proper documentation and confirmation of documentary materials inspection.

211.2. These benefits in this article shall not apply to transactions relating to the excise goods and goods 1 - 24 groups of UKT ZED.
211.3. If the requirements of purposeful use of the goods or works and supplies services to the taxpayer is obliged to increase the tax liability after the tax period, which accounts for such a violation, the amount of tax to be paid at the time of entry into the customs territory Ukraine such goods or works and supplies services in the customs territory of Ukraine, as well as pay a penalty, and interest on such amount of tax based on 120 percent rate of the National Bank of Ukraine which was a day to increase tax liability, and for the period from date of entry into the customs territory of Ukraine of such goods or works and supplies services to give increased tax liabilities.

SECTION VI. EXCISE TAX

Article 212. Taxable Persons

212.1. Taxable persons shall be

212.1.1. A person, manufacturing the excisable commodities (products) on the customs territory of Ukraine, for instance from the customer-provided raw materials;

212.1.2. An entity being the business entity importing the excisable commodities (products) into the customs territory of Ukraine

212.1.3. Physical person being a resident or non-resident individual importing excisable commodities (products) into the customs territory of Ukraine in amounts liable for taxation according to the customs legislation.

212.1.4. An entity that sells forfeited excisable commodities (products), the excisable commodities (products) found to be ownerless, the excisable commodities (products) not claimed by the owner before the expiry of the storage period and the excisable commodities (products) conveyed into the ownership of the state by right of succession or on other legitimate grounds, if such commodities (products) are to be sold according to the procedure prescribed by the legislation.

212.1.5. A person who purchases or acquires for his ownership and / or for use, and/or for its disposal excisable commodities (products) imported into the customs territory of Ukraine with the exemption from taxation until the expiry of the period, provided by the Law according to the point 213.3 of Article 213 of the given Code.

212.1.6. A person entrusted to follow all requirements of the customs regimes, which provide for the full or partial conditional exemption from taxation, in case of violation of these requirements.

212.1.7. A person entrusted to follow all requirements of the use for designated purposes of the commodities (products) with the with the tax rate of UAH 0 per 1 liter of 100 per cent alcohol, EURO 0 per 1000 kilo of the oil products in case of violation of these requirements.

212.1.8. A person entrusted to follow all requirements of the use for designated purposes of the excisable commodities (products) at the realization of
transactions with the excisable commodities (products) not liable or exempted from taxation in case of violation of these requirements.

212.2. Customers, on whose instruction the excisable commodities (products) are manufactured from the customer-provided raw materials, shall pay the tax to the manufacturer.

212.3. Registration of Persons as Payers of the Tax.

212.3.1. The registration of the business entities as tax payers that manufacture the excisable commodities (products) and/or import alcoholic beverages and tobaccos subject to manufacturing license, shall be conducted in the state tax service on the basis of information on the obtainment of such license by the business entity.

The licensing bodies, entitled to issue the licenses on the given types of activities shall provide the state tax service body in the location of the business entity with the information on the issued, reissued, suspended, or cancelled licenses within 5 days upon the fulfillment of such activities.

212.3.2. Other tax payers must be registered by the state tax service in the location of state registration of the given business entities within one month from the beginning of economic activity.

Article 213. Objects of Taxation

213.1. The following transactions shall be the object of taxation:

213.1.1. the sale of the excisable commodities (products) manufactured in Ukraine;

213.1.2. the sale (transfer) of excisable commodities (products) for the own consumption, the industrial processing, as a contribution to the authorized capital and for own employees;

213.1.3. the importation of excisable commodities (products) into the customs territory of Ukraine;

213.1.4. the sale of forfeited excisable commodities (products), the excisable commodities (products) found to be ownerless, the excisable commodities (products) not claimed by the owner before the expiry of the storage period, and the excisable commodities (products) conveyed into the ownership of the state by way of succession or on other legitimate grounds;

213.1.5. the sale or transfer into the ownership and / or for use, and/ or for the disposal excisable commodities (products) imported into the customs territory of Ukraine with the exemption from taxation until the expiry of the period, provided by the legislation, according to the point 213.3 of Article 213 of the given Code;

213.1.6. Volumes and value of the missing excisable commodities (products) in excess to the established norms of loss according to the point 214.6 of Article 214 of the given Code.

213.2. Non-taxable transactions with commodities subject to the excise tax:
213.2.1. the exportation of the excisable commodities (products) by an excise tax payer from the customs territory of Ukraine.

Commodities (products) shall be deemed exported by a tax payer from the customs territory of Ukraine, if the exportation thereof is confirmed with a properly executed customs declaration;

213.2.2. the importation of the excisable commodities (products) on the territory of Ukraine with the availability of disadvantages preventing the sale of such products on the customs territory of the importing country for their subsequent return to the exporter.

The given excisable commodities (products) shall be imported by their seller (exporter) with no further sale on the customs territory of Ukraine.

213.3. The transactions with the excisable commodities (products) exempted from taxation:

213.3.1. the sales of passenger cars for disabled people, to include the disabled children, paid at the expense of the state or local budgets, monies of the universal state insurance funds, as well as special passenger cars (ambulance cars and cars for emergency response teams of the Ministry of Ukraine of Emergencies and population protection from the consequences of Chornobyl catastrophe) paid at the expense of the state and local budgets;

213.3.2. the importation of the excisable commodities (products) on the customs territory of Ukraine intended for the use by a diplomatic mission, a consular institution of another state and for the personal use of the members of diplomatic mission and consular institution of another state on the basis of the reciprocity principle for each state on a case-by-case basis.

In case of sale of the excisable commodities (products) on the customs territory of Ukraine, imported with the exemption from taxation under provisions of the given sub-item, the tax shall be paid by the persons to conduct the sale or transfer into the ownership and / or for use, and/ or for the disposal of such excisable commodities (products), not later than the date of such a sale with the simultaneous payment of the value-added tax at the rate as of the date of submission of the customs declaration at the importation of the excisable commodities (products) on the customs territory of Ukraine;

213.3.3. the importation of the excisable commodities (products) into the customs territory of Ukraine, if the value-added tax is not charged in accordance with the legislation of Ukraine in connection with the placement of commodities (products) into the customs regimes of: the transit, the customs warehouse, the destruction or demolition, the abandonment to the state, the duty-free shop, the temporary importation and the processing on the customs territory of Ukraine. In case of the violation of requirements of customs regimes, which envisage full or partial exemption from taxation, the person liable for the observance thereof shall be obliged to pay the amount of tax liabilities. If the customs legislation of Ukraine provides for the performance of guarantee measures in the above cases, the same requirement shall
be put forward for the excise tax purposes. The tax shall be charged if later the value-
added tax liability comes into existence in respect of such commodities (products);

213.3.4. the free conveyance or the destruction of the excisable commodities (products) forfeited by court decision or conveyed into the ownership of the state as a result of the abandonment by the owner, if the said commodities are not subject to the sale in accordance with the procedure prescribed by the legislation;

213.3.5. the sale of the excisable commodities (products) other than oil products manufactured on the customs territory of Ukraine, which are used as raw materials for the manufacture of the excisable commodities (products);

213.3.6. the importation of the excisable commodities (products) into the customs territory of Ukraine to be used as raw materials for the manufacture of the excisable commodities (products) subject to the provision of the customs agency with a certificate on the right to manufacture (other than oil products);

213.3.7. the importation of the excisable commodities (products) by individuals into the customs territory of Ukraine in amounts not exceeding the duty-
free import allowances specified by law;

213.3.8. the sale of alcoholic beverages and tobaccos directly by domestic manufacturers to duty-free shops. A properly executed customs declaration issued in the course of the shipment of products from the manufacturer shall constitute the ground for the exemption of products intended for sale by duty-free shops from the excise tax;

213.3.9. the importation of the excisable commodities (products) (except for alcoholic beverages and tobaccos) in the form of the technical aid under provisions of international treaties of Ukraine accepted to be binding by the Verkhovna Rada of Ukraine or in the form of humanitarian aid provided under the Law of Ukraine "On Humanitarian Aid" into the customs territory of Ukraine;

213.3.10. the importation of the model (standard specimen) sample or test patterns of the tobaccos (not for the retail) by the state accredited test laboratories and / or business entities for the realization of testing or research (calibration of the laboratory equipment, conducting degustation, studying the physicochemical parameters, designing);

213.3.11. sale of the liquetied gas for public needs on the specialized public auctions in accordance with the procedure prescribed by the Cabinet of Ministers of Ukraine.

Article 214. Taxable Amount

214.1. The following shall be the taxable amount in case of the assessment of the excise tax using the ad valorem rates:

214.1.1. the value of the sold commodity (products) manufactured on the customs territory of Ukraine at the maximum retail prices set by the manufacturer exclusive of the value-added tax and with consideration of the excise tax;
214.1.2. the value of the commodity (products) imported on the customs territory of Ukraine at the maximum retail prices set by the importer exclusive of the value-added tax and with consideration of the excise tax.

214.2. The foreign currency shall be converted into the domestic currency for the purposes of determining the taxable amount at the exchange rate of the National Bank of Ukraine effective as of the date of the submission of the customs declaration to the customs agency for the customs clearance.

214.3. The customs value of commodities being imported into the customs territory of Ukraine shall be determined in accordance with the Customs Code of Ukraine.

214.4. In case of the calculation of the excise tax on the basis of specific rates for the excisable commodities (products) manufactured on the customs territory of Ukraine or imported into the customs territory of Ukraine, their value in terms of units of measurement of the weight, the volume, the quantity, the car engine displacement volume or other in-kind indicators shall be the taxable amount.

214.5. The taxable amount determined in accordance with items 214.1 and 214.4 of this article shall be the taxable amount in case of the calculation of the excise tax on the basis of ad valorem and special rates.

214.6. In case if the quantity of the lost methylated alcohol, cognac and fruit spirit, raw spirit of the vine, fruit, and alcoholic beverages, is exceeding the standard allowance incurred through the fault of the manufacturer in the course of the manufacture of the excisable commodities (products), the value (quantity) of the products that could be manufactured from the above-allowance losses of the excisable raw materials (products) shall be the taxable amount.

  The quantity of the lost and yielded methylated alcohol, cognac and fruit spirit, rectified vine and fruit spirit, and raw spirit of the vine, fruit, and alcoholic beverages shall be provided by the central executive body authorized by the Cabinet of Ministers of Ukraine.

214.7. The taxable amount for the damaged, destroyed or lost excisable commodities (products), except for the cases provided in the point 216.3 of Article 216 of the given Code, shall be the value and quantity of the lost commodities (products) exceeding the standard allowance as provided in the point 214.6 of Article 214 of the given Code.

**Article 215. Commodities Subject to Excise Tax and Rates of the Tax**

215.1. The following shall be the excisable commodities

- ethyl alcohol, alcohol distillate, alcoholic beverages, beer;
- tobacco products, tobacco, and industrial tobacco substitutes; oil products, liquetied gas;
- passenger cars, their bodies, trailers and semi-trailers, motorcycles.

215.2. Excise tax rates and the list of commodities subject to the excise tax:
215.2.1. Excise tax rates shall be defined with this article as universal for the whole territory of Ukraine;
215.2.2. tax rates shall be defined in accordance with Chapter I of the given Code.
ad valorem, specific,
ad valorem and specific simultaneously;
215.2.3. Excise tax rates for motor petrol with the UKT ZED code 2710 11 51 00 and 2710 11 59 00 containing lead tetraethide shall be increased by 1.5 times.
215.3. The excise tax shall be charged on the following commodities and assessed at the following rates:
215.3.1. ethyl alcohol, alcohol distillate, alcoholic beverages, beer:

<table>
<thead>
<tr>
<th>Commodity (products) code in accordance with UKT ZED</th>
<th>Commodity (products) name in accordance with UKT ZED</th>
<th>Measure</th>
<th>Tax rates</th>
</tr>
</thead>
<tbody>
<tr>
<td>2203 00</td>
<td>Malt beer</td>
<td>UAH per 1 litre</td>
<td>0,74</td>
</tr>
<tr>
<td>2204 (except for 2204 10, 2204 21 10 00, 2204 29 10 00)</td>
<td>Natural grape wines</td>
<td>UAH per 1 litre</td>
<td>0,01</td>
</tr>
<tr>
<td>2204 (except for 2204 10, 2204 21 10 the addition of alcohol and 1 litre 00, 2204 29 10 00)</td>
<td>Natural wines with the addition of alcohol and strong (fortified) wines</td>
<td>UAH per 1 litre</td>
<td>2,14</td>
</tr>
<tr>
<td>2204 10, 2204 21 10 00</td>
<td>Sparkling wines</td>
<td>UAH per 1 litre</td>
<td>3,1</td>
</tr>
<tr>
<td>2205</td>
<td>Vermouths and other natural grape wines with the 1 litre addition of plant or flavouring extracts</td>
<td>UAH per</td>
<td>2,14</td>
</tr>
<tr>
<td>2206 00 (except for 2206 00 31 00, beverages (fruit and berry 1 per cent of 2206 00 51 00, 2206 (cider, perry, etc.) mead); alcohol by 00 81 00 – cider and mixed fermented beverages volume in 1 lerry (without added and blends of fermented liter alcohol) beverages with non-alcoholic beverages not provided under different provisions (with alcohol)</td>
<td>Other fermented</td>
<td>UAH per</td>
<td>42,12</td>
</tr>
<tr>
<td>2206 00 31 00</td>
<td>Cider and perry</td>
<td>UAH per</td>
<td>0,42</td>
</tr>
<tr>
<td>2206 00 51 00 (without added alcohol 1 litre)</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
Non-denatured ethyl alcohol with the alcohol concentration not less than alcohol by 80 % vol., ethyl alcohol and volume in l other distilled alcohol liter distillate and beverages, and denatured alcohols in any concentration

Non-denatured ethyl alcohol with the alcohol concentration of less than 80 % vol., distilled alcohol distillate and beverages, liqueurs and other beverages with alcohol

215.3.2. tobacco products, tobacco, and industrial tobacco substitutes:

<table>
<thead>
<tr>
<th>Commodity Code</th>
<th>Commodity Name</th>
<th>Tax Rates (UAH)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2401</td>
<td>Tobacco raw materials, Tobacco waste</td>
<td>0</td>
</tr>
<tr>
<td>2402 10 00</td>
<td>Cigars, including cigars per 1 kg, 9.66 with cut-off tips, (netto) and cigarillos (thin cigars) with tobacco</td>
<td>14</td>
</tr>
<tr>
<td>2402 20 90</td>
<td>Non-filtered tobacco cigarettes per 1000 rolls, 0.03 cent</td>
<td>43 per 20</td>
</tr>
<tr>
<td>2402 20 90</td>
<td>Filtered tobacco cigarettes per 1000 rolls, 0.21 cent</td>
<td>96 per 25</td>
</tr>
<tr>
<td>2403</td>
<td>Tobaccos and made tobacco (netto)</td>
<td>53</td>
</tr>
<tr>
<td>2403991000</td>
<td>(except for other industrially per 1 kg, 0.45)</td>
<td></td>
</tr>
</tbody>
</table>
2403 10) substitutes; "homogenized" or "restored" tobacco, tobacco extracts and essences

2403 10 Smoking UAH 74
per 1 kg ,83 (netto)
with/without substitutes in any proprotio

2403 99 10 Chewing UAH 21
00 tobacco and snuff per 1 kg ,38 (netto)

215.3.3. the minimum excise tax liability to the payment of the excise tax on tobaccos:

<table>
<thead>
<tr>
<th>Commodity code in accordance with UKT ZED</th>
<th>Commodity name</th>
<th>Minimum excise tax liability measurement</th>
<th>amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>2402 20 90 Non-filtered tobacco cigarettes (rolls)</td>
<td>UAH per 1000</td>
<td>61,47</td>
<td></td>
</tr>
<tr>
<td>2402 20 90 Filtered tobacco cigarettes</td>
<td>UAH per 1000</td>
<td>160,35</td>
<td></td>
</tr>
</tbody>
</table>

215.3.4. oil products, liquefied gas:

<table>
<thead>
<tr>
<th>Commodity code in accordance with UKT ZED</th>
<th>Commodity name</th>
<th>Excise tax rates as fixed amount per commodity (product) unit sold measurement</th>
<th>rate</th>
</tr>
</thead>
<tbody>
<tr>
<td>2710 11 11 Light distillate: for specific processing processes</td>
<td>EUR per 1000</td>
<td>17</td>
<td></td>
</tr>
<tr>
<td>2710 11 15 for chemical transformations in kg processes</td>
<td>EUR per 1000</td>
<td>17</td>
<td></td>
</tr>
<tr>
<td>Phase</td>
<td>Description</td>
<td>Unit</td>
<td>EUR per 1000</td>
</tr>
<tr>
<td>-------</td>
<td>-------------</td>
<td>------</td>
<td>--------------</td>
</tr>
<tr>
<td>2710 00 11 00</td>
<td>Covered with item</td>
<td></td>
<td></td>
</tr>
<tr>
<td>2710 11 21</td>
<td>Special petrols white spirit</td>
<td>kg</td>
<td></td>
</tr>
<tr>
<td>2710 11 25</td>
<td>Special petrols</td>
<td>kg</td>
<td></td>
</tr>
<tr>
<td>2710 11 31</td>
<td>Petrols aviation</td>
<td>kg</td>
<td></td>
</tr>
<tr>
<td>2710 11 41</td>
<td>Petrols with the lead content of 0,013 gr/litres or less</td>
<td>kg</td>
<td></td>
</tr>
<tr>
<td>2710 11 41</td>
<td>Petrols with more than 5% by volume of bioethanol or with more than 5% by volume of ethyl-tret-butyl ether or their mixtures</td>
<td>kg</td>
<td></td>
</tr>
<tr>
<td>2710 11 49</td>
<td>Other petrols</td>
<td>kg</td>
<td></td>
</tr>
<tr>
<td>2710 11 51</td>
<td>Petrols with the lead content of 0,013 kg gr/litres or more</td>
<td>kg</td>
<td></td>
</tr>
<tr>
<td>2710 11 70</td>
<td>Jet engine fuel</td>
<td>kg</td>
<td></td>
</tr>
<tr>
<td>2710 11 90</td>
<td>Other light</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
Medium distillates kg

2710 19 11 Meidum distillate: for kg specific processing processes EUR per 1000 28

2710 19 15 for chemical transformations in kg processes not covered with item 2710 19 11 00 EUR per 1000 17

Gas:

2710 19 21 jet engine fuel kg EUR per 1000 17

2710 19 25 other gas kg EUR per 1000 28

2710 19 29 Other medium distillates kg EUR per 1000 28

Heavy distillate (diesel fuel) with the sulphur content by mass:

2710 19 31 over 0.2 per cent kg EUR per 1000 90

2710 19 35

2710 19 49

2710 19 31 over 0.035 per cent, euro but kg EUR per 1000 69

2710 19 35 no more than 0.2 per cent

2710 19 41

2710 19 45

2710 19 31 over 0.005 per cent but less kg EUR per 1000 62

2710 19 35 than 0.035 per cent

2710 19 41

2710 19 31 no more than 0.005 per cent kg EUR per 1000 42

2710 19 35
2710 19 41

2710 19 61 Furnace oil only: EUR per 1000 kg
2710 19 63
2710 19 65
2710 19 69

2711 12 11 liquefied gas (propan or mixture of propan and butane) EUR per 1000 kg
2711 12 19
2711 12 91
2711 12 93
2711 12 94
2711 12 97
2711 13 10
2711 13 30
2711 13 91
2711 13 97

215.3.5. Passenger cars and other motor vehicles intended mainly for the transportation of people (except for motor vehicles under commodity position 8702 in accordance with UKT ZED), including passenger/cargo vans and race cars:

<p>| Commodity (product) code in accordance with UKT ZED | Commodity (product) description under UKT ZED | Excise tax rates as fixed amount per commodity (product) unit sold (specific rates) |</p>
<table>
<thead>
<tr>
<th>Code</th>
<th>Description</th>
<th>Rate</th>
</tr>
</thead>
<tbody>
<tr>
<td>8703</td>
<td>Passenger cars and other motor vehicles intended mainly for the transportation of people (except for motor vehicles under commodity position 8702), including dual purpose vans and race cars:</td>
<td></td>
</tr>
<tr>
<td>8703 10</td>
<td>special-purpose vehicles designed to move on the snow; special cars for the transportation of sportmen to golf courses and similar vehicles:</td>
<td>EUR 0.6 per 1 ccm of the engine displacement volume</td>
</tr>
<tr>
<td>8703 10 11 00</td>
<td>special purpose vehicles designed to move on the snow with a pressure-ignited internal combustion engine (diesel or semi-diesel) or a spark-ignited internal combustion engine</td>
<td></td>
</tr>
<tr>
<td>8703 10 18 00</td>
<td>- other - other vehicles with a spark-ignited internal combustion engine and a crank mechanism:</td>
<td>EUR 0.6 per 1 ccm of the engine displacement volume</td>
</tr>
<tr>
<td>8703 21</td>
<td>- - with the engine displacement volume not more than 1000 ccm:</td>
<td></td>
</tr>
<tr>
<td>8703 21 10 00</td>
<td>- - - new</td>
<td>EUR 0.05 per 1 ccm of the engine displacement volume</td>
</tr>
<tr>
<td>8703 21 90</td>
<td>- - - used:</td>
<td></td>
</tr>
<tr>
<td>8703 21 90 10</td>
<td>- - - for not more than 5 years</td>
<td>EUR 1 per 1 ccm of the engine displacement volume</td>
</tr>
<tr>
<td>8703 21 90 30</td>
<td>- - - over 5 years</td>
<td>EUR 1.25 per 1 ccm of the engine displacement volume</td>
</tr>
<tr>
<td>8703 22</td>
<td>- - with the engine displacement volume over 1000 ccm but not more than 1500 ccm:</td>
<td></td>
</tr>
<tr>
<td>8703 22 10 00</td>
<td>- - - new</td>
<td>EUR 0.03 per 1 ccm of the engine displacement volume</td>
</tr>
<tr>
<td>8703 22 90</td>
<td>- - - used:</td>
<td></td>
</tr>
<tr>
<td>8703 22</td>
<td>- - - - for not more than 5 years</td>
<td>EUR 1.25 per 1 ccm of the engine displacement volume</td>
</tr>
<tr>
<td>----------</td>
<td>----------------------------------</td>
<td>---------------------------------------------------</td>
</tr>
<tr>
<td>8703 22</td>
<td>- - - - over 5 years</td>
<td>EUR 1.5 per 1 ccm of the engine displacement volume</td>
</tr>
<tr>
<td>8703 23</td>
<td>- - with the engine displacement volume over 1500 ccm but not more than 3000 ccm:</td>
<td></td>
</tr>
<tr>
<td>11 23</td>
<td>- - new</td>
<td></td>
</tr>
<tr>
<td>11 10</td>
<td>- - - - motor vehicles equipped as the temporary residence:</td>
<td></td>
</tr>
<tr>
<td>11 30</td>
<td>- - - - with the engine displacement volume over 2200 ccm but not more than 3000 ccm:</td>
<td>EUR 0.6 per 1 ccm of the engine displacement volume</td>
</tr>
<tr>
<td>19 23</td>
<td>- - - - other</td>
<td></td>
</tr>
<tr>
<td>19 10</td>
<td>- - - - with the engine displacement volume over 1500 ccm but not more than 2200 ccm:</td>
<td>EUR 0.12 per 1 ccm of the engine displacement volume</td>
</tr>
<tr>
<td>19 30</td>
<td>- - - - with the engine displacement volume over 2200 ccm but not more than 3000 ccm:</td>
<td>EUR 0.12 per 1 ccm of the engine displacement volume</td>
</tr>
<tr>
<td>90 23</td>
<td>- - - used:</td>
<td></td>
</tr>
<tr>
<td></td>
<td>- - - - with the engine displacement volume over 1500 ccm but not more than 2200 ccm:</td>
<td></td>
</tr>
<tr>
<td>90 11</td>
<td>- - - - for not more than 5 years</td>
<td>EUR 1.5 per 1 ccm of the engine displacement volume</td>
</tr>
<tr>
<td>90 13</td>
<td>- - - - over 5 years</td>
<td>EUR 2.0 per 1 ccm of the engine displacement volume</td>
</tr>
<tr>
<td></td>
<td>- - - - with the engine displacement volume over 2200 ccm but not more than 3000 ccm:</td>
<td></td>
</tr>
<tr>
<td>8703 23</td>
<td>- - - - for not more than 5 years</td>
<td>EUR 2.0 per 1 ccm of the engine displacement volume</td>
</tr>
<tr>
<td>Code</td>
<td>Description</td>
<td>Rate</td>
</tr>
<tr>
<td>--------</td>
<td>-----------------------------------------------------------------------------</td>
<td>-----------------------</td>
</tr>
<tr>
<td>90 31</td>
<td></td>
<td></td>
</tr>
<tr>
<td>8703 23</td>
<td>over 5 years</td>
<td>EUR 3.0 per 1 ccm</td>
</tr>
<tr>
<td>90 33</td>
<td>- with the engine displacement volume over 3000 ccm:</td>
<td>EUR 1 per 1 ccm</td>
</tr>
<tr>
<td>8703 24</td>
<td>new</td>
<td>EUR 3.0 per 1 ccm</td>
</tr>
<tr>
<td>10 00</td>
<td>- - - for not more than 5 years</td>
<td>EUR 3.0 per 1 ccm</td>
</tr>
<tr>
<td>90 24</td>
<td>- - - over 5 years</td>
<td>EUR 3.5 per 1 ccm</td>
</tr>
<tr>
<td>90 30</td>
<td>- other vehicles with a pressure-ignited internal combustion engine (diesel or semi-diesel)</td>
<td>EUR 0.05 per 1 ccm</td>
</tr>
<tr>
<td>8703 31</td>
<td>with the engine displacement volume not more than 1500 ccm:</td>
<td>EUR 0.15 per 1 ccm</td>
</tr>
<tr>
<td>10 00</td>
<td>- - - new</td>
<td>EUR 0.05 per 1 ccm</td>
</tr>
<tr>
<td>90 31</td>
<td>- - - for not more than 5 years</td>
<td>EUR 1.25 per 1 ccm</td>
</tr>
<tr>
<td>90 10</td>
<td>- - - over 5 years</td>
<td>EUR 1.5 per 1 ccm</td>
</tr>
<tr>
<td>8703 32</td>
<td>with the engine displacement volume over 1500 ccm but not more than 2500 ccm:</td>
<td>EUR 0.15 per 1 ccm</td>
</tr>
<tr>
<td>11 00</td>
<td>- - - new</td>
<td>EUR 0.15 per 1 ccm</td>
</tr>
<tr>
<td>8703 32</td>
<td>- - - motor vehicles equipped as the temporary residence</td>
<td>EUR 0.15 per 1 ccm</td>
</tr>
<tr>
<td>Commodity code</td>
<td>Commodity (product) description</td>
<td>Excise tax rates as fixed amount per commodity (product) unit sold (specific)</td>
</tr>
<tr>
<td>----------------</td>
<td>---------------------------------</td>
<td>--------------------------------------------------</td>
</tr>
<tr>
<td>8703 32</td>
<td>- - - other</td>
<td>EUR 0.15 per 1 ccm of the engine displacement volume</td>
</tr>
<tr>
<td>8703 32</td>
<td>- - - used:</td>
<td></td>
</tr>
<tr>
<td>8703 32</td>
<td>- - - for not more than 5 years</td>
<td>EUR 1.75 per 1 ccm of the engine displacement volume</td>
</tr>
<tr>
<td>8703 32</td>
<td>- - - over 5 years</td>
<td>EUR 2 per 1 ccm of the engine displacement volume</td>
</tr>
<tr>
<td>8703 33</td>
<td>- - with the engine displacement volume over 2500 cubic cm:</td>
<td></td>
</tr>
<tr>
<td>8703 33</td>
<td>- - - new</td>
<td></td>
</tr>
<tr>
<td>8703 33</td>
<td>- - - motor vehicles equipped as the temporary residence</td>
<td>EUR 1 per 1 ccm of the engine displacement volume</td>
</tr>
<tr>
<td>8703 33</td>
<td>- - - other</td>
<td>EUR 1 per 1 ccm of the engine displacement volume</td>
</tr>
<tr>
<td>8703 33</td>
<td>- - - used:</td>
<td></td>
</tr>
<tr>
<td>8703 33</td>
<td>- - - for not more than 5 years</td>
<td>EUR 2.5 per 1 ccm of the engine displacement volume</td>
</tr>
<tr>
<td>8703 33</td>
<td>- - - over 5 years</td>
<td>EUR 3.25 per 1 ccm of the engine displacement volume</td>
</tr>
<tr>
<td>8703 90</td>
<td>- other:</td>
<td></td>
</tr>
<tr>
<td>8703 90</td>
<td>- - vehicles equipped with electric engines</td>
<td>EUR 100 per 1 piece</td>
</tr>
<tr>
<td>8703 90</td>
<td>- other</td>
<td>EUR 100 per 1 piece</td>
</tr>
</tbody>
</table>

215.3.5. Bodies for cars of commodity item 8703 in accordance with UKT ZED:
<table>
<thead>
<tr>
<th>Commodity (product) code in accordance with UKT ZED</th>
<th>Commodity (product) description under UKT ZED</th>
<th>Excise tax rates as fixed amount per commodity (product) unit sold (specific rates)</th>
</tr>
</thead>
<tbody>
<tr>
<td>8711 40 00</td>
<td>Motorcycles (including mopeds) and bicycles with an auxiliary engine, with or without side cars, with a spark-ignited piston engine with a crank mechanism, and the displacement volume over 500 ccm but not more than 800 ccm</td>
<td>EUR 0.2 per 1 ccm of the engine displacement volume</td>
</tr>
<tr>
<td>8711 50 00</td>
<td>Motorcycles (including mopeds) and bicycles with an auxiliary engine, with or without side cars, with a spark-ignited piston engine with a crank mechanism, and the displacement volume over 500 ccm but not more than 800 ccm</td>
<td>EUR 0.2 per 1 ccm of the engine displacement volume</td>
</tr>
</tbody>
</table>
displacement volume over 800 ccm

<table>
<thead>
<tr>
<th>code</th>
<th>Commodity (product) description</th>
<th>Excise tax rates as fixed amount per commodity (product) unit sold (specific rates)</th>
</tr>
</thead>
<tbody>
<tr>
<td>8711 90</td>
<td>Motorcycles (including mopeds) and bicycles with an auxiliary engine, with or without side cars, except for those with a spark-ignited piston engine with a crank mechanism; side cars</td>
<td>EUR 10 per 1 piece</td>
</tr>
<tr>
<td>8716 10</td>
<td>Trailers and semi-trailers for the temporary residence at camping sites in the form of towed houses: with the mass over 3500 kg, except for those collapsible</td>
<td>EUR 100 per 1 piece</td>
</tr>
</tbody>
</table>

215.3.8 trailers and semi-trailers for the temporary residence at camping sites in the form of towed houses

**Commodity (product) code in accordance with UKT ZED**

**Commodity (product) description under UKT ZED**

**Excise tax rates as fixed amount per commodity (product) unit sold (specific rates)**

---

**Article 216. Tax Liability Emergence Date**

216.1. The tax liability emergence date in relation to the excisable commodities (products) by a person manufacturing them on the customs territory of Ukraine regardless of purposes and areas of the subsequent use of such commodities (products), except for the cases covered with the Article 235 and 229 of this Code shall be the date of their sale.

216.2. The chargeable date of the tax liability in respect of the destroyed, damaged, or lost, excisable commodities (products) shall be the relevant report date. For the purposes of this item, the lost commodities (products) shall mean the commodity that cannot be located by the tax payer.

216.3. The tax liability in respect of the lost excisable commodities (products) shall not become chargeable if:

a) the excise tax payer has documented the losses and provided the controlling agencies with the necessary evidence of the loss of the relevant excisable commodities (products) due to an accident, fire, flood or other circumstances of force majeure, and the use thereof on the customs territory of Ukraine is not possible;

b) The excisable commodities (products) have been lost due to the evaporation in the course of the manufacture, treatment, processing, storage or transportation of such a commodity (product) or for another reason related to a natural result. This requirement shall be applied in case of the loss of excisable commodities
(products) within the loss allowances to be set by the central executive body authorized by the Cabinet of Ministers of Ukraine.

216.4. The chargeable date in case of the importation of excisable commodities (products) into the customs territory of Ukraine shall be the date of the submission of a customs declaration to the customs agency for the customs clearance or the date of charging the said tax liability by the customs agency in events specified by the legislation.

216.5. The chargeable date in case of the transfer of excisable commodities (products) manufactured from the customer-provided raw materials shall be the date of their shipment dispatch by the manufacturer to the customer or any other person on its behalf.

216.6. The chargeable date in case of the use of excisable commodities (products) for the personal production requirements shall be the date of their transfer for such use, except for its use for the production of excisable commodities (products).

Article 217. The Assessment Procedure of the Excise Duty on Commodities Manufactured on the Customs Territory of Ukraine.

217.1. Amounts of the tax payable on excisable commodities (products) manufactured on the customs territory of Ukraine shall be determined by a taxable person on its own on the basis of the objects of taxation, the taxable amount and the rates of the said tax being in effect as of the chargeable date.

217.2. Amounts of the tax payable on excisable commodities (products) manufactured from the customer-provided raw materials shall be determined by the manufacturer (processor) on the basis of the objects of taxation, the taxable amount and the rates of the said tax being in effect as of the date of shipment dispatch of the output finished goods to the customer or any other person on its behalf.

217.3. The excise duty on commodities (products), for which the excise tax rates are set in a foreign currency, shall be paid in the domestic currency and calculated at the exchange rate of the National Bank of Ukraine being in effect as of the first day of the quarter of the sale of commodities (products), and shall remain unchanged during the quarter.

217.4. The payment of the tax amounts by means of net-offs, counter-liabilities, promissory notes and in other forms that do not provide for the payment of such excise duty in monies shall be prohibited.

217.5. In case of full or partial return of the excisable commodities (products) manufactured (produced) on the customs territory of Ukraine for the removal of disadvantages of the commodities (products) or their destruction (processing) in case of impossibility of such a removal the seller shall conduct the modification of tax liabilities on the payment of the excise tax for the accounting period when such a return has occurred.
The modified amount shall be defined by the tax payer with the application of the maximum retail price, excise tax rate with regards to the minimum excise tax liability being in effect as of the tax liability emergence date in relation to such commodities (products).

The modified amount shall be defined in excise tax declaration for the accounting period when such a return has occurred.

The excise tax liability shall be calculated upon the general basis in case of further sale of such commodities (products).

**Article 218. The Assessment Procedure of the Excise Duty on Commodities Imported on the Customs Territory of Ukraine**

218.1. Amounts of the tax to be paid on the commodities (products) imported on the customs territory of Ukraine shall be determined by taxable persons on their own on the basis of the objects of taxation, the taxable amount and the rates of the said tax.

218.2. The tax on the excisable commodities (products) imported into the customs territory of Ukraine shall be calculated in the domestic currency at the official exchange rate set by the National Bank of Ukraine as of the date of the submission of the customs declaration to the customs agency for the customs clearance.

218.3. Amounts of the tax payable on excisable commodities (products) in case of violation of requirements in connection with the placement of commodities (products) into the customs regimes of: duty-free shops and processing on the customs territory of Ukraine shall be defined on the basis of the objects of taxation, the taxable amount and the rates of the said tax as of the date of submission of the customs declaration at the placement into the relevant customs regime.

218.4. The importer shall conduct the modification of tax liabilities on the payment of excise tax for the accounting period when the return of the unused or damaged stamp fees has occurred or upon the submission of the relevant documents supporting the loss of the stamp fees to the state tax service that has issued the given stamp fees in case of full or partial return of the excisable commodities (products) imported on the customs territory of Ukraine by the importer to the seller because of impossibility of its sale on the customs territory of Ukraine.

The modified amount shall be defined by the tax payer with the application of the maximum retail price, excise tax rate with regards to the minimum excise tax liability being in effect as of the tax liability emergence date in relation to such commodities (products).

The modified amount shall be defined in excise tax declaration for the relevant accounting period. In this case the excise tax amount may be returned to the current account of the importer, if so desired, or counted towards the acquisition of excise tax stamps.
Article 219. Procedure for the Calculation of the Tax in Case of the Temporary Importation of the Excisable Commodities into the Customs Territory of Ukraine and the Transit of Excisable Commodities Across the Customs Territory of Ukraine

219.1. The importation of excisable commodities (products) into the territory of Ukraine being on transit across the customs territory of Ukraine shall take place without the tax payment subject to taking the measures to guarantee the delivery of the commodities (products) according to the procedure specified by the customs legislation.

219.2. The excisable commodities (products) that are temporarily imported into the customs territory of Ukraine and are intended for the demonstration in the course of exhibitions, competitions, meetings, seminars, fairs and special exhibition activities, provided that they remain in the ownership of non-residents and the use thereof on the territory of Ukraine is not of commercial nature, shall be permitted to cross the customs border of Ukraine without the payment of the tax against the undertaking before the state customs agencies to re-export the said commodities (products) unchanged, except for changes resulting from the actual natural wear and tear, for the period of the temporary import subject to the provision of a guarantee (a pecuniary deposit) to state customs agencies.

Article 220. Specific Features of Assessment of the Excise Tax under Ad Valorem Rates

220.1. Manufacturers or importers of commodities (products) shall set the maximum retail prices for the excisable commodities (products) by way of declaring such prices.

220.2. The declaration of maximum retail prices for the excisable commodities (products) set by the manufacturer or the importer of such commodities (products) (hereinafter referred to as the "declaration") shall be submitted to the central agency of the state tax service or the authorized central executive body for tax service in the form jointly specified by these agencies.

220.3. The declaration must contain details of the maximum retail prices set by the manufacturer or the importer for all excisable commodities (products) manufactured thereby in Ukraine or for all excisable commodities (products) imported thereby into Ukraine, and the effective date of the maximum retail prices specified in the declaration.

220.4. The declaration must be submitted by the manufacturer or the importer of the excisable commodities (products) to the central agency of the state tax service or the central executive body for tax service not later than five calendar days prior to the date of introduction of the maximum retail prices.

220.5. The declaration shall not be accepted in the case of:

Submission thereof later than five calendar days prior to the date of setting maximum retail prices therewith;
The non-conformity of its form with the form prescribed by the central agency of the state tax service and the authorized central executive body for tax service.

220.6. The declaration shall be submitted in duplicate by an authorized officer of the manufacturer or the importer of excisable commodities (products); at that, one copy of the declaration shall be returned on the submission day to the manufacturer or the importer with a mark of the date of receipt and the registration number of the received declaration authenticated with a seal of the central agency of the state tax service or the authorized central executive body for tax service.

220.7. The maximum retail prices for commodities (products) listed in the declaration set by the manufacturer or the importer shall be introduced from the first day of the month following the month of the submission of the relevant declaration to the central agency of the state tax service or the authorized central executive body for tax service respectively, and shall remain in effect until changed under the procedure prescribed by this Code.

220.8. In case of the need to change any details contained in the declaration of the maximum retail prices for the excisable commodities (products) submitted by the manufacturer or the importer thereof to the central agency of the state tax service or the authorized central executive body for tax service respectively, the manufacturer or the importer must submit a new declaration to the said agencies.

220.9. The change of any details contained in the declaration of the maximum retail prices for the excisable commodities (products) submitted by the manufacturer or the importer thereof to the central agency of the state tax service or the authorized central executive body for tax service respectively, may be undertaken not more than once per month.

220.10. A business entity trading on a retail basis in excisable commodities (except for the retail trade in tobaccos), for which the excise tax rates are set under the ad valorem rates, must display copies of current declarations authenticated by the manufacturer or the importer that were submitted by the manufacturer or the importer to the central agency of the state tax service or the authorized central executive body for tax service respectively in the place of trade in such commodities in a visible location.

220.11. The maximum retail prices set by the manufacturer or the importer for all excisable commodities (products) shall be depicted on the retail packaging of the said commodities along with their production date.

**Article 221. Specific Features of Assessment of the Excise Tax on Tobaccos**

221.1. The excise tax on tobaccos shall be assessed simultaneously at the ad valorem and special excise tax rates.

221.2. While determining the maximum retail price for each name of cigarettes, the amount of the excise tax therein calculated simultaneously at the ad valorem and special excise tax rates may not be less than the minimum excise tax liability.
221.3. In case of the availability of the tobaccos with the same name, whose packs, boxes and souvenir cases bear different maximum retail prices in a place of the trade in tobaccos, the said tobaccos shall be sold at prices not higher than indicated on the relevant packs, boxes and souvenir cases.

221.4. The control over the conformity of business entities engaging into the retail trade in tobaccos with requirements for maximum retail prices for tobaccos set by manufacturers or importers of such tobaccos shall be exercised by agencies of the state tax service.

Article 222. Procedure and Terms of Tax Payment

222.1. Time frames for the payment of the tax on excisable commodities manufactured on the customs territory of Ukraine

222.1.1. Tax amounts shall be transferred to the budget by manufacturers of the excisable commodities (products) within ten calendar days following the deadline for the submission of the tax declaration over the monthly tax period as provided by the given Code.

222.1.2. Amounts of the tax payable on alcoholic beverages, for whose production the non-denatured ethyl alcohol is used, shall be paid at the during the acquisition of excise tax stamps.

222.1.3. Enterprises, which make grape wine with added alcohol, and strong, fermented fruit and berry beverages (cider, perry, etc.) with added alcohol, mixed beverages with alcohol, and mixtures of alcoholic and non-alcoholic beverages (other than the fermented fruit and berry beverages (cider, perry, etc.) without added alcohol) shall pay the tax, while purchasing the excise tax stamps for the amount calculated on the basis of tax rates for the finished products made of wine materials or must, for whose production the ethyl alcohol is used

222.1.4. The owner of the finished products, manufactured from the customer-provided raw materials, shall pay the tax to the manufacturer (processor) not later than the date of the shipment of finished products to the customer or, on its instruction, to the third party.

222.1.5. The documentary proof of the transfer of the appropriate tax amount to the current account of the manufacturer issued by a bank shall be the condition for the shipment of finished products manufactured from customer-provided raw materials by the manufacturer of finished products to the customer or, on its instruction, to the third party.

222.2. Payment of the tax in case of the importation of excisable commodities into the customs territory of Ukraine.

222.2.1. The tax on excisable commodities (products) imported into the customs territory of Ukraine shall be paid by taxable persons before or on the date of the submission of the customs declaration.

222.2.2. The tax shall be paid at the time of the acquisition of excise duty stamps with the realization of additional payment (if necessary) on the date of the
submission of the customs declaration in case of the importation of the marked excisable products into the customs territory of Ukraine.

Article 223. Compilation and Submission of the Excise Tax Declaration
223.1. The basic tax period for the tax payment shall be the calendar month
223.2. Payers of the tax on excisable commodities (products) manufactured on the customs territory of Ukraine and the importer of alcoholic beverages and tobaccos shall submit the tax return in the format approved by the central agency of the state tax service to the agency of the state tax service in the place of their registration on a monthly basis, but not later than on the 20th day of the month following the reporting month following the procedure provided in the Article 46 of the given Code.

Article 224. Control over the Payment of the Tax
224.1. The control over the correctness of assessment and timeliness of payment of the tax on excisable commodities (products) manufactured on the customs territory of Ukraine shall be exercised by agencies of the state tax service.
224.2. The control over the correctness of assessment and timeliness of payment of the tax on the excisable commodities (products) manufactured on the customs territory of Ukraine to the budget shall be exercised by the customs agencies; in case of the importation of the marked excisable products, the control over the correctness of the assessment, the completeness and the timeliness of payment of the tax to the budget shall be exercised by the agencies of the state tax service.

Article 225. Specific Features of Taxation of the Alcoholic Beverages
225.1. Prior to the receipt by the business entity of the non-denatured ethyl alcohol from the excise warehouse for processing it into alcoholic beverages (other than wine materials), the business entity must pay the tax or submit a tax promissory note to the agency of the state tax service in its location to secure the performance of the undertaking of such a payer to pay the excise duty amount calculated at rates for these products within up to 90 calendar days starting from the issue date of the tax promissory note.
225.2. On receiving the non-denatured ethyl alcohol, the maker enterprise together with a representative of the state tax service at the excise warehouse shall compile a protocol on the actually received amount of the alcohol and the calculation of the excise tax on the basis of the actually received amount of alcohol. This protocol shall amend the already paid amount of tax or provided tax promissory note with the indication of the final amount of the tax to be paid.
225.3. The adjusted amount of the excise tax indicated in the tax promissory note shall be paid in part in case of the acquisition of excise duty stamps during the validity period of the said promissory note.
225.4. The tax promissory note shall be considered redeemed by the maker in case of the payment of the tax amount in full by the deadline specified in the tax promissory note.

225.5. The tax amount, for which the promissory note is redeemed, shall be determined on the basis of the actually received amount of the alcohol (according to the protocol) and the rates of tax for the finished products, and reduced by the amount of the tax calculated on the basis of the actually lost amount of the ethyl alcohol in the course of the transportation and the storage, in the course of the manufacture of finished products within the allowances approved according to the established procedure, and the actually returned irreparable rejects. The tax reduction amount shall be calculated according to the procedure specified by the Cabinet of Ministers of Ukraine.

225.6. In case of the exportation of the excisable commodities (products) from the customs territory of Ukraine, the amount of the tax for the redemption of the tax promissory note shall be determined taking account of the volumes of the products shipped for the exports according to the properly executed customs declaration.

225.7. If the tax promissory note envisaged by this article is not redeemed within the prescribed time frame, the payee shall protest such a promissory note for the failure to pay in accordance with the current legislation and, within one working day of the protest, contact the bank, which has avalised the promissory note in question, presenting the protested promissory note. The avalising bank must transfer the amount indicated in the protested promissory note to the payee not later than on the next operations day following the day of contact by the payee with a protested promissory note. The partial redemption of the tax promissory note after the expiry of its circulation period is prohibited.

225.8. The business entity cannot issue the next tax promissory note in case if the expired pervious tax promissory note is not redeemed.

225.9. The wine materials sold to the secondary wine-making enterprises, which use the said wine materials for making the finished products, shall not be taxed. In other cases, the sales of wine materials shall be taxed at the rates of the tax for the wine-making products as provided in the sub-item 215.3.1 point 215.3 Article 215 of the given Code.

Article 226. Manufacture, Storage and Sales of Excise Tax Stamps and Marking of Alcoholic Beverages and Tobaccos

226.1. In case of the manufacture of alcoholic beverages and tobaccos on the customs territory of Ukraine or the importation of such commodities into the customs territory of Ukraine, the tax payers must provide the marking of the said commodities with excise tax stamps of the prescribed form in a manner making sure that the stamp be torn while uncorking (opening) the commodity.

226.2. The availability of an excise tax stamp of the prescribed form attached in accordance with the established procedure on a bottle (package) of alcoholic
beverages and a pack (package) of tobaccos shall be one of the conditions for the importation of the said commodities into the customs territory of Ukraine and the sale of the said commodities to consumers, as well as the confirmation of the payment of the tax and the legality of the importation of such commodities.

226.3. The excise tax stamps shall be manufactured, stored and sold, and alcoholic beverages and tobaccos shall be marked therewith in accordance with a policy approved by the Cabinet of Ministers of Ukraine.

226.4. The excise tax stamps for alcoholic beverages and tobaccos manufactured in Ukraine shall be different from stamps for the imported alcoholic beverages and tobaccos in terms of the design and the colour.

226.5. The marking of the alcoholic beverages and tobaccos shall be conducted with the excise tax stamps in line with the samples approved by the Cabinet of Ministers of Ukraine.

226.6. All alcoholic beverages with the ethyl alcohol content over 8.5 per cent by volume are subject to marking. The alcoholic beverages made in Ukraine with the ethyl alcohol content ranging from 1.2 to 8.5 per cent by volume shall not be marked.

226.7. Each excise tax stamp for alcoholic beverages must have its own number and bear an amount of the paid excise tax per unit of the marked commodities, as well as the month and year of issue.

226.8. Each excise tax stamp for tobaccos must have its own number and bear an indication on the quarter and year of its issue.

226.9. The following commodities shall be considered as unmarked:
- alcoholic beverages and tobaccos with the counterfeited excise tax stamps;
- alcoholic beverages and tobaccos with the marking conducted in violation to the requirements for manufacture, storage and sales of excise tax stamps and marking of alcoholic beverages and tobaccos as provided in the policy approved by the Cabinet of Ministers of Ukraine and/or with the excise tax stamps that were not issued directly to the manufacturer of importer of the said products;
- alcoholic beverages marked with the excise tax stamps bearing an indication of the amount of paid excise tax per unit of the marked commodities inconsistent with the amount of tax to be paid calculated with account to the excise tax rate, strength of commodities, and volume of the containers in effect as of the bottling date.

226.10. The following commodities shall not be marked:
- the alcoholic beverages and tobaccos directly supplied to duty-free shops directly by the domestic manufacturers of such products on the basis of direct contracts concluded between domestic manufacturers of alcoholic beverages and tobaccos, and owners of duty-free shops. At that, the transportation of alcoholic beverages and tobaccos supplied to duty-free shops by the manufacturer shall be provided under customs control with the application of measures to guarantee the delivery of the commodities;
- alcoholic beverages and tobaccos that are imported into Ukraine and located within the customs regime of the duty-free shops;
model (standard specimen) samples or test patterns of tobaccos imported on the customs territory of Ukraine by the state accredited test laboratories and/or business entities with the proper license to manufacture the said commodities for the realization of testing or research (calibration of the laboratory equipment, conducting degustation, studying the physicochemical parameters, designing) and not intended for retail;

226.11. It shall be prohibited to import the alcoholic beverages and tobaccos not marked according to the established procedure into the customs territory of Ukraine, store, transport, accept for commission for the purposes of sale, and sell them on the customs territory of Ukraine.

226.12. The sale of excise tax stamps to the domestic manufacturers of alcoholic beverages and tobaccos shall be carried out on the basis of:

- certificates of payment of the tax amount calculated on the basis of rates for finished products (for whose production the non-denatured ethyl alcohol is used);
- an application/calculation of the number of excise tax stamps (hereinafter referred to as the "application/calculation")
- report on the application of the excise tax stamps, purchased in the previous month, in the form approved by the central agency of the state tax service in two copies, one – for the excise tax stamp seller, one (with a mark of the stamp seller) – for the manufacturer;
- payment document on the transaction of excise tax stamp fee with the mark of the bank on the date of execution of the payment document.

The form of certificates and the application/calculation shall be approved by the central agency of the state tax service.

226.13. The amount of the excise tax stamps to be issued to the domestic manufacturers of alcoholic beverages for the production the non-denatured ethyl alcohol shall be defined according to the amount of the paid excise tax. The manufacturers of the alcoholic beverages and tobaccos, for whose production the non-denatured ethyl alcohol is used, shall be defined on the basis of the target monthly volumes of sales of such products.

226.14. In order to obtain the excise tax stamps, an importer shall submit an application/calculation in triplicate to the stamp seller in the format prescribed by the said stamp seller, as well as the documentary proof of payment of the stamp fee and the payment of the excise duty to the appropriate budget. One copy of the application/calculation shall remain with the excise tax stamp seller; the second copy thereof shall be returned to the importer for the submission to custom agency with a mark of the stamp seller confirming the excise tax payment; the third copy with a mark of the stamp seller shall remain with the buyer (the importer).

The state tax service shall not require any additional documents from the importer for the issue of the excise tax stamps unless provided by this article.
226.15. A buyer of stamps shall be prohibited from selling (handing over) the purchased excise tax stamps to other parties, except for cases covered with the item 227.4 Article 227 of this Code.

226.16. The damaged excise tax stamps not used for the marking of commodities shall be accepted for disposal from the buyer of the stamps with the compensation of the actually paid amount of tax in accordance with a Policy for manufacture, storage and sales of excise tax stamps and marking of alcoholic beverages and tobaccos. Excise tax stamp fee is not subject to return.

**Article 227. Importation of the Imported Alcoholic Beverages and Tobaccos into the Customs Territory of Ukraine**

227.1. Business entities being legal entities and individuals that concluded a contract with foreign manufacturers for the supply of alcoholic beverages and tobaccos to Ukraine shall have the right to import the imported alcoholic beverages and tobaccos into the customs territory of Ukraine if:

a) the importation thereof into the customs territory of Ukraine is carried out solely in customs border checkpoints of Ukraine specified by the Cabinet of Ministers of Ukraine as indicated by the stamp buyers (importers) in the application/calculation;

b) the marking of alcoholic beverages and tobaccos is carried out according to the established procedure with excise tax stamps of the prescribed form;

c) the alcoholic beverages in lorry and railway tanks, as well as tanks, small tanks and other containers with the volume less than 5 litres are imported into Ukraine for the purposes of the sale or exchange on the customs territory of Ukraine and are not subject to marking. In this case the tax shall be paid before or during the customs clearance. The control over the payment thereof shall be exercised by customs agencies;

d) the stamp buyer (importer) has submitted a customs declaration to the customs agencies and a copy of the declaration on the maximum retail prices (for the tobaccos) and copy of the application/calculation with a mark of the seller of the said stamps confirming the full payment of the excise tax amounts to the relevant budget.

227.2. In case of the importation of alcoholic beverages and tobaccos by an importer into the territory of Ukraine on the basis of a contract (agreement) in several batches, the marks shall be made in the supply contract indicating the number of the issued excise tax stamps with the specification of their issue date by the central agency of the state tax service.

227.3. The term of receipt of the excise tax stamps for each contract shall be determined by stamp buyers (importers) in concurrence with the stamp seller depending on the volume of commodities to be imported but no more than five working days from the date of issue of the documents for the receipt of excise tax stamps as provided in the point 226.14 of Article 226 of the present Code.
227.4. The stamp buyers (importers) shall hand over the purchased excise tax stamps to foreign manufacturers for the marking of imported alcoholic beverages and tobaccos in the course of the production thereof.

227.5. The transit of alcoholic beverages and tobaccos across the customs territory of Ukraine shall be carried out in conformity with requirements of point 6.4.1 of Article 219 of the present Code.

227.6. In case of the violation of the procedure of the marking of imported alcoholic beverages and tobaccos and/or the incomplete payment of the tax, the commodity shall not be admitted for the customs clearance, and the importation thereof into the customs territory of Ukraine shall be prohibited.

Article 228. Control over Receipt of the Excise Tax on Alcoholic Beverages and Tobaccos

228.1. The control over the payment of the tax on alcoholic beverages and tobaccos on the customs territory of Ukraine shall be exercised by agencies of the state tax service.

228.2. The control over the availability of the excise tax stamps on bottles (packages) of alcoholic beverages and packs (packages) of tobaccos in the course of the transportation, the storage and the sale thereof shall be exercised by agencies of the state tax service, while the importation of such commodities into the customs territory of Ukraine shall be controlled by the customs bodies.

228.3. In case of the detection of facts of the importation of alcoholic beverages and tobaccos without excise tax stamp of the prescribed form into the customs territory of Ukraine, the storage, the transportation and the sale thereof on the customs territory of Ukraine, the controlling agencies indicated in the point 228.2 of this article shall withdraw these commodities from the free circulation and submit appropriate materials to the court for the passing a resolution on the seizure (forfeiture) thereof to the benefit of the state.

228.4. The court resolution on the seizure (forfeiture) of alcoholic beverages and tobaccos shall be performed in accordance with the Law.

228.5. The seized (forfeited) excisable commodities (other than ethyl alcohol, alcoholic beverages and tobaccos), if sold according to the procedure prescribed by the legislation, shall be taxed with the excise tax and other taxes in accordance with laws of Ukraine.

228.6. The seized (forfeited) ethyl alcohol and alcoholic beverages shall be destroyed or industrially processed in accordance with the procedure specified by the Cabinet of Ministers of Ukraine.

228.7. The seized (forfeited) tobaccos shall be destroyed in accordance with the procedure specified by the Cabinet of Ministers of Ukraine.

228.8. In case of detection of the deficit of excise tax stamps on the part of the buyer (due to the embezzlement, the destruction thereof, the marking of alcoholic beverages and tobaccos intended for the export sale, and in other cases), the
manufacturers of the said products shall be subject to the full property liability in the amount of the value of the excise tax stamps and the calculated amount of the excise tax that would have been paid to the budget in case of the sale of the commodities subject to the excise tax, for whose marking the excise tax stamps were acquired. The said amounts shall accrue according to the form provided by the central agency of the state tax service.

228.9. The manufacturers (customers), importers and sellers of commodities, and their officials shall be liable in accordance with the Law for the failure to abide by the procedure of marking, the sale of alcoholic beverages and tobaccos, the non-payment or the late payment of the tax.

Article 229. Specific Features of Taxation of Certain Excisable Commodities Depending on the Line of the Use Thereof

229.1. Specific features of taxation of the ethyl alcohol

229.1.1. The excise tax shall be charged at the rate of UAH 0 per 1 litre of 100-per cent alcohol in case of:
   a) the ethyl alcohol used by the primary and mixed wine making enterprises for the production of grape and fruit/berry wine materials and must;
   b) the ethyl alcohol used for the production of pharmaceuticals (to include the blood components and pharmaceuticals made of it), except for pharmaceuticals in the form of balsams or elixirs;
   c) the denatured ethyl alcohol (technical ethyl alcohol) sold to business entities for the use as the raw material for the manufacture of products of the organic synthesis that do not contain more than 0.1 per cent of the residual ethanol;
   d) Bioethanol used by the enterprises for the production of the mixed motor petrols with the containing bioethanol, ethyl-tret-butyl ether (ETBE) or other bioethanol-based additives;
   e) bioethanol used for the production of biofuel.

229.1.2. Prior to the receipt of the non-denatured ethyl alcohol, the denatured ethyl alcohol (technical ethyl alcohol) and the bioethanol from the excise warehouse used for the manufacture of specific products and subject to the tax rate of UAH 0 per 1 litre of 100 per cent alcohol under the sub-item 229.1.1 of this article, a tax promissory note shall be issued to the amount of the excise tax charged on the volume of the alcohol to be received on the basis of the rate specified in sub-item 215.3 of Article 215 of this Code.

229.1.3. The tenor of the tax promissory note issued by enterprises for the purposes of the manufacture of specific products may not exceed 90 calendar days or, in case of primary wine-making and pharmaceutical enterprises, 180 calendar days.

229.1.4. The tax promissory note shall be issued prior to the receipt of the ethyl alcohol from the excise warehouse

229.1.5. A tax promissory note may be issued:
a) by a primary wine-making enterprise manufacturing grape, fruit and other wine materials and must;
b) by manufacturer of pharmaceuticals;
c) by manufacturer of organic synthesis products;
d) by oil refineries (or other business entities) that use the bioethanol to manufacture the blended motor petrols containing bioethanol, ethyl-tret-butyl ether (ETBE) or other bioethanol-based additives;
e) by manufacturer of biofuel.

229.1.6. The tax promissory note redemption duties may not be transferred to other entities regardless of their relations with the maker.

229.1.7. No interest or other charges envisaged by law for other types of promissory notes shall accrue for the utilisation of a tax promissory note.

229.1.8. The tax promissory note shall be deemed redeemed in case of the documentary confirmation of the fact of the utilisation of the ethyl alcohol for the designated purposes of the manufacture of products listed in sub-item 229.1.1 of this article.

229.1.9. If the tax promissory note envisaged by this article is not redeemed within the prescribed time frame, the payee shall protest such a tax promissory note for the failure to pay in accordance with the current legislation and, within one working day of the protest, contacts the bank, which has avalised the tax promissory note in question, presenting the protested tax promissory note. The avalising bank must transfer the amount indicated in the protested promissory note to the payee not later than on the next operations day following the day of contact by the payee with a protested promissory note.

229.1.10. The procedure of the issue, circulation and redemption of tax promissory notes to be issued prior to the receipt of the ethyl alcohol from the excise warehouse for the utilisation by business entities for the production of some products shall be specified by the Cabinet of Ministers of Ukraine.

229.1.11. The lists of manufacturers of the bioethanol and the denatured ethyl alcohol (technical alcohol) for needs of enterprises manufacturing the organic synthesis products shall be approved by the Cabinet of Ministers of Ukraine.

229.1.12. The shipment of the denatured ethyl alcohol (technical alcohol) for needs of enterprises manufacturing the organic synthesis products shall be carried out within the quotas specified by the Cabinet of Ministers of Ukraine.

229.1.13. The shipment of the ethyl alcohol used for the production of pharmaceuticals shall be carried out within the quotas specified by the Cabinet of Ministers of Ukraine. The list of the pharmaceuticals, for whose production the ethyl alcohol is used, is specified by the Cabinet of Ministers of Ukraine.

229.1.14. Tax posts shall be instituted at enterprises using the alcohol taxed at a zero rate; their work procedure shall be specified by the central agency of the state tax service.
229.1.15. The following shall be prohibited in distilleries during the production of the bioethanol:
   a) manufacture and storage of the ethyl alcohol and bioethanol on the bioethanol-producing enterprises;
   b) the storage of the bioethanol in warehouses of the manufacturer without the denaturing with petrol (1-10 per cent);
   c) the storage of the ethyl alcohol in warehouses of the manufacturer.
229.1.16. The avalised promissory note (bank IOU) shall not be issued to the manufacturers of the bioethanol and biofuel on its basis.
229.1.17. In case of the use of ethyl alcohol and bioethanol, received by the entity as the raw material for the manufacture of products as provided in the point 229.1.1 of the given Article, for purposes other than designated, a fine shall be imposed on such entities in the amount calculated on the basis of the volume of ethyl alcohol and bioethanol used for purposes other than designated and excise tax rate as provided in the point 215.3 of Article 2156 of this Code multiplied by 1.5.
229.2. Specific features of taxation of the oil products manufactured on the territory of Ukraine and used as a raw material for the petrochemical industry.
229.2.1. Light distillate (Code 2710 11 11 00 as per UKT ZED) and heavy distillate (Code 2710 19 31 30 as per UKT ZED) may be sold as a raw material for the production of the ethylene under zero excise tax rate.
229.2.2. The agencies of the state tax service shall control the utilization of such oil products as a raw material for the production of ethylene under zero excise tax rate for the designated purposes.
229.2.3. The manufacturers shall receive the tax promissory note shall be issued to the amount of the excise tax charged on the volume of oil products, to be received on the basis of the rate calculated as the difference between the excise tax rate, as provided in the point 215.3 of Article 216 of this chapter, and zero excise tax rate per 1000 kilo, before the receipt of the light distillates (Code 2710 11 11 00 as per UKT ZED) and heavy distillate (Code 2710 19 31 30 as per UKT ZED) used by the entities as a raw material for the production of ethylene.
229.2.4. The tax promissory note shall be issued only by the entity which is manufacturing ethylene.
229.2.5. The term of the tax promissory note issued by the enterprises shall not exceed 90 calendar days.
229.2.6. The tax promissory note redemption duties may not be transferred to other entities regardless of their relations with the maker.
229.2.7. No interest or other charges envisaged by law for other types of promissory notes shall accrue for the utilisation of a tax promissory note.
229.2.8. Payee is an agency of the state tax service in the place of registration of the maker;
229.2.9. The tax posts shall be instituted at enterprises using light and heavy distillates as a raw material for the production of ethylene. The representatives
of the state tax service at the location of the tax post shall provide direct continuous control over the utilization of oil products as a raw material for the production of ethylene for the designated purpose.

229.2.10. The tax promissory note shall be deemed redeemed in case of the documentary confirmation of the fact of the utilisation of the light and heavy distillates for the designated purposes of the manufacture of ethylene.

229.2.11. The certificate for the utilisation of the light and heavy distillates for the designated purposes of the manufacture of ethylene approved by the representative of the tax post at the location of the enterprise shall be issued for the redemption of the tax promissory note.

229.2.12. If the tax promissory note envisaged by this article is not redeemed within the prescribed time frame, the payee shall protest such a tax promissory note for the failure to pay in accordance with the current legislation and, within one working day of the protest, contacts the bank, which has avalised the tax promissory note in question, presenting the protested tax promissory note. The avalising bank must transfer the amount indicated in the protested promissory note to the payee not later than on the next operations day following the day of contact by the payee with a protested promissory note.

229.2.13. The procedure of the issue, circulation and redemption of tax promissory notes to be issued prior to the receipt of the light and heavy distillates from the excise warehouse for the utilisation by business entities for the production of ethylene shall be specified by the Cabinet of Ministers of Ukraine.

229.2.14. The list of entities to receive the light and heavy distillates for the production of ethylene shall be specified by the Cabinet of Ministers of Ukraine.

229.2.15. The shipment of light and heavy distillates used for the production of ethylene shall be carried out within the quotas specified by the Cabinet of Ministers of Ukraine.

229.2.16. In case of the use of light and heavy distillates, received by the entity as the raw material for the manufacture of ethylene, for purposes other than designated, a fine shall be imposed on such entities in the amount calculated on the basis of the volume of light and heavy distillates used for purposes other than designated and excise tax rate as provided in the point 215.3 of Article 215 of this Code multiplied by 1.5.

229.3. Specific features of taxation of the oil products imported on the territory of Ukraine and used as a raw material for the petrochemical industry.

229.3.1. Light distillate (Code 2710 11 11 00 as per UKT ZED) and heavy distillate (Code 2710 19 31 30 as per UKT ZED) may be imported as a raw material for the production of the ethylene without payment of the excise tax rate.

229.3.2. The agencies of the state tax service shall control the utilization of such oil products as a raw material for the production of ethylene without payment of the excise tax for the designated purposes.
229.3.3. The tax promissory note shall be issued by the manufacturer of ethylene in three copies in order to import the light distillate (Code 2710 11 11 00 as per UKT ZED) and heavy distillate (Code 2710 19 31 30 as per UKT ZED) used as a raw material for the production of ethylene on the customs territory of Ukraine. One copy shall be provided by the state tax service at the location of the manufacturer, second copy shall be provided to the state customs agencies, which conduct the customs clearance of the said products, the third copy shall be kept by the tax payer.

229.3.4. Tax promissory note shall be issued to the amount of excise tax, charged at the importation of products according to the legislation.

229.3.5. The tax promissory note shall be issued only by the entity which is manufacturing ethylene.

229.3.6. The term of the avalised tax promissory note issued by the enterprises shall not exceed 90 calendar days from the date of execution of the customs declaration.

229.3.7. The submission of the second copy of bank avalised tax promissory note registered by the state tax service at the location of the manufacturer by the manufacturer of ethylene to the state customs agency shall be the ground for the customs clearance of the light distillate (Code 2710 11 11 00 as per UKT ZED) and heavy distillate (Code 2710 19 31 30 as per UKT ZED) imported on the customs territory of Ukraine and used as a raw material for the production of ethylene.

229.3.8. The tax promissory note redemption duties may not be transferred to other entities regardless of their relations with the maker.

229.3.9. No interest or other charges envisaged by law for other types of promissory notes shall accrue for the utilisation of a tax promissory note.

229.3.10. Payee is an agency of the state tax service in the place of registration of the maker;

229.3.11. The tax posts shall be instituted at enterprises using light and heavy distillates as a raw material for the production of ethylene. The representatives of the state tax service at the location of the tax post shall provide direct continuous control over the utilization of oil products as a raw material for the production of ethylene for the designated purpose.

229.3.12. The tax promissory without the payment of the amount of excise tax in monies shall be deemed redeemed in case of the documentary confirmation of the fact of the utilisation of the light and heavy distillates for the designated purposes of the manufacture of ethylene.

229.3.13. The certificate for the utilisation of the light and heavy distillates for the designated purposes of the manufacture of ethylene approved by the representative of the tax post at the location of the enterprise shall be issued for the redemption of the tax promissory note. The copy of certificate on the utilisation for the designated purposes shall be provided to the state customs agency.

229.3.14. If the tax promissory note envisaged by this article is not redeemed within the prescribed time frame, the payee shall protest such a tax promissory note
for the failure to pay in accordance with the current legislation and, within one working day of the protest, contacts the bank, which has avalised the tax promissory note in question, presenting the protested tax promissory note. The avalising bank must transfer the amount indicated in the protested promissory note to the payee not later than on the next operations day following the day of contact by the payee with a protested promissory note.

229.3.15. The procedure of the issue, circulation and redemption of tax promissory notes to be issued prior to the import of the light and heavy distillates from the excise warehouse for the utilisation by business entities for the production of ethylene shall be specified by the Cabinet of Ministers of Ukraine.

229.3.16. The list of entities to provide the import of light and heavy distillates for the production of ethylene shall be specified by the Cabinet of Ministers of Ukraine.

229.3.17. The import of light and heavy distillates used for the production of ethylene shall be carried out within the quotas specified by the Cabinet of Ministers of Ukraine.

229.3.18. In case of the use of light and heavy distillates, imported by the entity as the raw material for the manufacture of ethylene, for purposes other than designated, a fine shall be imposed on such entities in the amount calculated on the basis of the volume of light and heavy distillates used for purposes other than designated and excise tax rate as provided in the point 215.3 of Article 215 of this Code multiplied by 1.5.

**Article 230. Excise Warehouses**

230.1. Excise warehouses shall be established to improve the efficiency of the prevention of, and the combat against, the illegal manufacture and circulation of the ethyl alcohol, vodka and liquors, and to strengthen control over the completeness and the timeliness of the receipt of the excise tax by the budget.

230.2. Representatives of an agency of the state tax service in the location of the excise warehouse shall operate permanently in the excise warehouses.

230.3. The agency of the state tax service in the location of the excise warehouse shall appoint its permanent representative (representatives) at such warehouse.

230.4. A copy of the order on the appointment of a representative (representatives) of the state tax service agency shall be sent to the excise warehouse administrator on the date of the said decision.

230.5. The representative (representatives) of the state tax service agency shall exercise ongoing direct control over the adherence to the established procedure of the issue of the ethyl alcohol and the payment of the excise duty thereon.

230.6. The working hours of representatives of the state tax service agency must match the working hours of the excise warehouse specified by the owner thereof.
230.7. Officers of the state tax service agency appointed as representatives of the state tax service at excise warehouses must undergo special training or briefing in the specific features of control over the manufacture and the circulation of the ethyl alcohol, vodka and liquors, as well as the methodology of the use of measurement instruments.

230.8. The procedure of the special training or briefing shall be approved by the central agency of the state tax service.

230.9. In the appointment orders, the head of the agency of the state tax service shall specify the working hours of the representative of the state tax service taking account of the working hours of the excise warehouse, the procedure of control over the work of the representative of the state tax service, develop measures for the logistical support to the representative of the state tax service, the transportation services, and other conditions needed to ensure the efficiency of the control.

230.10. A copy of the order shall be sent to the excise warehouse administrator who must issue an appropriate order within three days and provide for the creation of proper conditions for the efficient work of the state tax service representative.

230.11. The major objective of state tax service representative in excise warehouses shall be to exercise ongoing direct control over the adherence to the established procedure of the manufacture, the storage, the issue of the ethyl alcohol, vodka and liquors, and the payment of the tax, and to take measures aimed at preventing the violation of the legislation of Ukraine.

230.12. In line with its tasks, the representative of agencies of the state tax service in the excise warehouse shall:

a) control the manufacture, storage, issue and registration of the ethyl alcohol, vodka and liquors on the basis of warehousing and accounting data of the excise warehouse;

b) controls the record-keeping, storage and use of the excise duty stamps, and the marking process of the products;

c) controls the registration of receipt of raw materials used to make ethyl alcohol, vodka and liquors, the spending thereof, and the quantity of the manufactured products;

d) controls the compliance with the prescribed excise tax assessment and payment procedure;

e) takes part in taking inventories of raw materials, ethyl alcohol, technical alcohol-containing substances, vodka and liquors, and excise stamps;

e) provides the excise warehouse administrator with proposals on the elimination of detected violations and control their implementation in case of the detection of violations of the procedure of the registration, storage and issue of the ethyl alcohol, vodka and liquors, excise tax stamps, and raw materials prescribed by the legislation;
f) makes proposals on improving the system of control over the registration, storage, issue and transportation of vodka and liquors;
g) be present in the course of sealing of the possible alcohol access points (to include alcohol counters), alcohol storage facility, the bottling department, and the finished product warehouse after the end of the working day.

230.13. At the time of the arrival of the alcohol, the representative of the state tax service agency in the excise warehouse of the enterprise manufacturing vodka and liquors shall:
   a) concur to the delivery by making an imprint of the "Entry permitted" stamp on the waybill with own signature, and making an entry in the ethyl alcohol receipt log;
   b) send the information about the receipt ethyl alcohol within three days to a representative of the state tax service at the excise warehouse of the enterprise that has supplied the alcohol, and makes an entry in the said log.

230.14. In case of the detection of the failure to register the alcohol or to register the same in full, the agencies of the state tax service shall take appropriate measures in accordance with the law.

230.15. At the shipment of vodka and liquors, a waybill shall be filled out, in which the representative of the state tax service agency at the excise warehouse shall make an imprint of the "Exit permitted" stamp and sign the same, and enter a record in the vodka and liquors shipment log.

230.16. All documents that constitute ground for the issue of vodka and liquors must be checked by the representative of the state tax service agency at the excise warehouse.

230.17. In case of the delivery of vodka and liquors to the excise warehouse, the representative of the state tax service agency shall concur to the delivery by making an imprint of the "Entry permitted" stamp on the waybill with own signature, and making an entry in the vodka and liquors receipt log.

230.18. The transportation of vodka and liquors shipped from the excise warehouse of an enterprise manufacturing vodka and liquors without waybills with a mark of a representative of the state tax service agency at the excise warehouse shall be prohibited.

230.19. The excise warehouse administrator shall be required:
   a) to provide the permanent representative of the state tax service agency with a separate room being in conformity with sanitary and hygienic standards, equipped with the telephone set, and to take measures to prevent the unauthorised interference with the work of the representative of the state tax service agency and the use of the proprietary and other information held by the representative of the state tax service agency at the excise warehouse;
   b) to install and properly maintain the necessary locks, seals, counters or other similar devices, whose availability may be required by the permanent representative of the state tax service at the excise warehouse to ensure the complete
payment of the due amount of the tax on the alcohol, vodka and liquors manufactured at the excise warehouse;

c) to ensure the registration of the availability and the traffic of raw materials, ethyl alcohol and water/alcohol solutions in the course of the non-finished manufacture of vodka and liquors, as well as finished products kept at the excise warehouse;

d) to provide the permanent representative of the state tax service agency with the true information on this issue in writing as well as other relevant primary accounting, accounting and reporting documents.

SECTION VII. VEHICLE INITIAL REGISTRATION TAX

Article 231. Taxable Persons

231.1 Taxable persons shall be understood as individuals and legal entities that undertake in Ukraine the initial registration of vehicles that are objects of taxation according to Article 232 of this Tax Code.

Article 232. Taxation Objects

232.1 The following shall be objects of taxation:

232.1.1 Wheeled vehicle, except for:
   (a) vehicle and other self-propelled machines and mechanisms that belong (as an object of operating management) to military units, military educational establishment, the Armed Forces of Ukraine institutions and organizations and completely financed at the expense of state budget, except for the vehicles referred to transport group in compliance with the requirements of the main body of the central executive agency in charge of the implementation of the state policy in the field of national safety in military sphere, state safety and military building;
   (b) vehicle and other self-propelled machines and mechanisms that belong (as an object of operating management) to military organizations of the main body of the central executive agency in the sphere of public order protection, civil security, traffic safety and completely financed at the expense of state budget, except for the vehicles referred to transport group in compliance with the requirements of the main body;
   (c) vehicle and other self-propelled machines and mechanisms that belong (as an object of operating management) to units of civil protection service and completely financed at the expense of state budget, except for the vehicles referred to transport group in compliance with the requirements of the main body of the central executive agency in charge of the implementation of the state policy in the field of civil protection;
   (d) cargo and self-propelled vehicle used at factories, storages, ports and airports for cargo short distance transportation (Code 8709 under UKT ZED);
   (e) ambulance vehicle;
   (f) agricultural vehicle (Code 8433 under UKT ZED);
(g) trailers and semitrailers;
(h) motorbikes;
(i) bicycles;
232.1.2 the sea vessels registered in the State Ship Register of Ukraine or the Ship Logbook of Ukraine;
232.1.3 planes and helicopters registered in the State Aircraft Register of Ukraine or the Aircraft Logbook of Ukraine, except for:
(a) planes and helicopters of the Armed Forces of Ukraine;
(b) planes and helicopters of the main body of the central executive agency in charge of the implementation of the state policy in the field of civil protection, regulatory agency and authorities responsible for civil protection.

Article 233. Tax Basis
233.1. The following shall be tax basis:
233.1.1 wheeled vehicle:
a) for motorbikes, motorcars (except for cars electromotor), tractors, lorries (including truck tractor and other special cargo vehicle) — according to engine displacement volume in cubic centimetres (cc);
b) for cars electromotor — according to engine power (kW);
233.1.2 for vessels:
a) or powered vessels - according to engine power (kW);
c) — according to vessel hull length (cm);
233.1.3 for planes and helicopters - according to maximum take-off weight.
233.2 Tax basis for vehicles listed in 233.1 must be defined for each vehicle.

Article 234. Rates of Tax
234.1 Rates of tax for wheeled vehicle:
234.1.1. for motorbikes:

<table>
<thead>
<tr>
<th>Group</th>
<th>Engine displacement volume, cubic centimetres (cc) from...to</th>
<th>Rates of tax (per 100 cc of engine capacity)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>to 500</td>
<td>UAH 3</td>
</tr>
<tr>
<td>2</td>
<td>501 – 800</td>
<td>UAH 5</td>
</tr>
<tr>
<td>3</td>
<td>above 800</td>
<td>UAH 10</td>
</tr>
</tbody>
</table>

234.1.2 for motorcars (except for cars electromotor):

<table>
<thead>
<tr>
<th>Group</th>
<th>Engine displacement volume, cubic centimetres (cc) from...to</th>
<th>Rates of tax (per 100 cc of engine capacity)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>to 1000</td>
<td>UAH 3</td>
</tr>
</tbody>
</table>
234.1.3 for cars electromotor – UAH 0.5 per 1 kW;
234.1.4 for buses (including minibuses) – UAH 5 per 100 cc
234.1.5 for tractors – UAH 2.5 per 100 cc;
234.1.6 for lorries:

<table>
<thead>
<tr>
<th>Group</th>
<th>Engine displacement volume, cubic centimetres (cc) from...to</th>
<th>Rates of tax (per 100 cc of engine capacity)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>to 8200</td>
<td>UAH 15</td>
</tr>
<tr>
<td>2</td>
<td>8201 – 1500</td>
<td>UAH 20</td>
</tr>
<tr>
<td>3</td>
<td>above 1500</td>
<td>UAH 25</td>
</tr>
</tbody>
</table>

Initial registration tax for cargo-passenger vehicle is paid as it is approved for cargo vehicle;

234.1.7 for truck tractor – UAH 15 per 100 cc;
234.1.8 for special purpose vehicle – UAH 5 per 100 cc.

234.2 Rates of tax for vessels:
234.2.1 for powered vessels (with stationary engine or out-board engine):

<table>
<thead>
<tr>
<th>Group</th>
<th>Engine power, kW from...to</th>
<th>Rates of tax (per 1kW of engine power)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>to 55</td>
<td>UAH 2.5</td>
</tr>
<tr>
<td>2</td>
<td>above 55</td>
<td>UAH 3</td>
</tr>
</tbody>
</table>

242.2.2 for vessels without engine:

<table>
<thead>
<tr>
<th>Group</th>
<th>Vessel hull length (m)</th>
<th>Rates of tax (per 1 m of vessel hull length)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>to 7,5</td>
<td>UAH 7</td>
</tr>
<tr>
<td>2</td>
<td>above 7,5</td>
<td>UAH 14</td>
</tr>
</tbody>
</table>

234.3 Rates of tax for planes and helicopters:
234.3.1 for planes – UAH 1 per 1kg of maximum take-off weight;
234.3.2 for helicopters - UAH 1 per 1kg of maximum take-off weight.

234.4 Rates of tax listed in 234.1 – 234.3 of this article are applicable for:
234.4.1 new vehicle – with index 1;
234.4.2 vehicle (except for vehicle listed in 234.1.3, 234.1.5 of 234.1 of this article) used no longer than 8 years – with index 2;
234.4.3 vehicle listed in 234.2, 234.3 in this article) used longer than 8 years – with index 3;
234.4.4 vehicle mentioned in 234.1 of this article (except for vehicle listed in 234.1.3, 234.1.5 of 234.1 of this article) used longer than 8 years – with index 40;

Article 235. Tax Breaks
235.1 Motorcars for disabled people with engine displacement volume up to 1500 cc bought at the expense of state or local budgets and/or given to disabled people for free in compliance with the legislation of Ukraine, vehicle of asylums for elderly people and disabled people, boarding schools, asylums for war veterans, hostels for elderly people, rehabilitation establishments for disabled grown-ups and children financed from state or local budgets shall be exempt from taxation.
235.2 In case of the ownership transfer of vehicle mentioned in 234.1 of this article, persons who receive ownership of the vehicle shall pay tax according to the requirement of this Section.

Article 236. Tax Period
236.1. A calendar year shall be the basic tax (accounting) period for the taxable persons.

Article 237. Timeframe of Tax Payment
237.1 Tax shall be paid by individuals and legal entities before the initial registration of vehicle in Ukraine.

Article 238. Procedure for Tax Calculation
238.1 The tax amount shall be calculated on each vehicle as a product of the appropriate taxable amount, the rate and index mentioned in 234.4 of the article 234 of this Tax Code.

Article 239. Procedure for Tax Payment
239.1 The tax amount to be paid at the registration address according to the rates applicable on the day of payment.
239.2 During ten days from the day of initial registration of vehicle in Ukraine legal entities shall submit their tax amount calculation to the appropriate state tax administration in the place of their location and in the place of the vehicle registration in the form as approved by the article 46 of this Tax Code. The tax amount calculation shall include registration documents copy authenticated by appropriate state establishment of Ukraine that performed the registration.
239.3 During initial registration of vehicle in Ukraine taxable persons shall show cheques or payment orders, and exempts from taxation shall show the document that proves the right to be an exempt from taxation.

239.4 If documents that prove tax payment and tax breaks are absent initial registration in Ukraine can’t be performed.

239.5 Agencies that perform the vehicle state registration must notify the state tax service agency of vehicles that are registered or withdrawn from the registration, and the persons in whose name those are registered. The form of and procedure for providing the information shall be approved by the central state tax service agency in concurrence with the appropriate vehicle state registration agency.

SECTION VIII. ENVIRONMENTAL TAX

Article 240. Taxable Persons

240.1 Taxable persons shall be business entities, legal entities (if they do not exercise business activities), budget establishments, public and other enterprises, establishments and organizations, permanent representations of non-residents, including those that have representation functions of non-residents or their founders, if the exercise of their activities on the territory of Ukraine and within its continental shelf and the exclusive (maritime) economic zone results in:

240.1.1 emissions of contaminants by stationary sources into the atmospheric air;

240.1.2 the discharge of contaminants directly into the water pools;

240.1.3 the placement of the waste in the specifically designated places or objects;

240.1.4 the formation of the radioactive waste;

240.1.5 the temporary storage of the radioactive waste during a period exceeding the special licence terms.

240.2 Taxable persons shall be business entities, legal entities (if they do not exercise business activities), budget establishments, public and other enterprises, establishments and organizations, permanent representations of non-residents, including those that have representation functions of non-residents or their founders, as well as citizens of Ukraine, foreigners and persons without citizenship, that pollute the atmosphere by mobile polluters using fuel.

240.3 Business entities in the sphere of nuclear energy shall not be tax payers for radioactive waste production (including already accumulated), if:

240.3.1 agreement concerning used ionizing radiation source return out of Ukrainian borders to manufacturer of the source is made by the last calendar day (included) of accounting quarter;

240.3.2 they work with radioactive waste produced by Chornobyl disaster.

240.4 Specialised state business entities that work with radioactive wastes and whose major business is storage, recycling and burial of wastes belong to the state, as
well as radioactive polluted objects decontamination energy shall not be tax payers for radioactive waste production (including already accumulated) and/or temporary radioactive waste storage by their generators during a period exceeding the special licence terms.

240.5 Business entities shall not be tax payers for radioactive waste disposal if they have licence for collection and storage of wastes as secondary raw materials, exercise statutory activity collecting and storing such wastes and provide services in this sphere.

**Article 241. Tax Agents**

241.1 Tax for polluting the atmosphere by mobile polluters using fuel shall be charged and paid to the budget by tax agents in course of the fuel sales.

241.2 The following business entities shall be the tax agents, if:

- 241.2.1 they are wholesalers of fuel;
- 241.2.2 they are retail traders of fuel (except for those listed in 241.2.1 of this article).

**Article 242. Object and Basis of Taxation**

242.1 The following shall be object and basis of taxation:

- 242.1.1 volumes and types of contaminants emitted into the atmospheric air from stationary sources;
- 242.1.2 volumes and types of contaminants discharged directly into a water pool;
- 242.1.3 volume and classes of waste placed in the specifically designated places or objects during accounting quarter, except for volume and classes of certain waste as secondary raw material disposed on the own territory of business entities that have licence for collection and storage of wastes as secondary raw materials and exercise statutory activity collecting and storing such waste;
- 242.1.4 volumes and types of fuel sold by tax agents;
- 242.1.5 volumes and category of the radioactive waste generated as a result of the activity of business entities and/or radioactive waste temporarily stored during the period exceeding the licence term;
- 242.1.6 volumes of electric power produced by organizations that use nuclear facilities (nuclear power plants).

**Article 243. Rates of the Tax on Contaminant Emissions by Fixed Pollution Sources**

243.1 Rates of the tax on contaminant emissions by fixed pollution sources:

<table>
<thead>
<tr>
<th>Contaminant</th>
<th>Rate of the Tax, UAH/tonne</th>
</tr>
</thead>
<tbody>
<tr>
<td>NOx</td>
<td>1221</td>
</tr>
<tr>
<td>Ammonia</td>
<td>229</td>
</tr>
<tr>
<td>Sulphurous anhydride</td>
<td>1221</td>
</tr>
<tr>
<td>Compound</td>
<td>Rate</td>
</tr>
<tr>
<td>-----------------------------------------------</td>
<td>-------</td>
</tr>
<tr>
<td>Acetone</td>
<td>458</td>
</tr>
<tr>
<td>Benz(o)pyrene</td>
<td>1554343</td>
</tr>
<tr>
<td>Butyl acetate</td>
<td>275</td>
</tr>
<tr>
<td>Vanadium pentoxide</td>
<td>4580</td>
</tr>
<tr>
<td>Hydrogen chloride</td>
<td>46</td>
</tr>
<tr>
<td>Carbon monoxide</td>
<td>46</td>
</tr>
<tr>
<td>Hydrocarbons</td>
<td>69</td>
</tr>
<tr>
<td>Gas-like fluorine-based compounds</td>
<td>3023</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Category</th>
<th>Rate</th>
</tr>
</thead>
<tbody>
<tr>
<td>Solids</td>
<td>46</td>
</tr>
<tr>
<td>Cadmium compounds</td>
<td>9664</td>
</tr>
<tr>
<td>Manganese and its compounds</td>
<td>9664</td>
</tr>
<tr>
<td>Nickel and its compounds</td>
<td>49238</td>
</tr>
<tr>
<td>Ozone</td>
<td>1221</td>
</tr>
<tr>
<td>Mercury and its compounds</td>
<td>51757</td>
</tr>
<tr>
<td>Lead and its compounds</td>
<td>51757</td>
</tr>
<tr>
<td>Hydrogen sulphide</td>
<td>3924</td>
</tr>
<tr>
<td>Carbon bisulphide</td>
<td>2550</td>
</tr>
<tr>
<td>n-butyl alcohol</td>
<td>1221</td>
</tr>
<tr>
<td>Styrene</td>
<td>8916</td>
</tr>
<tr>
<td>Phenol</td>
<td>5542</td>
</tr>
<tr>
<td>Formaldehyde</td>
<td>3023</td>
</tr>
<tr>
<td>Chromium and its compounds</td>
<td>32779</td>
</tr>
</tbody>
</table>

243.2 The tax rates shall be applied to contaminants not listed in item 243.1 the ascertained hazard class of the contaminant:

<table>
<thead>
<tr>
<th>Hazard class</th>
<th>Rate of the Tax, UAH/tonne</th>
</tr>
</thead>
<tbody>
<tr>
<td>I</td>
<td>8733</td>
</tr>
<tr>
<td>II</td>
<td>20000</td>
</tr>
<tr>
<td>III</td>
<td>298</td>
</tr>
<tr>
<td>IV</td>
<td>69</td>
</tr>
</tbody>
</table>

243.3 The tax rates shall be applied to contaminants not listed in item 243.1 of this article and not included into a specific hazard class (except for carbon dioxide) depending on the specified tentatively safe impact levels in residential places:

<table>
<thead>
<tr>
<th>Tentatively safe impact level of compounds (mg per cm)</th>
<th>Rate of the Tax, UAH/tonne</th>
</tr>
</thead>
<tbody>
<tr>
<td>Less than 0.0001</td>
<td>367612</td>
</tr>
<tr>
<td>0.0001 up to and including 0.001</td>
<td>31497</td>
</tr>
<tr>
<td>0.001 up to and including 0.01</td>
<td>4351</td>
</tr>
<tr>
<td>0.01 up to and including 0.1</td>
<td>1221</td>
</tr>
<tr>
<td>0.1 to more than 10</td>
<td>46</td>
</tr>
</tbody>
</table>

243.4 Tax rate for carbon dioxide emission shall be UAH 0,2 per 1 tonne.
243.5 The tax rate shall be applied to contaminants, for which no hazard class and the tentatively safe impact levels have been specified, on the same basis as to the emissions of contaminants of hazard class I under item 243.2 of this article.

Article 244. Rates of the Tax on Contaminant Emissions by Mobile Pollution Sources

244.1 The rates of the tax for the emission of contaminants by mobile contamination sources into the atmosphere using of fuel:

<table>
<thead>
<tr>
<th>Fuel type</th>
<th>Rate of the Tax, UAH/tonne</th>
</tr>
</thead>
<tbody>
<tr>
<td>Unleaded petrol</td>
<td>68</td>
</tr>
<tr>
<td>Blended petrol</td>
<td>56</td>
</tr>
<tr>
<td>Liquefied oil gas</td>
<td>92</td>
</tr>
<tr>
<td>Diesel biofuel</td>
<td>58</td>
</tr>
<tr>
<td>Diesel fuel including sulphur:</td>
<td></td>
</tr>
<tr>
<td>more than 0,2 weight part %</td>
<td>68</td>
</tr>
<tr>
<td>more than 0,035 weight part %</td>
<td>52</td>
</tr>
<tr>
<td>but not more than 0,2 weight part</td>
<td></td>
</tr>
<tr>
<td>more than 0,005 weight part %</td>
<td>47</td>
</tr>
<tr>
<td>but not more than 0,035 weight part</td>
<td>30</td>
</tr>
<tr>
<td>not more than 0,005 weight part</td>
<td></td>
</tr>
<tr>
<td>Fuel oil</td>
<td>68</td>
</tr>
<tr>
<td>Compressed natural gas</td>
<td>46</td>
</tr>
<tr>
<td>Avgas</td>
<td>47</td>
</tr>
<tr>
<td>Petroleum paraffin</td>
<td>58</td>
</tr>
</tbody>
</table>

Article 245. Rates of the Tax on Contaminant Discharges into Pools of Water

245.1 Rates of the tax on contaminant discharges into pools of water:

<table>
<thead>
<tr>
<th>Contaminant</th>
<th>Rate of the Tax, UAH/tonne</th>
</tr>
</thead>
<tbody>
<tr>
<td>Ammonium nitrogen</td>
<td>802</td>
</tr>
<tr>
<td>Organic substances (on the basis of BSK5 indicators)</td>
<td>321</td>
</tr>
<tr>
<td>Suspended solids</td>
<td>23</td>
</tr>
<tr>
<td>Oil products</td>
<td>4718</td>
</tr>
<tr>
<td>Nitrates</td>
<td>69</td>
</tr>
<tr>
<td>Nitrites</td>
<td>3939</td>
</tr>
<tr>
<td>Sulphates</td>
<td>23</td>
</tr>
<tr>
<td>Phosphates</td>
<td>641</td>
</tr>
<tr>
<td>Chlorides</td>
<td>23</td>
</tr>
</tbody>
</table>
245.2 The contaminants not listed in 245.1 of this article shall be subject to the tax rates depending on the ultimate permissible concentration or the tentatively safe impact level:

<table>
<thead>
<tr>
<th>Contaminant concentration (mg per litre)</th>
<th>Rate of the Tax, UAH/tonne</th>
</tr>
</thead>
<tbody>
<tr>
<td>up to and including 0,001</td>
<td>84033</td>
</tr>
<tr>
<td>0,001 up to and including 0,1</td>
<td>60928</td>
</tr>
<tr>
<td>0,1 up to and including 1</td>
<td>10504</td>
</tr>
<tr>
<td>1 up to and including 10</td>
<td>1069</td>
</tr>
<tr>
<td>over 10</td>
<td>214</td>
</tr>
</tbody>
</table>

245.3 In case of the discharge of contaminants, for which no ultimate permissible concentration or tentatively safe impact level has been specified, the tax shall be charged at the lowest value of the ultimate permissible concentration specified in 245.2 of this article.

245.4 In case of the discharge of into ponds, lakes and lakes, the rates of the tax for the discharge of contaminants into the said water pools mentioned in 245.2 shall be multiplied by a factor of 1.5.

**Article 246. Rates of Tax for the Placement of Waste in the Specifically Designated Places**

246.1 The rate of the tax for the placement of specific types of extremely hazardous waste shall be as follows:

246.1.1 the equipment and devices that contain mercury or elements with the ionising radiation—UAH 431 per piece;
246.1.2 fluorescent lamps—UAH 7.5 per piece.

246.2 The rates of the tax for the waste disposal set depending on the hazard class and the waste hazard level shall be as follows:

<table>
<thead>
<tr>
<th>Waste hazard class</th>
<th>Waste hazard level</th>
<th>Rate of the Tax, UAH/tonne (piece)</th>
</tr>
</thead>
<tbody>
<tr>
<td>I</td>
<td>extremely hazardous</td>
<td>700</td>
</tr>
<tr>
<td>II</td>
<td>highly hazardous</td>
<td>25,5</td>
</tr>
<tr>
<td>III</td>
<td>moderately hazardous</td>
<td>6,4</td>
</tr>
<tr>
<td>IV</td>
<td>slightly hazardous non-toxic mining industry waste</td>
<td>2,5</td>
</tr>
<tr>
<td></td>
<td></td>
<td>0,25</td>
</tr>
</tbody>
</table>

246.3 The rate of the tax set for the disposal of the hazard class I waste shall be applied in case of the disposal of the waste, for which no hazard class is specified.
246.4 The rate of the tax set for waste disposal on refuse dumps that don’t exclude pollution of the atmosphere or water pools shall be multiplied by a factor of 3.

246.5. The factor depending on the location (zone) of waste disposal place in the environment shall be as follows:

<table>
<thead>
<tr>
<th>Waste disposal place (zone)</th>
<th>Factor</th>
</tr>
</thead>
<tbody>
<tr>
<td>Within administrative boundaries of populated areas or at the distance of less than 3 kilometres therefrom</td>
<td>3</td>
</tr>
<tr>
<td>Outside populated areas (at the distance more than 3 kilometres therefrom)</td>
<td>1</td>
</tr>
</tbody>
</table>

**Article 247. Rates of the Tax for Radioactive Waste Generation (including already accumulated waste)**

247.1 Rates of the tax for radioactive waste generation by the electrical energy producers - organizations that use nuclear facilities (nuclear power plants), including already accumulated wastes, shall be UAH 0.0063 per 1 kW/hour of produced electrical energy.

247.2 Adjustment factors set for organizations that use nuclear facilities (nuclear power plants) depending on waste activity:

<table>
<thead>
<tr>
<th>Waste category</th>
<th>Factor</th>
</tr>
</thead>
<tbody>
<tr>
<td>highly active</td>
<td>50</td>
</tr>
<tr>
<td>medium active and low active</td>
<td>2</td>
</tr>
</tbody>
</table>

**Article 248. Rates of the Tax for Temporary Storage of Radioactive Wastes by Generators Exceeding Licence Term.**

248.1 The rates of the tax for the temporary storage of radioactive wastes by the generators exceeding the licence term:

<table>
<thead>
<tr>
<th>Waste category</th>
<th>The rates of the tax for the temporary storage of radioactive wastes (except for, UAH/cubic meter)</th>
<th>The rates of the tax for the temporary storage of radioactive wastes as ionization radiation sources, UAH/cubic centimetre</th>
</tr>
</thead>
<tbody>
<tr>
<td>highly active</td>
<td>300 000</td>
<td>10 000</td>
</tr>
<tr>
<td>medium active and low active</td>
<td>5 600</td>
<td>2 000</td>
</tr>
</tbody>
</table>
**Article 249. Tax Assessment Procedure**

249.1 The taxable persons and taxable agents shall determine the amount of the tax to be paid every quarter on their own except for cases mentioned in item 240.2 of article 240 of the Tax Code.

249.2 If various types of contamination of the environment and/or contamination with various types of contaminants take place in course of exercise of business activity by a taxable person, the taxable person shall be required to assess the tax separately for each contamination type and/or each contaminant type.

249.3 Amounts of the tax for the emissions of stationary contamination sources (Пвс) shall be assessed by taxable persons on their own quarterly on the basis of actual rates of emissions according to the following formula:

\[ \text{Пвс} = \sum_{i=1}^{n} (\text{Мі} \times \text{Нпі}), \]

where:
- Мі – actual rate of emission in tonnes,
- Нпі – current tax rate per one tonne of emission in UAH.

249.4 Amounts of the tax for the emissions from mobile contamination sources (Пвп) shall be assessed by taxable agents on their own quarterly on the basis of actual volume of used fuel and tax rates according to the following formula:

\[ \text{Пвп} = \sum_{i=1}^{n} (\text{Мі} \times \text{Нпі}), \]

where:
- Мі – actual volume of used fuel,
- Нпі – current tax rate per tonne of emission in UAH.

249.5 Amounts of the tax for discharge of contaminants directly into the water pools shall be assessed by taxable agents on their own quarterly on the basis of actual volumes of discharge, current tax rates and adjustment factors according to the following formula:

\[ \text{Пc} = \sum_{i=1}^{n} (\text{Млицi} \times \text{Нпі} \times \text{Кос}), \]

where:
- Млицi – actual volumes of discharged contaminant,
- Нпі – current tax rate per one tonne of emission in UAH,
- Кос – factor is equal to 3 if contaminant is discharged in pools and lakes, otherwise it is equal to 1.

249.6 Tax amount for waste disposal (Прв) shall be assessed by taxable persons on their own quarterly taking into account actual volumes of disposed wastes, current tax rates and adjustment factors according to the following formula:

\[ \text{Прв} = \sum_{i=1}^{n} (\text{Нпі} \times \text{Млицi} \times \text{Ко} \times \text{Кт}), \]
where:
\( M_{лi} \) – actual volumes of wastes,
\( H_{лi} \) – current tax rate per one tonne of emission in UAH,
\( K_t \) – adjustment factor taking into account placement of the waste mentioned in 246.5 of the Tax Code,
\( K_0 \) – factor is equal to 3 if waste is disposed on refuse dumps that don’t exclude pollution of the atmosphere and water pools.

249.7 Tax rate for radioactive wastes generation (including already accumulated) shall be assessed by taxable persons – organizations that exploit nuclear power plants (including organizations that exploit research reactor) – quarterly on their own on the basis of rates of electrical energy generation, tax rate, as well as ratio of volume and activity of radioactive wastes generated during accounting period, actual radioactive wastes volume accumulated by April 1, 2009 and adjustment factor according to the following formula:

\[
AEC = Oп \times H + (pнс \times C1нс \times V1нс + pв \times C1в \times V1в) + 1/32 (pнс \times C2нс \times V2нс + pв \times C2в \times V2в),
\]

where:
\( AEC \) – tax rate for radioactive wastes generation (including already accumulated) for organizations that exploit nuclear power plants accounted, UAH;
\( Oп \) – actual radioactive wastes volume generated during accounting period by organizations that exploit nuclear power plants, kW·hour (for organizations that exploit research reactor it is 0);
\( H \) – tax rate for generation of electrical energy by organizations that exploit nuclear power plants that is revised once a year if needed, defined in item 247.1 of article 247 of the Tax Code, kW·hour;
\( 1/32 \) – factor of tax reorganisation for accumulated radioactive wastes by April 1, 2009 (factor is actual from April 1, 2011 till April 1, 2019, during another period it equals 0);
\( pв \) – adjustment factor for highly active radioactive wastes mentioned in item 247.2 of article 247 of the Tax Code;
\( pнс \) - adjustment factor for medium and low active radioactive wastes mentioned in item 247.2 of article 247 of the Tax Code;
\( C1нс \) – waste storage cost of 1 cubic meter (1 cubic centimeter of wastes generated by ionizing radiation sources) of medium and low active radioactive wastes generated during accounting period, UAH;
\( C1в \) – waste storage cost of 1 cubic meter (1 cubic centimeter of wastes generated by ionizing radiation sources) of highly active radioactive wastes generated during accounting period, UAH;
\( C2нс \) – waste storage cost of 1 cubic meter (1 cubic centimeter of wastes generated by ionizing radiation sources) of medium and low active radioactive wastes accumulated by April 1, 2009, UAH;
C2\(v\) – waste storage cost of 1 cubic meter (1 cubic centimeter of wastes generated by ionizing radiation sources) of highly active radioactive wastes accumulated by April 1, 2009, UAH;

\(V1_{\text{ис}}\) – actual volume of medium and low active radioactive wastes received to the stores of organizations that exploit nuclear power plants during accounting period, cubic meters (cubic centimeters for wastes of ionizing radiation sources);

\(V1_{\text{в}}\) – actual volume of highly active radioactive wastes received to the stores of organizations that exploit nuclear power plants during accounting period, cubic meters (cubic centimeters for wastes of ionizing radiation sources);

\(V2_{\text{ис}}\) – actual volume of medium and low active radioactive wastes received to the stores of organizations that exploit nuclear power plants by April 1, 2009, cubic meters (cubic centimeters for wastes of ionizing radiation sources);

\(V2_{\text{в}}\) – actual volume of highly active radioactive wastes received to the stores of organizations that exploit nuclear power plants by April 1, 2009, cubic meters (cubic centimeters for wastes of ionizing radiation sources);

Other taxable persons – business entities in the nuclear power sphere shall determine the amount of the tax for quarterly radioactive wastes generation on radioactive materials volume and activity ratio basis that is paid as 10% of cost (excluding VAT) of every ionizing radiation source. The cost shall be determined from the date of purchase or sale of the source. Transfer cost of radioactive wastes accumulated till April 1, 2009 shall be determined by the agreements between radioactive wastes generators and specialized enterprises dealing with radioactive wastes.

249.8 Tax amount for temporary radioactive waste storage by their generators during a period exceeding the special licence terms shall be determined by taxable persons – radioactive waste generators quarterly on the basis of tax rates mentioned in 248.1 of article 248 of the Tax Code and on storage period exceeding licence terms ratio basis according to the following formula:

\[ S_{\text{storage}} = N \times V \times T_{\text{storage}}, \]

where:

\(N\) – tax rate for temporary radioactive waste storage by their generators during a period exceeding the special licence terms mentioned in 248.1 of article 248 of the Tax Code;

\(V\) – actual volume of radioactive waste stored by their generators during a period exceeding the special licence terms, cubic meters (cubic centimeter for ionizing radiation sources);

\(T_{\text{storage}}\) – quantity of accounting quarters during which radioactive waste are stored and that exceed the special licence terms.

**Article 250. Procedure of Submission of Tax Reports and the Tax Payments**

250.1 The reporting tax period shall equal a calendar quarter.
250.2 Taxable persons, except for those mentioned in 240.2 of article 240 of the Tax Code, and tax agents shall compile tax returns in the format approved in article 40 of the Tax Code and submit them during 40 calendar days following the last calendar day of the reporting quarter to a tax administration and pay the tax within 10 calendar days following the last day of the deadline for the submission of the tax return:

250.2.1 for the emission of contaminants into the atmospheric air by stationary sources, discharge of contaminants into pools of water, waste disposal in the specifically designated areas or sites in the location of the stationary sources during accounting quarter, specifically designated areas or sites;

250.2.2 for the fuel sold by tax agents in the place of sale of the fuel;

250.2.3 for radioactive waste generation and temporary storage during a period exceeding the special licence terms – in the place of taxable person registration at tax administration.

250.3 Central executive agency in charge of the environmental protection of Autonomous Republic of Crimea, territorial agencies of the central executive agency in charge of the environmental protection by December 1 of the year preceding the accounting one shall provide to the tax administration a list of enterprises, establishments, organizations, individuals that have permissions for emissions, special using of water pools, waste disposals, as well as they shall submit information concerning amendments to the list by the 30th of the month following the quarter during which the changes had place.

250.4 Territorial agencies of the central executive agency in charge of nuclear energy use, guarantee of compliance with nuclear and radiation safety requirements by December 1 of the year preceding the accounting one shall provide to the tax administration a list of enterprises, establishments, organizations, individuals that work in the sphere of nuclear energy use and whose activity resulted, result or may result in radioactive waste generation and which store such waste during a period exceeding the special licence terms, as well as they shall submit information concerning amendments to the list by the 30th of the month following the quarter during which the changes had place.

250.5 Taxable persons, except for those mentioned in 240.2 of article 240 of the Tax Code, and tax agents shall transfer the tax for emissions, contaminant discharge and waste storage by one payment order to the accounts established in territorial agencies of State Treasury that arrange this money in a legal order.

250.6 Payers of tax for radioactive waste generation (including already accumulated) and/or temporary storage during a period exceeding the special licence terms shall transfer the tax amounts to state budget, according to Law of Ukraine ‘About radioactive waste treatment’ and Law of Ukraine ‘About State Budget of Ukraine’ for current year. If a tax payer wills, the tax amount may be paid every month as one third of planned volume for a quarter taking into account basic accounting period results.
250.7 Report about actual volumes of radioactive waste generated during accounting period, calendar quarter (including already accumulated by April 1, 2009) and actual volumes of radioactive waste stored during a period exceeding the special licence terms shall be approved by territorial establishments of the Ministry of Health of Ukraine sanitary and epidemiological service and territorial agencies of the central executive agency in charge of nuclear energy use, guarantee of compliance with nuclear and radiation safety requirements. Requirements concerning submission terms and the report contents shall be defined by special licence terms. Copy of report shall be submitted by a tax payer with a tax return.

250.8 If place of tax return submission doesn’t coincide with the place of registration at tax administration of enterprises, establishments, organizations, individuals that have legal permissions for emissions by stationary pollution source, special using of water pools and waste disposals, during 40 calendar days following the last calendar day of the reporting period copies of necessary tax returns shall be submitted to the tax inspection agency where an enterprise, an establishment, an organization and an individual is registered.

250.9 If tax payer doesn’t plan to exercise emissions, contaminants discharge, waste disposals or radioactive waste generation during a reporting year, the tax payer shall inform corresponding tax inspection agency in the place of polluting sources location and draw out application concerning absence of object of environmental taxation in a reporting year. Otherwise tax payer shall submit tax returns according to this article.

250.10 In case if:

250.10.1 a tax payer holds a few stationary pollution sources or specialized waste storage places or objects on the territory of a few population clusters (villages, settlements or towns) or outside territory of a few population clusters (these have different codes according to The Classifier of Administrative-Territorial Objects of Ukraine), the tax payer shall submit the tax return concerning every stationary pollution source or specialized waste storage place or object to the corresponding tax inspection agency in the place of stationary polluting sources or specialized waste storage places or objects location;

250.10.2 1 a tax payer holds a few stationary polluting sources on the territory of a few population clusters (villages, settlements or towns) or outside territory of a few population clusters (these have different codes according to The Classifier of Administrative-Territorial Objects of Ukraine), the tax payer shall submit one tax return to the corresponding tax inspection agency;

250.10.3 1 a tax payer is registered at tax administration in a city divided into areas, the tax payer shall submit one tax return for emissions and discharge by all his polluting sources and/or waste disposal to the corresponding tax inspection agency where the tax payer is registered, if pollution sources or specialized waste storage places or objects are located on the territory of the city (the code according to The Classifier of Administrative-Territorial Objects of Ukraine shall be given).
250.11 Temporary radioactive waste storage by their generators during a period exceeding the special licence terms control shall be exercised by the agencies of the central executive agency in charge of nuclear energy use, guarantee of compliance with nuclear and radiation safety and the Ministry of Health of Ukraine sanitary and epidemiological service.

250.12 Tax inspection agencies may cooperate (if agreed in advance) with the members of central executive agency in charge of environmental protection of Autonomous Republic Crimea and special departments of central executive agency in charge of environmental protection in order to check if actual volumes of emissions by stationary polluting sources, contaminants discharge and waste disposal are defined correctly by tax payers.

Tax inspection agencies may cooperate (if agreed in advance) with territorial establishments of the Ministry of Health of Ukraine sanitary and epidemiological service and territorial agencies of the central executive agency in charge of nuclear energy use, guarantee of compliance with nuclear and radiation safety in order to check if actual volumes of radioactive wastes are defined correctly by tax payers.

SECTION IX. RENTAL FEE FOR TRANSPORTATION OF OIL AND OIL PRODUCTS BY MAIN PIPELINES AND OIL PRODUCT PIPELINES, TRANSIT OF NATURAL GAS AND AMMONIA BY PIPELINES ACROSS THE TERRITORY OF UKRAINE

Article 251. Rental Fee Payers
251.1 Business entities exploiting main pipelines objects and providing (organising) the services of the transportation of products by main pipelines shall be the rental fee payers.

251.2 A business entity providing (organising) the services of natural gas transit across the territory of Ukraine authorised by the Cabinet of Ministers of Ukraine shall be a payer of the rental fee for the transit of natural gas across the territory of Ukraine.

Article 252. Object of Taxation
252.1 In case of oil and oil products, the object of taxation shall be the actual volume moved (transported) through the territory of Ukraine during an accounting period.

252.2 In case of natural gas and ammonia, the object of taxation shall be the sum of products of distances of the movement (transportation) routes agreed by the rental fee payer and the principal for a relevant tax (reporting) period by the volumes of natural gas and ammonia moved (transported) by way of transit using the above routes.

Article 253. Rates of the Tax
253.1 Rates of the tax shall be set as follows:
253.1.1 UAH 1.67 per 1000 cubic metres of the natural gas per 100 kilometres of distance;
253.1.2 UAH 4.5 per one tonne of oil being moved (transported) by main pipelines;
253.1.3 UAH 4.5 per one tonne of oil products being moved (transported) by main pipelines;
253.1.4 UAH 5.1 per one tonne of ammonia per 100 kilometres of distance;
253.2 An adjustment factor to be calculated according to the procedure prescribed by the Cabinet of Ministers of Ukraine shall be applied to rental fee rates in case of changes in tariffs, except for natural gas transit transportation rent fee.

**Article 254. Procedure of Calculation of Tax Liabilities and Payment Deadlines**
254.1 The basic tax (reporting) period for the rental fee shall equal a calendar year.
254.2 Payers of the rental fee shall determine the tax amount to be paid on their own.
254.3 The amount of rental fee tax liabilities shall be calculated as the product of the relevant taxation object by the appropriate tax rate specified in article 253 of the Tax Code taking into account an appropriate adjustment factor.
254.4 The calculations of the rental fee amount for an accounting period that equals a calendar month that is provided in compliance with the procedure specified in article 46 of the Tax Code shall be submitted by a payer of the rental fee to a tax administration agency in the place of registration of the payer by the 20th day of the month following the reporting (tax) period.
254.5 The rental fee for an accounting period that equals a calendar month shall be paid by a payer of the rental fee in advance payments every ten days (on the 15th and 25th days of the current month and the 5th day of the next month) in accordance with:
254.5.1 actual volumes of natural gas and ammonia moved (transported) during the period in question and corresponding route distances;
254.5.2 actual volumes of oil and oil products moved (transported) across the territory of Ukraine during the period in question.
254.6 Rental fee amounts for an accounting period together with actually paid in advance payments shall be submitted by rental fee payers during 10 days following the last day of deadline period of submission.
254.7 Rental fee amounts determined by rental fee payers for an accounting period but not paid during 10 days following the last day of deadline period of submission shall be fined according to the Section II of the Tax Code.

**Article 255. Control and Responsibility of Payers**
255.1 A payer is responsible for the correctness of rental fee calculation, completeness and in time submission to the state budget, as well as in time submission of corresponding calculations to tax administration agencies according to the requirements of the Tax Code and other Laws of Ukraine.

255.2 Control of correctness of rental fee calculation, completeness and in time submission to the state budget is exercises by tax administration agencies.

SECTION X. Rent for the Oil, Natural Gas and Gas Condensate Produced in Ukraine

Article 256. Rent payers.
256.1. The rent payers (hereinafter - the payers) shall be the business entities that produce hydrocarbon raw materials (including during the geological study) on the basis of special subsurface resource use permits issued under the procedure prescribed by the legislation.

257. Taxation object.
The volume of the hydrocarbon raw materials produced in the tax (reporting) period shall be the object of taxation with the rent.

The object of taxation with the rent for natural gas shall be reduced by the volume of recircling natural gas, which is determined by the payer in terms of measuring devices mentioned in the book of extracted minerals in compliance with the traffic patterns of extracted hydrocarbons at production stations and storage locations, independently approved by the payer, according to the requirements stated in the license conditions, taking into account the original raw materials composition, specific production conditions, specific features of the technological process.

Article 258. Rent rates
The rent rates shall be set as follows:
258.1. for the natural gas (including oil (associated) gas):
258.1.1. extracted during the tax (reporting) period, excluding the volumes of natural gas that meet the condition, stipulated by the item 258.1.2. of this paragraph:
   at the rate of UAH 237 per 1000 cubic meters of extracted natural gas (including oil (associated) gas);
   at the rate of UAH 118.5 per 1000 cubic meters of extracted natural gas (including oil (associated) gas) from deposits lying at the depth over 5000 meters, in the subsurface resources (deposits) within the territory of Ukraine;
258.1.2. produced (extracted) during the reporting period and sold by the rent payers according to the relevant protocols of acceptance and transfer during the reporting tax period, when a gas was produced, to an entity authorized by the Cabinet of Ministers of Ukraine for the formation of the natural gas (including oil (associated) gas) resource to be used for the needs of the population, and also the production and
technological natural gas expenses of such rent payers, in the volume specified in the proportion to the share of natural gas volumes sold to an entity authorized by the Cabinet of Ministers of Ukraine for the formation of natural gas resources, used for the needs of the population, in the total volume of natural gas, which is subject to the taxation with the rent, reduced by the volume of production and technical expenses of natural gas:

- at the rate of UAH 59.25 per 1000 cubic meters of extracted natural gas (including oil (associated) gas) from deposits partly or fully lying at the depth under 5000 meters, in the subsurface resources (deposits) within the territory of Ukraine;
- at the rate of UAH 47.4 per 1000 cubic meters of extracted natural gas (including oil (associated) gas) from deposits lying at the depth over 5000 meters, in the subsurface resources (deposits) within the territory of Ukraine;
- at the rate of UAH 11.85 per 1000 cubic meters of extracted natural gas (including oil (associated) gas) from deposits at the subsurface resources (fields) within the continental shelf and / or exclusive (maritime) economic zone of Ukraine;

**258.2. for oil:**
- at the rate of UAH 2141.86 per one tonne of the oil produced from deposits partly or fully lying at the depth under 5000 meters;
- at the rate of UAH 792.54 per one tonne of the oil produced from deposits fully lying at the depth over 5000 meters;

**258.3. for the gas condensate:**
- at the rate of UAH 2141.86 per one tonne of the gas condensate produced from deposits partly or fully lying at the depth under 5000 meters;
- at the rate of UAH 792.54 per one tonne of gas condensate produced from deposits fully lying at the depth over 5000 meters.

**Article 259. Adjustment coefficients**

An adjustment coefficient to be determined according to the rental fee rates for oil and gas condensate defined in paragraphs 258.2 and 258.3 of the Article 258 of this Code in each tax (reporting) period, the above mentioned coefficient shall be calculated by the central executive power body in charge of the realization of state economic policy by dividing the average price of a barrel of the “Urals” oil, transferred in UAH at the rate of the National Bank of Ukraine as of the first day of the month following the reporting period, that prevailed at the time of the end of oil trading on the London Stock Exchange oil during the current reporting (tax) period, into the base oil price. The base oil price shall be understood as the “Urals” oil price, which equals UAH 560 per barrel.

The value of the adjustment coefficient shall be calculated by decimal fraction up to four characters in accordance with legislation on the statistical surveys of the consumer goods (services) price (tariffs) changes and the calculation of the consumer prices index.
If the value of the adjustment coefficient, which is applied to the rental fee rates for oil and gas condensate, is less than one, this adjustment coefficient shall be applied with a value of 1 (one).

The central executive power body in charge of the realization of state economic policy, shall place the value of the adjustment coefficient on its official website in a special section monthly until the 10-th day of the next reporting (tax) period, and shall submit the relevant information to the Ministry of Finance of Ukraine and the central state tax service agency.

259.2. An adjustment coefficient shall be applied to the natural gas (including oil (associated) gas) rental fee rates defined in item 258.1.1 of the paragraph 258.1 of the Article 258 of this Code in each tax (reporting) period, the above mentioned coefficient shall be calculated by the Ministry of Finance of Ukraine according to the data of the central state customs service for each tax (reporting) period by dividing the average customs value of imported natural gas, which arose in the process of customs clearance thereof during the import into the territory of Ukraine for the tax (reporting) period, into the base price equal to USD 179.5 per 1000 cubic meters.

The value of the adjustment coefficient shall be calculated by decimal fraction up to four characters in accordance with legislation on the statistical surveys of the consumer goods (services) price (tariffs) changes and the calculation of the consumer prices index.

The ministry of Finance of Ukraine shall submit monthly until the 5-th day of the next tax (reporting) period the information about the results of the adjustment coefficient calculation following the trends of the customs value of natural gas to the central executive power body in charge of the realization of state economic policy.

The central executive power body in charge of the realization of state economic policy shall place the value of the adjustment coefficient on its official website in a special section monthly until the 10-th day of the next reporting (tax) period, and also submit the relevant information to the central state tax service agency.

If the customs clearance of natural gas at the entry into the territory of Ukraine during the reporting (tax) period has not been performed, the adjustment coefficient, that was effective during the last tax (reporting) period when such customs clearance has been performed, should be applied to the natural gas (including oil (associated) gas) rental fee rates.

**Article 260. Procedure of calculation of the tax liabilities and payment deadline**

260.1. The basic tax (reporting) period for the rental fee shall equal a calendar month.

260.2. The amount of rental fee tax liability shall be calculated by the payer as the product of the volume of extracted raw hydrocarbon materials stipulated by the Article 258 of this Code rental fee rates by the adjustment coefficient, that shall be
calculated in each tax (reporting) period in accordance with the Article 259 of this Code.

260.3. The payer shall make a calculation of the rental fee tax liabilities on its own, the said payer shall determine and / or specify the amount of the rental fee tax liability according to the form, approved in accordance with the procedure as stipulated in the Article 46 of this Code.

In the tax calculation of rental fee for natural gas (including oil (associated) gas) that is sold by rent payers to an entity authorized by the Cabinet of Ministers of Ukraine for the formation of natural gas (including oil (associated) gas) resources, used for the needs of the population, the tax liabilities shall be determined in accordance with protocols of acceptance and transfer, which shall be executed according to the typical (model) contracts approved by the specially authorized central executive power body, that is in charge of the state regulation of oil and gas industry, regarding the sale of such gas during the reporting tax period when it has been produced (extracted), the above mentioned protocols shall be signed by the payer and the authorized entity under the business contracts, concluded by them, not later than the 8-th day of the month following the tax reporting period.

260.4. The tax calculation shall be submitted by the payer starting from the calendar month, that follows the month, in which such payer has received the decision envisaged by the Articles 35 and 36 of the Law of Ukraine "On Oil and Gas" of the specially authorized central executive power body, which is in charge of the state regulation of oil and gas industry, regarding the introduction of a deposit or a separate field into a pilot or industrial development.

260.5. The payer shall submit the tax calculation to the state tax service agency within 20 calendar days after the termination of the tax (reporting) period:

in the place of subsurface resources section, the boundaries of which are determined in a special permission received by the payer for the use of subsurface resources for the extraction (including during the geological study) of hydrocarbons, in case such section lies within the territory of Ukraine;

in the place of tax registration as the payer of taxes and duties, in case the section of subsurface resources, the boundaries of which are determined in a special permission received by the payer for the use of subsurface resources for the extraction (including during the geological study) of hydrocarbons, lies within the continental shelf and / or exclusive (maritime) economic zone of Ukraine.

260.6. During the tax (reporting) period the payer shall pay the advance payments until the 10-th, 20-th and 30-th day of the current calendar month for the first, second and third decades respectively in the amount of one-third of the amount of the rental fee tax liabilities, the rental fee shall be determined in the tax calculation for the previous tax (reporting) period.

260.7. The amount of the rental fee tax liabilities, which is determined in the tax calculation for the tax (reporting) period, shall be paid by the payer to the budget
within 10 calendar days after the deadline of the submission of such a tax calculation considering the advance payments actually paid.

**Article 261. Control and responsibility of the payers**

261.1. The payer shall be responsible for the accuracy of the rental fee calculation, for the completeness and timeliness of payment to the budget thereof, and also for the timeliness of submission of the relevant calculations to the state tax service agencies in accordance with the provisions of this Code and other laws of Ukraine.

261.2. Control over the calculation accuracy, timeliness and completeness of charging the rent to the budget shall be exercised by the state tax service agencies.

261.3. The state tax service agencies shall interact with the state geological control agencies and the state mining supervision agencies in accordance with the established procedure to ensure the control over the correctness of determining the object of rental fee taxation.

**SECTION XI. SUBSURFACE RESOURCE USE FEE**

**Article 262. Subsurface Resource Use Fee**

The subsurface resource use fee shall be understood as a national fee charged in the form of:

1) the fee for the use of the subsurface resources for the production of mineral resources;

2) the fee for the use of the subsurface resources for the purposes other than the production of mineral resources.

**Article 263. Fee for the Use of the Subsurface Resources for the Production of Mineral Resources**

263.1. Taxable Persons pay the subsurface resource use fee for the production of mineral resources (hereinafter - Taxable Persons)

263.1.1 Taxable persons for the use of subsurface resources for the production of mineral resources shall be the business entities including citizens of Ukraine, foreigners, people without citizenship registered as sole traders in accordance with law which received the right to use a subsurface object (section) according to the special permits received (hereafter – special permit) to use the subsurface resources within the sections with purpose to exercise of business activity related to production of the mineral resources as well as during the geological prospecting business (or during the geological prospecting business with further research-industrial production) within the object (sections) of the subsurface resources specially outlined in the said special permits.

263.1.2 If the owners of the special permits to use the subsurface resources concluded the contracts with the third parties to exercise works (services) related to the
use of subsurface resources including (but not solely) the transaction with customer-provided raw materials for conversion the taxable persons of the subsurface resources use fee for mineral resources production shall be the owners of the special permits to use the subsurface resources.

263.1.3. For the purposes of taxation taxable persons of the subsurface resources use fee for the production of mineral resources shall exercise the different (from other kinds of operational business) bookkeeping and tax accounting of expenses and incomes per each type of mineral resources of each subsurface object with the special permit issued therefore.

263.2 Object of Taxation

263.2.1 The object of taxation with the fee for subsurface resources use for mineral resource production on each provided for usage subsurface section that outlined in correspondent special permit shall be the volume of mineral resource deposits (mineral raw materials) produced in tax (reporting) period or the volume of cancelled mineral resource deposits in tax (reporting) period

263.2.2. The object of taxation shall include:

a) the amount of mineral resource (mineral raw material) produced from the subsurface of Ukraine, its continental shelf and exclusive (maritime) economic zone, including the amount of mineral resource formed as a result of primary processing, which is made by other than taxable person business entities according to terms of economic contracts on services with customer-provided raw materials for conversion;

b) the amount of mineral resource (mineral raw material), produced (removed) from waste (losses, tails, etc.) of mining production, including the amount of mineral resource formed as a result of primary processing, which is made by other than taxable person business entities according to terms of economic contracts on services with customer-provided raw materials for conversion; if its production requires to obtain a special permit according to the law;

c) The amount of cancelled mineral resources.

263.2.3. The object of taxation shall not include:

a) not included in the state balance of mineral resources mineral resources and local peat, produced by landowners and land users for personal consumption if their use does not provide economic benefits with convey or no convey of title to them, the total depth of production up to two meters and fresh underground waters to 20 meters;

b) produced (collected) mineralogical, paleontological and other geological collection samples, if their use does not provide economic benefits with convey or no convey of title to them;

c) mineral resources produced from the subsurface resources at creation, use, reconstruction of the geological nature reserve fund objects, if the use of the said mineral resources does not provide economic benefits with convey or no convey of title to them;

d) drainage and collateral strata ground waters not included in the state balance of mineral resources produced at the development of mineral deposits or the
construction and operation of underground structures and the use of which does not provide economic benefits with convey or no convey of title to them, including the use for the own technological needs, except the amounts used for their own technological needs related to the production of mineral resources;

d) the produced mineral resources, without the entry and/or save the title of the taxable person to the said mineral resources in accordance with the approved by legislation technological project of mineral resources deposits development of correspondent subsurface section shall be directed to the formation of mineral resources deposits of technogenic field;

e) the amount of natural gas determined to be recirculating according to Section I assessed by taxable person according to the indices of measuring devices provided in logbook of produced mineral materials with observance of independently approved by taxable person traffic patterns in compliance with licence conditions and storage places with stock of output raw materials, conditions of concrete production, peculiarities of technological process;

e) The amount of mineral water, produced by the state children's specialized sanatorium and resort institutions in terms of volume used to exercise treatment on their territory.

263.3. Types of extracted mineral resources (mineral raw materials) shall be determined by taxable person according to the lists of minerals and codification of goods and services prescribed by law, including traffic schemes approved by the taxable person of extracted minerals (minerals) in industrial districts and storage locations in view of the feedstock, specific conditions of production, technological processes and requirements to the final product.

263.4. Types of cancelled mineral reserves shall be determined by taxable persons based on conclusions of state expertise of mineral resources deposits of the correspondent subsurface section, which made no earlier than ten years before the mineral resources write-off of the balance of the mining enterprise.

263.5. Base of taxation

263.5.1. Base of taxation shall be the value of the mineral resources (mineral raw materials), recovered in the tax (reporting) period which is assessed separately for each type of mineral resources (mineral raw materials) for each of the subsurface section on basic delivery conditions (stock of finished products of the mining enterprise).

263.5.2. The procedure for determining the unit value of the correspondent type of extracted mineral resources (mineral raw materials) prescribed in clause 263.6 of this article.

263.5.3. For different minerals for which the table in paragraph 263.9 of this article adopted the absolute rates of payment (Ca3H) in value (money) terms, base of taxation shall be similar to the taxable object.

263.6. Determination of unit value of produced mineral resources (mineral raw materials)

263.6.1. The cost of the correspond type of mineral resources (mineral raw
materials) produced in the tax (reporting) period shall be assessed by taxable person for each subsurface sections on basic delivery terms (stock of finished products of mining company) with greater figure:
  
  according to the actual prices of the correspondent type of produced mineral resource (mineral raw material);
  according to the assessed value of the correspondent type of produced mineral resource (mineral raw material).
  
263.6.2. If the value of produced mineral resource (mineral raw material) is assessed according to the actual prices the price for one unit of the correspondent type of produced mineral resource (mineral raw materials) shall be set by taxable person in compliance with income amount received (accrued) from economic liabilities related to sales of the correspondent volume (quantity) of the said type of mineral resources (mineral raw materials) fulfilled in the tax (reporting) period.

Income amount received (accrued) from sales of the correspondent volume (quantity) of the said type of mineral resources (mineral raw materials) fulfilled in the tax (reporting) period shall be reduced by the amount of taxable person expenses related to delivery (shipping, transportation) of volume (quantity) of the correspondent type of produced mineral resources (mineral raw materials) to the consumer in the amount stipulated in the contract of sale according to delivery terms.

Amounts of payment for the previous volume (quantity) of the correspondent type of produced mineral resources (minerals), which came before the actual implementation of economic liabilities (actual delivery) or by maturity period of economic liabilities (deliveries) according to the correspondent contract shall be included in the income amount to assess the unit value of the correspondent type of produced mineral resource (mineral raw material) in the tax (reporting) period, if the said economic liabilities (deliveries) fulfilled or had to be fulfilled according to the correspondent contract.

The income amount received from sales of volume (quantity) of the correspondent type of produced mineral resource (mineral raw material) in foreign currency, shall be assessed in national currency according to the official rate of foreign currencies by the National Bank of Ukraine as of the date of the said mineral resources sales.

263.6.3. Expenses of taxable person related to the delivery (shipping, transportation) of produced mineral resource (mineral raw materials) to the consumer shall include:

a) expenses related to the delivery (shipping, transportation) of produced mineral resource (mineral raw material) from the stock of the produced products of taxable person (metering station, the entrance to the main pipeline, a consumer point of shipment or for processing, the interface with the consumer networks) to consumer namely:

  with delivery (shipping, transportation) by transmission pipelines, railroad, water and other transport;
with discharge, filling, loading, unloading and reloading;
with payment of port services, including port charges;
with payment of freight forwarding services;

b) expenses related to compulsory insurance of goods, assessed according to the law;

c) customs taxes and duties in case of sales beyond the customs territory of Ukraine.

263.6.4. The cost of unit of each type of produced mineral resource (mineral raw materials) shall be assessed as the ratio of the income amount received by taxable person from sales of the correspondent type of produced mineral resource (mineral raw materials) determined by sub clause 263.6.2 of clause 263.6 of this article, and volume (quantity) of the correspondent type of sold produced mineral resource (mineral raw material), which is defined according to the data of accounting of finished products deposits of taxable person.

263.6.5. When the cost of the correspondent type of produced mineral resource (mineral raw material) is assessed according to estimated price the expenses of the taxable person for the tax (reporting) period shall include:

a) material expenses related to expenses in accordance with Section II of this Code, including expenses related to the fulfillment of economic contracts with customer provided raw materials for conversion, excluding expenses associated with:

- storage;
- transportation;
- packaging;
- conduct of another type of preparation (including pre sales preparation), except operations, referred to the primary processing operations (enrichment) as defined in Section I of this Code for sales of the correspondent type of produced mineral resource (mineral raw material);

- manufacture and sales of other products, goods (works, services);

b) expenses related to the salaries belonging to the expenses under Section III of this Code, excluding expenses related to the salaries for employees not engaged in economic activities on production of the correspondent type of produced mineral resource (mineral raw material);

c) expenses related to the repair of main devices belonging to the expenses under Section III of this Code, except the expenses related to the repair of main devices not associated technically and technologically with the business activity related to the production of the correspondent type of produced mineral resource (mineral raw material);

d) other expenses that are part of the expenses, including expenses distributed in accordance with accounting policy principles of taxable person incurred in periods when economic activity related to the production of mineral resources was not carried out due to seasonal conditions for exercising of production operations in accordance with Section III of this Code, excluding expenses not related to the activity of
production of the correspondent type of produced mineral resource (mineral raw material), including:

expenses resulting from formation of financial reserves;

expenses related to the payment of interest on debt of the taxable person;

expenses related to the subsurface resources use fee for the production of mineral resources;

expenses related to the payment of fines and/or penalties or surcharge under the decision of the parties of the contract or by the correspondent public authorities, the court.

When the estimated value of the correspondent type of produced mineral resource (mineral raw material) the following shall also be considered:

a) the amount of accrued depreciation, as defined under Section III of this Code, except for accrued depreciation on fixed assets and intangible assets that should be undergone depreciation but not associated technically and technologically with the business activity related to the production of the correspondent type of produced mineral resource (mineral raw material);

b) depreciation of expenses associated with the business activity related to the correspondent type of produced mineral resource (mineral raw material) under Section III of this Code.

263.6.6. If there are government subventions for mining enterprises the value of produced mineral resource (mineral raw material) shall be assessed regardless the subvention, which sizes for each of the subsurface section are calculated based on the calculation of the cost of the produce mineral resource according to the materials accounting report for economic activity provided within such subsurface section.

263.6.7. The amount of expenses related to the implementation of business activity on production of mineral resources for which the complex technological operations (processes) of production was completed in the tax (reporting) period, shall be entirely included in the estimated value of mineral resources produced in the said tax (reporting) period.

If after the appearance of tax liabilities on payment of fee for subsurface resources use for production of mineral resources for the volume (quantity) of the correspondent type of produced mineral resource (mineral raw material) taxable person decided in any coming tax (reporting) to use with it (the correspondent type of produced mineral resource (mineral raw material)) or its part the other operations of primary processing that caused the appearance of new type of finished products of mining enterprise different from the products according which the taxable person assumed and fulfilled the correspondent liabilities related to the subsurface resources use fee for production of mineral resources, in the said tax (reporting) period the taxable person shall set the size of tax liabilities to pay for the new correspondent type of produced mineral resource (mineral raw material) with assessment of fulfilled tax liabilities for the volume (quantity) of the correspondent type of produced mineral resource (mineral raw material) that was used for creation of new marketable products of the mining
enterprise without the amount of tax liabilities appeared during previous operations with the said type of mineral resource.

263.6.8. The amount of expenses incurred in the business activity related to the production of the mineral resources for which the complex of technological operations (processes) on production in the tax (reporting) period is not completed shall be included in the estimated value of the correspondent type of produced mineral resource (mineral raw material) in the tax (reporting) period when the complex of technological operations (processes) ends.

263.6.9. The estimated vale of the unit of correspondent type of produced mineral resource (mineral raw material) (Цр) shall be assessed according to the following formula:

\[ \text{Цр} = \frac{\text{Вмп} + (\text{Вмп} \times \text{Крмпе})}{\text{Vмп}} \]

where \( \text{Вмп} \) is the expenses assessed according to sub clause clauses 263.6.5.-263.6.8. of this clause (in hryvnias);

\( \text{Крмпе} \) is the factor of profitability mining enterprise assessed in materials of geological economic estimation of mineral resources deposits of subsurface section approved by State commission of Ukraine on mineral resources deposits (decimal fraction);

\( \text{Vмп} \) – volume (quantity) of mineral resources produced during the tax (reporting) period.

263.6.10. The cost of uranium ore and gold, produced from indigenous deposits shall be assessed using sales price for the tax (reporting) period (if there are no sales during this period - for the nearest preceding tax periods) chemically pure metal, excluding value added tax, reduced by the amount of expenses of taxable person on enrichment (affinage) and delivery (shipping, transportation) to the consumer. Unit price of produced mineral resources shall be assessed with the particle (in natural value) of chemically pure metal content in unit of produced mineral resources.

263.7. Procedure for assessment of tax liabilities for fee payment for subsurface resources use for mineral resources production.

263.7.1. For types of mineral resources for which fee rates (CBH3) in table from clause 263.9 of this article set in relative indexes (per cents) the tax liabilities (П3Н) for fee payment for subsurface resources use for production of mineral resources for the correspondent type of produced mineral resource (mineral raw material) within one subsurface section for one tax (reporting) period shall be assessed according to the following formula:

\[ \text{П3Н} = \text{Vф} \times \text{Bкк} \times \text{СВНЗ} \times \text{Кпп} \]

where \( \text{Vф} \) - volume (number) of the correspondent type of produced mineral resource (mineral raw material) in the tax (reporting) period (in units of mass or volume);

\( \text{Bкк} \) - cost of unit of the correspondent type of produced mineral resource.
(mineral raw materials), assessed in accordance with clause 263.6 of this article;

Свз – rate value of the subsurface resources use fee for the production of mineral resources set in clause 263.9 of this article;

Kпп - adjustment format set in clause 263.10 of this article.

263.7.2. For type of mineral resources for which the absolute fee rates (Caзн) for subsurface resources use for production of mineral resources set in table from clause 263.9 of this article in value (money) terms, the tax liabilities (ΠЗН) for fee payment for the correspondent type of produced mineral resource (mineral raw material) or cancelled deposit of mineral resources within one subsurface section for the tax (reporting) period shall be assessed according the following formula:

ΠЗН = Vф x Свз x Kпп

where Vф - volume (number) of the correspondent type of produced mineral resources (mineral raw materials) or cancelled deposits of the mineral resources within one subsurface section in the tax (reporting) period (in units of mass or volume);

Свз - rate specified in absolute values of the subsurface resources use fee for the production of mineral resources set in clause 263.9 of this article;

Kпп - adjustment format set in clause 263.10 of this article.

263.8. Procedure for determining the volume (quantity) of produced mineral resources (mineral raw materials) and volume (quantity) of cancelled deposits of mineral resources.

263.8.1. Volume (number) of the correspondent type of produced mineral resource (mineral raw materials) shall be independently determined by the taxable persons in the accounting book of mineral resources produced in accordance with the approved by taxable person schemes of movement of produced mineral resources (mineral raw materials) in production sites and storage locations including stock of output raw materials, conditions of concrete production, technological process peculiarities and requirements to finished products and normative acts regulating the requirements for the correspondent type of marketable products of mining enterprise on the definition of raw materials and finished products quality, the definition of the content of main and ancillary mineral in laboratories certified in accordance with the rules of conformity and certification in the state metrological system.

Depending on the correspondent type of produced mineral resource (mineral raw material), its quantity shall be defined in units of weight or volume.

263.8.2. The volume (quantity) of cancelled deposits of mineral resources shall be determined independently by taxable person in compliance with requirements of legislating acts on issues of mining control of rational subsurface resources use.

Depending on the correspondent type of cancelled deposits of mineral resources their quantity shall be defined in units of weight or volume.

<table>
<thead>
<tr>
<th>Mineral resource type</th>
<th>Measurement unit</th>
<th>For unit of cancelled deposits of</th>
<th>For unit of produced mineral</th>
<th>From the value of produced</th>
</tr>
</thead>
</table>
The mineral resources of national importance

<table>
<thead>
<tr>
<th>Resource Description</th>
<th>Unit</th>
<th>Quantities</th>
</tr>
</thead>
<tbody>
<tr>
<td>Fossil fuel oil, condensate natural gas, including gas, dissolved in oil (oil (associated) gas), ethane, propane, butane</td>
<td>Thousand tonnes</td>
<td>37.78</td>
</tr>
<tr>
<td>Anthracite Coal Energy brand and other brands of coal</td>
<td>Tonne</td>
<td>4.79</td>
</tr>
<tr>
<td>Peat, sapropel</td>
<td>Tonne</td>
<td>0.51</td>
</tr>
<tr>
<td>Metal ore iron ore for enrichment</td>
<td>Tonne</td>
<td>3.27</td>
</tr>
<tr>
<td>Iron ore for enrichment of magnetite iron content of less than 20 percent</td>
<td>Tonne</td>
<td>0.80</td>
</tr>
<tr>
<td>Rich iron ore</td>
<td>Tonne</td>
<td>10.29</td>
</tr>
<tr>
<td>Manganese ore</td>
<td>Tonne</td>
<td>13.00</td>
</tr>
<tr>
<td>Titanium ore (in placer deposits)</td>
<td>Tonne</td>
<td>2.39</td>
</tr>
<tr>
<td>Titanium and zirconium ore (in placer deposits)</td>
<td>Tonne</td>
<td>4.43</td>
</tr>
<tr>
<td>Nickel</td>
<td>Tonne</td>
<td>5.82</td>
</tr>
<tr>
<td>Material</td>
<td>Quantity</td>
<td>Price</td>
</tr>
<tr>
<td>----------------------------------------------</td>
<td>----------</td>
<td>-------</td>
</tr>
<tr>
<td>(silicate) ore</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Chrome ore</td>
<td>- &quot; -</td>
<td>6.58</td>
</tr>
<tr>
<td>Mercury ore</td>
<td>- &quot; -</td>
<td>0.35</td>
</tr>
<tr>
<td>Uranium ore</td>
<td>- &quot; -</td>
<td>1.91</td>
</tr>
<tr>
<td>Golden raw materials</td>
<td>- &quot; -</td>
<td>9.57</td>
</tr>
<tr>
<td>Raw material for molding and iron ore pelletizing</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Bento nitic clay</td>
<td>- &quot; -</td>
<td>2.15</td>
</tr>
<tr>
<td>Fire resistant clay</td>
<td>- &quot; -</td>
<td>10.15</td>
</tr>
<tr>
<td>Quartzite and quartz sand for metallurgy</td>
<td>- &quot; -</td>
<td>7.50</td>
</tr>
<tr>
<td>molding</td>
<td>- &quot; -</td>
<td>15.12</td>
</tr>
<tr>
<td>Quartzite for producing silicium</td>
<td>- &quot; -</td>
<td>2.37</td>
</tr>
<tr>
<td>Raw clay full except clay (kyanite, dysten, sillimanite, stavrolit)</td>
<td>cubic metre</td>
<td>0.74</td>
</tr>
<tr>
<td>Raw limestone flux (flux)</td>
<td>tonne</td>
<td>10.15</td>
</tr>
<tr>
<td>Chemical raw ore Sulfuric salt (Galit)</td>
<td>- &quot; -</td>
<td>3.89</td>
</tr>
<tr>
<td>salt (Galit)</td>
<td>- &quot; -</td>
<td>5.26</td>
</tr>
<tr>
<td>salt (Galit) for food industry</td>
<td>- &quot; -</td>
<td>5.26</td>
</tr>
<tr>
<td>potassium-magnesium salt</td>
<td>- &quot; -</td>
<td>3.00</td>
</tr>
<tr>
<td>Chalk for</td>
<td>- &quot; -</td>
<td>15.44</td>
</tr>
<tr>
<td>Industry</td>
<td>Raw Materials</td>
<td>Unit</td>
</tr>
<tr>
<td>-----------------------------------------</td>
<td>-------------------------------------------------------------------------------</td>
<td>-------</td>
</tr>
<tr>
<td>Soda industry</td>
<td>Limestone for sugar industry</td>
<td>- &quot; -</td>
</tr>
<tr>
<td></td>
<td>Chalk for chemical industry</td>
<td>tonne</td>
</tr>
<tr>
<td></td>
<td>Agrochemical raw phosphates (ahrorudy)</td>
<td>- &quot; -</td>
</tr>
<tr>
<td></td>
<td>Raw materials for manufacture of mineral pigments</td>
<td>- &quot; -</td>
</tr>
<tr>
<td>Electro-and electronic materials</td>
<td>Graphite ore</td>
<td>- &quot; -</td>
</tr>
<tr>
<td></td>
<td>Pyrophyllite</td>
<td>- &quot; -</td>
</tr>
<tr>
<td></td>
<td>Ozokerite</td>
<td>- &quot; -</td>
</tr>
<tr>
<td></td>
<td>Raw materials for the manufacture of optical and piezooptic products</td>
<td>kg</td>
</tr>
<tr>
<td></td>
<td>Raw materials for the manufacture of adsorption materials</td>
<td>tonne</td>
</tr>
<tr>
<td></td>
<td>Raw materials for the manufacture of abrasive materials</td>
<td>- &quot; -</td>
</tr>
<tr>
<td></td>
<td>Jewellery raw materials (precious stones): amber, topaz, morion, beryl</td>
<td>Kg, g, carat</td>
</tr>
<tr>
<td></td>
<td>Jewellery</td>
<td>Kg</td>
</tr>
<tr>
<td>Material Description</td>
<td>Unit</td>
<td>Price</td>
</tr>
<tr>
<td>-------------------------------------------------------------------------------------</td>
<td>---------------</td>
<td>--------</td>
</tr>
<tr>
<td>Production raw material (semi-precious stone)</td>
<td></td>
<td>4.00</td>
</tr>
<tr>
<td>raw material for production</td>
<td>Tonne, cubic metre</td>
<td></td>
</tr>
<tr>
<td>Raw materials for lining materials (decorative stone)</td>
<td>cubic metre</td>
<td>3.00</td>
</tr>
<tr>
<td>Raw glass, porcelain and faience and feldspar (pegmatite)</td>
<td>Tonne</td>
<td>5.00</td>
</tr>
<tr>
<td>Sand for glass manufacture</td>
<td>- &quot; -</td>
<td>7.50</td>
</tr>
<tr>
<td>Cement raw materials</td>
<td>- &quot; -</td>
<td>10.1</td>
</tr>
<tr>
<td>Raw petrurgical materials and raw material for lightweight perlite concrete aggregate</td>
<td></td>
<td>2.11</td>
</tr>
<tr>
<td>Raw materials for mineral wool production</td>
<td>- &quot; -</td>
<td>7.50</td>
</tr>
<tr>
<td>Raw materials for road embankment</td>
<td>-&quot;- &quot;</td>
<td>5.05</td>
</tr>
<tr>
<td>Mineral underground water for industrial bottling</td>
<td>cubic metre</td>
<td>23.5</td>
</tr>
<tr>
<td>Mineral underground water (curative and)</td>
<td>- &quot; -</td>
<td>8.49</td>
</tr>
<tr>
<td>Mineral underground water (curative and curative/table water) for internal application by healthcare establishments</td>
<td>- &quot; -</td>
<td>5.67</td>
</tr>
<tr>
<td>---</td>
<td>---</td>
<td>---</td>
</tr>
<tr>
<td>Industrial underground water (saline water)</td>
<td>- &quot; -</td>
<td>0.55</td>
</tr>
<tr>
<td>Thermal underground water</td>
<td>- &quot; -</td>
<td>0.46</td>
</tr>
<tr>
<td>Fresh underground water</td>
<td>100 cubic metre</td>
<td>5.36</td>
</tr>
<tr>
<td>Surface water brine (medical, industrial)</td>
<td>cubic metre</td>
<td>0.51</td>
</tr>
<tr>
<td>Mineral mud</td>
<td>- &quot; -</td>
<td>6.13</td>
</tr>
<tr>
<td>Minerals of local importance</td>
<td>tonne</td>
<td>15.12</td>
</tr>
<tr>
<td>Raw materials for building lime and gypsum chalk and limestone into lime, chalk</td>
<td>- &quot; -</td>
<td>15.41</td>
</tr>
<tr>
<td>Raw materials for chemical meliorants limestone, soils</td>
<td>- &quot; -</td>
<td>10.02</td>
</tr>
<tr>
<td>Raw materials for stone quarry to quarry stone (all types of)</td>
<td>- &quot; -</td>
<td>7.50</td>
</tr>
</tbody>
</table>
rocks, whose fitness is determined by state standards, including crushed stone products

<p>| | | |</p>
<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Sand and gravel raw materials</td>
<td>- &quot; -</td>
<td>5.00</td>
</tr>
<tr>
<td>raw sand and clay to favorites made spaces, construction of road embankments, dams, etc.</td>
<td>cubic metre</td>
<td>0.82</td>
</tr>
<tr>
<td>Clay rocks</td>
<td></td>
<td></td>
</tr>
<tr>
<td>refractory clay</td>
<td>tonne</td>
<td>5.00</td>
</tr>
<tr>
<td>primary kaolin</td>
<td>- &quot; -</td>
<td>5.00</td>
</tr>
<tr>
<td>Fireproof clay</td>
<td>- &quot; -</td>
<td>5.00</td>
</tr>
<tr>
<td>secondary kaolin</td>
<td>- &quot; -</td>
<td>5.00</td>
</tr>
<tr>
<td>raw materials keramzite</td>
<td>- &quot; -</td>
<td>5.00</td>
</tr>
<tr>
<td>brick and tile</td>
<td>- &quot; -</td>
<td>5.00</td>
</tr>
</tbody>
</table>

263.10. Adjustment Factors
The adjustment factors assessed according to the type of mineral resource (mineral raw material) and condition of the production thereof shall be used for the rates of subsurface resources use fee for the production of mineral resources

<table>
<thead>
<tr>
<th>Factor application criterion</th>
<th>Factor value</th>
</tr>
</thead>
<tbody>
<tr>
<td>Production of off-balance-sheet mineral resources, if the deposits of mineral resources have been so categorised on the basis of the annual mining work plan or the geological/economic assessment carried out not earlier than 10 years prior to the emergence of tax liabilities</td>
<td>0.5</td>
</tr>
<tr>
<td>Production of mineral resources from technology-induced deposits</td>
<td>0.5</td>
</tr>
<tr>
<td>Production of sand and gravel raw materials in</td>
<td>2</td>
</tr>
</tbody>
</table>
seas, reservoirs, rivers and their floodland (except for the production related to the regular waterway clearing activities)

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Production of carbonic mineral underground waters (hydrocarbonic waters) from wells not equipped with stationary gas separators</td>
<td>0.85</td>
</tr>
<tr>
<td>Production from deposits defined as subsidized deposits in compliance with law.</td>
<td>0.01</td>
</tr>
<tr>
<td>Production exercised by the taxable person of the mineral resources deposits of subsurface section approved by state examination on basis of geological research reports made of expenses of the said taxable person</td>
<td>0.7</td>
</tr>
</tbody>
</table>

263.11. The procedure for submitting tax payments

263.11.1. Taxable person of subsurface resources use fee for the production of the mineral resources before the expiry of the deadline prescribed by Section II of the Code for submission of tax payments for the tax (reporting) period equal to a calendar year shall submit in accordance with form set according to procedure prescribed in article 46 of the Code the tax payment document related to the subsurface resources use fee for production of mineral resources to the body of state tax administration:

- according to the location of the subsurface section where the mineral resources produced from within the territory of Ukraine;
- according to the place of taxable person accounting if the subsurface section where the mineral resources have been produced from locates within the continental shelf and / or special (maritime) economic zone of Ukraine.

263.11.2. If the place of the taxable person accounting does not coincide with the location of the subsurface section within the territory of Ukraine where mineral resources have been produced from, a copy of the tax payment document for the subsurface resources use for production of mineral resources shall be submitted to the state tax body according to the place of the taxable person accounting.

263.11.3. The tax payment document shall be submitted by the taxable person starting from the calendar quarter coming after the quarter when the taxable person received the permit to start (continue) the exercise of hazardous work or object exploitation.

263.12. Procedure for the payment of tax liabilities

Within ten calendar days after the deadline for submission of tax payment document for the tax (reporting) period taxable person shall pay the tax liability for the subsurface resources use for the production of mineral resources amounting to the sum defined in the tax payment document submitted by him to the body of state tax administration:

- according to the location of the subsurface section where the mineral resources
produced from within the territory of Ukraine;
according to the place of taxable person accounting if the subsurface section
where the mineral resources have been produced from locates within the continental
shelf and / or special (maritime) economic zone of Ukraine.

263.13. Control and responsibilities of taxable persons
263.13.1. The taxable person shall be responsible for the accuracy of calculating
the amount of the subsurface resources use fee for the production of mineral resources,
completeness and timeliness of its credit to the budget, as well as for the timely
submitting of the correspondent tax payment documents to the bodies of state tax
administration in compliance with the norms of the Code and other laws of Ukraine.

Control over the correct calculation, completeness and timeliness of the
subsurface resources use fee for mining operations payment to the budget shall be
exercised by the bodies of state tax administration.

The bodies of state tax administration for purposes of monitoring the accuracy of
calculating the amount of the subsurface resources use fee for the production of mineral
resources by the taxable persons in the part where the volume (quantity) of produced
mineral resources within the provided subsurface section and the adjustment
coefficients in accordance with clause 263.10 of this article according to procedure
prescribed by law is calculated may involve the bodies of State geological control and
state mining supervision.

263.13.2. The central body of state tax administration shall start an issue to cancel
validity of the special permit in front of the correspondent specially authorized central
body of executive power according to the facts of failure to pay or late payment the
subsurface resources use fee for production of mineral resources or non-fulfillment of
its tax liabilities related to the payment of the said subsurface resources use fee by the
taxable person during six months.

263.13.3. The administration-economic penalty envisaging withdrawal by the
taxable person or the correspondent control body of received (accrued) benefit (income)
as a result of economic activity related to the production of mineral resources shall be
implemented to the incomes received by the taxable persons as a result of sales of rights
for usage of the subsurface section during non-payment of late payment by the taxable
persons the amounts of tax liabilities related to the subsurface resources use fee for production of mineral resources (excluding cases of additional payments or penalties as
a result of monitoring by control bodies) during six months as well as during the period
of validity cancellation of special permit.

263.13.4. Bodies of state mining supervision during the month after the
correspondent decision taken shall send to body of state tax administration according to
the place registration of the taxable person, who will exercise mineral resources
production, as well as during the geological study the notification on provision of the
said taxable person permission to begin production works or approval on research and
industrial development exercise.

263.13.5. Specially authorized central executive authority on ecology and natural
resources during the month after the correspondent decision shall send to the body of state tax administration according to the place of the taxable person registration, who will exercise mineral resources production, as well as during the geological study, a copy of the approved by the taxable persons traffic patterns of the produced mineral resource (mineral raw material) in production sites and storage locations including stock of output raw material, the concrete conditions of production, peculiarities of technological process and requirements to the finished products specifying the procedure of determining the quality of raw materials and finished products, the definition of the content of main and ancillary mineral in laboratories certified in accordance with the rules of conformity and certification in the state metrological system.

Article 264. The subsurface resource use fee for purposes not related to production of mineral resources.

264.1. Taxable persons of the subsurface resources use fee for purposes not related to production of mineral resources.

264.1.1. Taxable persons of the subsurface resources use fee for purposes not related to the production of the mineral resources shall be legal entities and individuals – business entities who use the subsurface sections within the territory of Ukraine for the following:

a) storage of natural gas, oil, gas and other liquid petroleum products;
b) aging of wine materials, production and warehousing wine products;
c) cultivation mushrooms, vegetables, flowers and other plants;
d) storage of food, industrial and other goods, substances and materials;
g) conducting other business activities.

264.2. Object of taxation

264.2.1. The object of taxation of subsurface resources use fee for purposes other than production of mineral resources shall be the volume of the subsurface space (section):

a) for the storage of natural gas and gaseous products - active gas storage capacity in porous or fissured geological formations (strata-collectors);
b) for storage of petroleum and other liquid petroleum products - volume of specially created and existing mine workings (adapted and used), and natural cavities (caves);
c) for aging of wine materials, production and storage of wine products, mushroom, vegetables, flowers and other plants, food storage, industrial and other goods, substances and materials, implementation of other business activities - the subsurface area, which is provided for use in specially created and existing mine workings (adapted and used), and natural cavities (caves).

264.3. Fees for subsurface resources use for purposes other than production of the mineral resources shall not be collected:

264.3.1. from military units, institutions, and organizations of the Armed Forces
of Ukraine and other military formations created in accordance with the laws of Ukraine funded at the expenses of the state budget;

264.3.2. for the use of transport tunnels and other underground utilities, drainage systems and facilities of city municipal utilities;

264.3.3. for the use of underground structures at a depth not exceeding 20 meters, built with open-cut method without filling or with further soil filling.

264.4. Subsurface resources use fee rates for purposes other than production of mineral resources.

Subsurface resources use fee rates for purposes other than production of mineral resources shall be set separately for each type of subsurface resources usein hryvnias to unit of measure depending on the useful features of subsurface and ecologic safety during its use:

<table>
<thead>
<tr>
<th>Character of subsurface use</th>
<th>Type of subsurface use</th>
<th>Unit of measure</th>
<th>Subsurface resources use fee rates for purposes other than production of mineral resources for unit of measure of subsurface use, in hryvnias per year</th>
</tr>
</thead>
<tbody>
<tr>
<td>Use of the underground space of subsurface sections - porous or fissured geological formations (strata-collectors)</td>
<td>storage of the natural gas and gaseous products</td>
<td>thousand cubic metres of active volume</td>
<td>0.23</td>
</tr>
<tr>
<td>Use of the underground space in specially created and existing mine workings (adapted and used), as well as natural cavities (caves)</td>
<td>storage of oil and other liquid oil products</td>
<td>cubic metres</td>
<td>0.23</td>
</tr>
<tr>
<td></td>
<td>aging of wine materials, production and storage of wine</td>
<td>square metres</td>
<td>0.64</td>
</tr>
<tr>
<td>products</td>
<td>cultivation of mushrooms, vegetables, flowers and other plants</td>
<td>square metres</td>
<td>0.37</td>
</tr>
<tr>
<td>----------</td>
<td>---------------------------------------------------------------</td>
<td>---------------</td>
<td>------</td>
</tr>
<tr>
<td></td>
<td>storage of foods, industrial and other commodities, substances and materials</td>
<td>square metres</td>
<td>0.27</td>
</tr>
<tr>
<td></td>
<td>exercise of other business activities</td>
<td>square metres</td>
<td>0.91</td>
</tr>
</tbody>
</table>

264.5. Procedure for calculating tax liabilities and payment period

264.5.1. The taxable person of the subsurface resources use fee for purposes other than production of mineral resources before the prescribed by Section II of the Code deadline for submission of tax payment documents for the tax (reporting) period equal to calendar quarter shall submit the tax payment documents related to the subsurface resources use fee for the purpose other than production of the mineral resources to the body of state tax administration according to the form prescribed in accordance with article 46 of the Code according to the location of subsurface section.

If the place of the taxable person accounting does not coincide with the location of the subsurface section, a copy of the tax payment documents related to the subsurface resources use fee for purposes other than production of mineral resources shall be submitted to the body of state tax administration according to the taxable person place of tax registration.

264.5.2. The taxable person shall pay the tax liabilities related to the subsurface resources use fee for purposes other than production of minerals in the amount specified in the calculation of fee submitted by him to the body of state tax administration according to the subsurface section location within ten calendar days after the deadline for submission of tax payments for tax (reporting) period.

If the place of the taxable person accounting does not coincide with the location of the subsurface section, the taxable person shall submit (send) a copy of the tax payment document on tax liabilities related to the subsurface resources use fee for purposes other than production of mineral resources within ten calendar days after the deadline for submission of tax payments for tax (reporting) period additionally to the body of state tax administration according to the place of its tax registration.

264.6. Control and responsibilities of taxable persons.
264.6.1. The taxable person shall be responsible for the accuracy of calculating the amount of the subsurface resources use fee for purposes other than production of mineral resources, completeness and timeliness of its credit to the budget, as well as for the timely submitting of the correspondent tax payment documents to the bodies of state tax administration in compliance with the norms of the Code and other laws of Ukraine.

Control over the correct calculation, completeness and timeliness of the subsurface resources use fee for mining operations payment to the budget shall be exercised by the bodies of state tax administration.

Control for the correct determination of volumes of subsurface resources use for purposes other than production of mineral resources shall be exercised by the bodies of state mining control in due course.

Bodies of state mining control within one month from the date of issue of withdrawal of the act of mining lease grant shall submit information on the changes in the list of subsurface users to the bodies of state tax administration according to the location of subsurface section.

**SECTION XII LOCAL TAXES AND DUTIES**

**Article 265. Real estate other than the land plot**

265.1. Taxable persons

265.1.1. Taxable persons shall be individuals and legal entities including non-residents which are the proprietors of residential real estate.

265.1.2. Determination of the taxable persons in case if the objects of residential real estate are jointly or commonly owned:

a) if the object of residential real estate is jointly owned by several individuals, taxable persons shall be each of the said individuals corresponding to the part it owns;

b) if the object of residential real estate is commonly owned by several individuals but is not naturally parted the taxable person shall be one of the said individuals determined by their agreement, unless otherwise prescribed by law;

c) if the object of residential real estate is commonly owned by several parties and is naturally parted the taxable persons shall be each of the said individuals corresponding to the part it owns.

265.2. Object of taxation

265.2.1. The objects of residential real estate shall be objects of taxation.

265.2.2. Objects of taxation shall not be the following:

a) objects of residential real estate owned by the state or territorial communities (under their common ownership);

b) objects of residential real estate situated in exclusion zones and zones of unreserved (compulsory) resettlement, determined by law;

c) buildings of family type orphanages;
d) garden house or dacha house, but no more than one said house for one taxable person;
e) objects of residential real estate owned by large families or foster families where three or more children are fostered, but no more than one said object for one taxable person;
f) hostels.

265.3. Taxable base
265.3.1. Taxable base shall be a dwelling space of the object of residential real estate.

265.3.2. Taxable base of the objects of residential real estate owned by individuals shall be assessed by body of state tax administration according to State register of material law data on real estate, the said data are supplied by bodies of state registration of real estate titles free of charge.

265.3.3. Taxable base of the objects of residential real estate owned by legal entities shall be assessed by such entities themselves on the assumption of dwelling space of the objects of taxation subject to the documents confirming the title to the said object.

265.3.4. Taxable base shall be assessed separately for each of the said object in case if taxable person owns several objects of taxation.

265.4 Taxation breaks
265.4.1. Taxable base of the object of residential real estate owned by individual who is taxable person shall be reduced:
a) for apartment – up to 120 squire meters;
b) for a residential house – up to 250 squire meters.

Such reduction shall be granted once per basic tax (reporting) period and instituted to the object of residential real estate where the individual – taxable person is registered in accordance with law or by choice of the said taxable person to any other object of residential real estate which is under its ownership.

265.5. Rates of taxation
265.5.1. Rates of taxation shall be set by village, town or city council according to the following rates per 1 sq. m of the objects of residential real estate:

for apartments with dwelling space not exceeding 240 sq. m and residential houses with dwelling space not exceeding 500 sq. m the rate of taxation can not exceed 1 per cent of one minimal salary prescribed by law as of 1st of January of reporting (tax) year;

for apartments with dwelling space exceeding 240 sq. m and residential houses with dwelling space exceeding 500 sq. m the rate of taxation shall be 2,7 per cent of one minimal salary prescribed by law as of 1st of January of reporting (tax) year.

265.6. Tax period
265.6.1. Basis tax (reporting) period shall equal to calendar year.

265.7. Procedure for the assessment of the tax amount
265.7.1. Assessment of the tax amount from the objects of residential real estate owned by individuals shall be done by body of state tax administration according to location of the object of residential real estate.

265.7.2. Tax notification-decision on the amount of the tax to be paid and payment information shall be sent by bodies of state tax administration to taxable persons according to location of the object of residential real estate by the 1st of July of reporting year in accordance with the form prescribed by the Article 58 of this Code.

Tax for newly established (newly commissioned) object of residential real estate shall be paid by individual – taxable person starting from the month when its title to the object appeared. Body of state tax administration shall send the tax notification-decision to the said owner after the receipt of information on the title to the said object appearance.

265.7.3. Taxable persons based on the documents confirming their title to the object of taxation and place of residence (registration) have the right to address to the bodies of tax administration for verification of information on dwelling space of residential real estate, taxation break, rate of taxation and on accrued amount of tax.

Body of state tax administration shall recalculate the amount of tax and send a tax notification-decision to the said owner in accordance with this clause.

265.7.4. Bodies of state registration of rights for real estate as well as bodies registering places of residence of individuals shall be required by the 15th of April of the year when this Article came into effect and in coming years quarterly within 15-days period after the end of tax (reporting) quarter to provide the bodies of state tax administration with records necessary for tax assessment according to the location of object of real estate current as of the first day of the correspondent quarter in order prescribed by the Cabinet of Ministers of Ukraine.

265.7.5. Taxable persons – legal entities shall assess themselves amount of tax current as of the 1st of January of reporting year and provide by the 1st of February body of state tax administration according to the location of object of taxation with declaration in accordance with form defined by procedure prescribed by Article 46 of this Code with breakdown of year amount on equal parts quarterly.

Declaration on newly established (newly commissioned) object of residential real estate shall be provided within a month from the date of ownership for such object appearance.

265.7.6. In case of acquisition of title to the object of residential real estate during the year tax shall be accrued from the day the ownership for the said object appeared.

265.8. Procedure for the assessment of tax amount if the owner of the object of taxation changed

265.8.1. If the ownership for the object of taxation conveys from one owner to another during calendar year the tax for previous owner shall be assessed for the period from the 1st of January of this year till the beginning of the month when he lost
the ownership for the said object of taxation and for new owner from the month when the ownership appeared.

265.8.2. Body of state tax administration shall send tax notification-decision to new owner after the receipt of information on ownership conveyance.

265.9. Procedure for tax payment
265.9.1. Tax shall be paid in accordance with location of the object of taxation and transferred to correspondent budget according to regulations of Budget Code of Ukraine.

265.10. Period for tax payment
265.10.1. Tax liability for the reporting tax year shall be paid by:
   a) individuals – during 60 days from the moment the tax notification-decision delivered;
   b) legal entities – advance payments quarterly by the 30th date of the month coming after reporting quarter, the payments shall be reflected in year tax declaration.

**Article 266. Duty for specifically allocated vehicle parking places**

266.1 Taxable persons.
266.1.1. Taxable persons shall be legal entities, their branches (outlets, representative offices), individuals including sole traders which organize and exercise their activity related to the vehicle parking in areas for paid parking and special allocated parking places in accordance with decision of village, settlement or city council.

266.1.2. The list of special lots allocated for organization and provision of activity related to the vehicle parking where their addresses, the total area, technical development, number of vehicle parking places defined shall be approved by the decision of village, settlement or city council related to tax implementation.

   Such decision together with the list of persons authorized to organize and exercise activity related to the vehicle parking shall be provided by executive body of village, settlement, city council to the body of state tax administration in order prescribed by Article I of the Code.

266.2. Object and base of taxation
266.2.1. Object of taxation shall be a lot which according to decision of village, settlement or city council is specially allocated for the vehicle parking on roads of common usage, pavements or other places as well as municipal garages, stands and parkings (buildings, facilities, a portion thereof) built at the expense of local budget excluding the lot allocated for free of charge parking of the vehicles prescribed by the Article 30 of Law of Ukraine “On bases of social security of disabled people in Ukraine”.

266.2.2. Base of taxation shall be area of the lot allocated for parking as well as area of municipal garages, stands, parkings (houses, facilities and a portion thereof) built at the expenses of local budget.

266.3. Rates of the duty
266.3.1. Rates of the duty shall be set for each day of activity related to the vehicle parking in hryvnias per 1 sq. m of the lot allocated for organization and provision of such activity in the amount from 0.03 to 0.15 per cent of the minimal salary established by Law as of the 1st of January of tax (reporting) year.

266.3.2. Village, settlement and city councils shall consider location of the lots specially allocated for the vehicles parking, area of the specially allocated lot, number of places for the vehicles parking, way of vehicle parking on the stand, operational mode and their occupancy rate during the assessment of the duty rate.

266.4 Specific features of duty institution

266.4.1. Rate of the duty and Procedure for tax collection to the budget shall be set by correspondent village, settlement or city council.

266.5. Procedure for assessment and period for the duty payment

266.5.1. Duty shall be paid to local budgets with advance payments by 30th day (including) of each month (in February by 28th (29th) inclusive) in accordance with the location of the lot specially allocated for the vehicle parking. The final amount of the duty assessed according to tax declaration of tax (reporting) quarter (including advance payment made in fact) shall be paid during the period defined for quarter tax period.

266.5.2. Taxable person who has a division without legal entity status that exercises activity related to the vehicle parking in no accordance with place of registration of such taxable person shall be obliged to register such division as a taxable person in body of state tax administration in accordance with location of the lot.

266.5.3. The basic tax (reporting) period shall equal to calendar quarter.

**Article 267. Duty for provision of some types of business activity**

267.1. Taxable persons

267.1.1. Taxable persons shall be economic entities (legal entities and individuals – sole traders), their separate divisions which acquire trade patents in accordance with this Article and exercise the following types of business activity:

a) trade activity in outlets of trade of goods;

b) activity related to provision of paid consumer services according to list defined by the Cabinet of Ministers of Ukraine;

c) trade of currency values in bureau de change;

d) activity related to entertainment business (excluding state money lottery conducting).

267.1.2. The following economic entities shall not be the taxable persons for the provision of trade activity and activity related to paid services:

a) state or municipal owned pharmacy shops;

b) consumer co-operative undertakings and organisations, and trade/manufacturing and state/owned trade/production worker supply enterprises located in villages, towns and cities of district importance;
c) sole traders who exercise trade activity on markets of all ownership forms;

d) individual sole traders who sell plant and animal products, cattle, and poultry (both live animals and products of their slaughter in the raw form or after the initial processing), and own beekeeping products grown in personal auxiliary land plots, at house-related, dacha, garden and kitchen-garden land plots;

e) individual sole traders who pay the state fee for the notarisation of contracts on the disposal of own property, if goods of each specific category are disposed once per calendar year at the most;

f) the business entities established by public organisations of disabled people that have tax breaks in accordance with the current legislation, and trade solely in foods of domestic production and products made at undertakings of the "Ukrainian Blind People Society" and the "Ukrainian Deaf People Society" as well as individuals – disabled people registered in accordance with law as sole traders;

g) business entities that exercise trade activities solely using the following domestic goods: bread and buns; wheat and rye flour; salt, sugar, sunflower and maize oil; milk and dairy products other than condensed milk and cream with and without additives; baby foods; non-alcoholic beverages; ice cream; beef and pork; poultry; eggs; fish; berries and fruit; honey and other beekeeping products, equipment for bees and means of bee protection; potatoes and fruit/vegetable products; mixed fodder intended for the sale to households;

h) business entities that sell products of own make to individuals having labour relations with them via commodity sale stations built into production or administrative rooms owned by such an entity;

i) business entities that procure products from the population (procurement business), if the subsequent sale of such products takes place with cashless settlements (glass container, waste paper, paper, cardboard and fabric waste reception stations; procurement of agricultural products and products of the processing thereof);

j) enterprises, institutions and organisations that exercise activities in the trading and manufacture sphere (restaurant enterprise), including educational establishments servicing solely employees of the enterprises, institutions, organisations, and pupils and students in educational establishments;

Business entities that exercise provision of computer and video games shall not be the taxable persons for provision of activity related to entertainment business.

267.2. Types of activity exercised with acquisition of privileged trade patent.

267.2.1. Trade activity solely with usage of the following goods (regardless the country of their origin) shall be exercised with acquisition of privileged trade patent:

a) convenience goods and foods, goods of medical purpose for individual usage, technical and other rehabilitation aids via trade institutions established for the said purpose by public organisations of disabled people;

b) military insignia and day-to-day goods for military servicemen on the territory of military units and military educational establishments;

c) seeds of vegetables, melons and gourds, flowers, fodder roots and potatoes;
d) matches;
e) thermometers and individual diagnostic devices;

267.2.2. Trade activity related to the use of solely the following goods made in Ukraine shall be exercised with acquisition of privileged trade patent:

a) postal stamps, postcards, greeting cards and non-franked envelopes, boxes, sacks, bags and other containers made of wood, paper and paper board to be used for mailing correspondence by undertakings managed by the central executive agency in charge of transport and communication, and the accessories for them;

b) folk artisan goods other than antiquities and those having cultural value in line with a list to be approved by the central executive agency in charge of the culture;

c) ready-made medicines (medicinal preparations, pharmaceuticals, medical and medicinal goods, wound-dressing materials and other medical devices), vitamins for individuals, tampons, other sanitary and hygiene products made of cellulose or its substitutes, veterinary preparations; goods of medical purpose for individual usage of disabled people, technical and other rehabilitation aids for disabled people;

d) tooth paste and tooth powder, cosmetic napkins, diapers, toilet paper, laundry soap;

e) coal, coal briquettes, household oven fuel, lamp oil, fuel peat in pieces, peat briquettes and firewood intended for households, liquefied gas in cylinders sold to households in the places of residence for the purposes of use in residential and/or non-residential premises;

f) transportation tickets;

g) copy-books.

267.2.3. Trade activity related to the use of solely the periodically issued printed mass media that have registration certificates issued by authorised agencies of Ukraine, books, brochures, albums, printed music, booklets, placards, map products published by legal entities being residents of Ukraine shall be exercised with acquisition of privileged trade patent.

While exercising trade of the goods said in first abstract of this sub clause the taxable persons can exercise the trade of ancillary products (regardless the country of their origin): pens, pencils, drawing tools, brushes, palette knives, easels, paints, varnishes, solvents and fixing agents for the drawing and painting purposes, the canvas, baguettes, frames and stretchers for paintings, loose-leaf binders, other stationery items and office goods, excluding products made from precious and semi-precious metals;

267.3. Rates of the duty

267.3.1. Rate of the duty for provision of trade activity and paid services shall be set by village, town and city councils (hereafter in this clause – by local self-government bodies) on the basis of calendar month in correspondent amount from minimal salary set by law as of the 1st of January of calendar year (hereafter – minimal salary) defined by this clause including location of point of goods trade and
range of goods, of outlet where the paid services provided and the type of the said services.

267.3.2. Rate of the duty for provision of trade activity (except provision of trade activity of oil products, liquefied and compressed gas with usage of pistol type petrol station pumps on stationary, small-sized or mobile tanking stations or tanking posts) and activity related to provision of paid services shall be set within the following ranges:

a) within the territory of the city of Kiev and oblast centers – from 0,08 to 0,4 of the size of minimal salary;

b) within the territory of the city of Sevastopol, cities of oblast significance (other than oblast centers) and district centers – from 0,04 to 0,2 of the size of minimal salary;

c) within the territory of other populated areas – up to 0,1 of the size of minimal salary.

267.3.3. If the outlets for the trade of goods (provision of services) are located in a resort area or in the area adjacent to a customs office, other customs border checkpoints, the local self-government bodies, to whose budgets the said tax funds are credited, may make a decision to increase the rate of the duty set in the clause 267.3.2. but no more than to 0,4 of the size of minimal salary.

267.3.4. Rate of the duty for the trade of oil products, liquefied and compressed gas with usage of pistol type petrol station pumps on stationary, small-sized or mobile tanking stations or tanking posts shall be set within the range from 0,08 to 0,4 of the size of minimal salary regardless the location of the said outlets.

267.3.5. Rate of the duty for the trade of currency values for calendar month shall be 1,2 of the size of minimal salary.

267.3.6. Rate for the duty for provision of activity related to entertainment business for the quarter shall be the following:

for the usage of playing machine (“grab type” playing machine, playing machine where the children games take place, other playing machine for paid entertaining games provision) – equal to the size of minimal salary;

for pool tables operated with or without tokens and coins, other than pool tables used for the amateur sports competitions – equal to the size of minimal salary per each pool table;

for provision of other entertaining games – equal to the size of minimal salary per each separate game place.

267.3.7. Rate of the duty for the trade activity with acquisition of privileged trade patent shall be set within the range of 0,05 of the size of minimal salary per year.

267.3.8. Rate of the duty for the trade activity with acquisition of short term trade patent for one day shall be equal to 0,02 of the size of minimal salary.

267.3.9. Rates of the duty set in accordance to this Article shall be rounded (less than 50 kopecks shall be neglected, 50 kopecks and more shall be rounded up to 1 hryvnia).
267.4. Procedure for trade patent acquisition

267.4.1. Business entity shall lodge the application to the body of state tax administration according to the place of the duty payment for provision of the said in this Article types of business activity; the said application must contain the following details:

a) the name of the business entity;, the EDRPOU code (in case of legal entities) and the last, first and patronymic names of the business entity, the taxable person record card registration number (in case of individuals);

b) the legal address (location) of the business entity and, in cases of the patent shall be acquired for a separated unit, location of such a separated unit with documents confirming title (lease);

c) the business type, for whose exercise a trade patent is acquired;

d) type of trade patent;

e) the name of the document on the full or partial payment of the duty;

f) the name and the actual address (location) of the trade activity station, bureau de change, paid service provision outlet, playing place, "mobile trade" inscription;

g) the name, date and number of the document confirming the title (lease);

h) a period, for which the trade patent is acquired.

The reason to acquire the trade patent shall be the application prepared in accordance with this Article. Implementation of additional conditions on acquisition of trade patent shall not be allowed.

267.4.2. The information provided in the application submitted by the business entity shall be verified with the original source or notarized copies of the documents, on whose basis the application is filled out.

Verification of the information provided in the application submitted by the business entity shall be organized when the application is submitted. Original source or notarized copies of the documents submitted by the business entity for verification shall not be remained in body of state tax administration.

If the information provided in the application submitted by the business entity shall not correspond to the documents on whose basis the application is filled out or all necessary information shall not be provided in the application the body of state tax administration has the right to refuse issue of the trade patent to the business entity.

267.4.3. Trade patent shall be issued personally to the individual – sole trader or the person authorized by legal entity against signature within 3 days term from the moment the application was submitted. The date of trade patent acquisition shall be the date stated in it.

267.4.4. The form of trade patent shall be the strictly accountable document.

If the trade patent is lost or damaged the taxable person shall be received a copy of the trade patent in accordance with the procedure set in this clause.

267.4.5. Business entity shall acquire the trade patent for each separated unit that is not income tax payer according the place of registration of the said separate
unit in order to exercise provision of trade activity, paid services, trade of currency values in each separate unit.

267.4.6. Trade patents shall be acquired for each outlet of goods trade, for paid services provision and for foreign currency exchange separately in order to exercise trade activity, paid services provision, currency values trade.

267.4.7. Business entity shall acquire short term trade patent if fairs, selling exhibitions and other short term events related to demonstration and sales of goods take place.

267.4.8. Trade patent shall be acquired for each separate game place in order to exercise activity related to entertainment business. If the separate game place has several independent game places the trade patent shall be acquired for each of them.

267.4.9. Form of the trade patent and procedure how to fill it out shall be set by the body of state tax administration.

267.5. Procedure and period to pay the duty

267.5.1. Procedure to pay the duty for the taxable persons which:

a) exercise trade activities or provide paid services (except for the mobile trade network) – the duty shall be paid according to the location of goods trade outlet or outlet for paid services provision;

b) exercise currency trade activity – the duty shall be paid according to the location of the currency exchange outlet;

c) exercise activity related to entertainment business – the duty shall be paid according to the location of outlets for entertainment provision;

d) exercise trade activity through the mobile trade network – the duty shall be paid according to the place of taxable persons registration;

e) exercise trade activity on the fairs, selling exhibitions and other short terms events related to demonstration and sales of goods – the duty shall be paid according to location where such activity is provided.

267.5.2. Period for the duty payment:

a) no later than one month before the provision of activity related to the trade activity with acquisition of short term patent;

b) no later than 15th day of every month that comes before the reporting month for the provision of trade activity (except trade activity with short term trade patent acquisition), paid service provision activity, currency trade activity;

c) quarterly no later than 15th day of the month that comes before the reporting quarter for the provision of activity related to entertainment business.

267.5.3. When the trade patent is acquired the business entity shall pay the amount of the duty for one month (quarter). The amount of duty which has to be paid in the last month (quarter) of its validity shall be reduced by the amount paid during the trade patent acquisition.

267.5.4. Taxable persons can pay the amount of the duty with advance payment before the end of calendar year.
267.5.5. Amounts of tax which were not paid shall be considered to be the duty debt and collected to budget in accordance with the regulations of this Code.

267.6. Trade Patent usage procedure
267.6.1. The original trade patent must be displayed:
on the front shop window and if it is absent near the registrar of payment procedures;
on the front shop window of a small architectural;
on a plate in case of lorry-based shops, delivery vans and other forms of mobile trade outlets, as well as in case of hawker's trays, counters and other outlet types opened and assigned for the trade activity;
in bureaux de change;
in rooms intended for the provision of paid services and also in rooms where entertaining games take place.
267.6.2. The trade patent must be open and visible.
267.6.3. It shall be permitted to display notarised copies of trade patents in places specified with this part to prevent the trade patent from being damaged (by sunlight, rainwater or spoilage by third parties, etc.). In this case, the original patent must be kept by the responsible officer of the business entity or the responsible officer of a separated unit, who must present it to individuals authorised by law for inspection.
267.6.4. A trade patent shall be valid on the territory of the body that has registered a business entity or concurred to the location of its separated unit.
267.6.5. It shall be disallowed to transfer a trade patent to another business entity or another separated unit of the business entity.
267.6.6. A trade patent issued for the exercise of trade activities in the form of a mobile trade network (lorry shops, delivery vans, etc.) shall be valid on the territory of Ukraine.

267.7. Trade patent validity period.
267.7.1. A privileged trade patent other than a short-term trade patent and a trade patent for the provision of services related to entertainment business shall be valid for 60 calendar months.
267.7.2. A short-term trade patent shall be valid for 1 to 15 calendar days.
267.7.3. Trade patent for the provision of activity related to entertainment business shall be valid for eight calendar quarters.
267.7.4. In case of the failure of a business entity to pay the tax amount by the deadline prescribed by this Article, the said trade patent shall be annulled from the first day of the month following the month of the said violation.
267.7.5. A business entity that has terminated the activities subject to patenting under this Law shall notify the appropriate state tax service agency thereof in writing by the 15th day of the month preceding the reporting month. In this case, the trade patent shall be returned to the state tax service agency that has issued the same, and the business entity shall be refunded the said duty amount paid in excess.
**Article 268. Tourism duty**

268.1. Tourism duty shall be the local duty the funds from which shall be credited to local budget

268.2. Taxable persons

268.2.1. Citizens of Ukraine, foreigners and stateless individuals arriving into the territory of the administrative-territorial unit in which a decision of a village, town, city council to set a tourism duty is in effect and they use (consume) services related to the temporary residence (overnight) with the undertaking to leave the place of stay by the specified deadline shall be taxable persons of the tourism duty.

268.2.2 The following persons shall not be the taxable persons of tourism duty:

a) who constantly reside, including the tenancy contracts, in the village, town, city where the said duty is set by their councils;

b) who is currently on business trip;

c) disabled persons, disabled children and persons who accompany the disabled people of I group or disabled children (no more than one accompanying individual);

d) war veterans;

e) participants of mitigation of consequences of Chernobyl NPP accident;

f) individuals who arrived in sanatoriums and vacation houses according to travel vouchers.

268.3. Rates of the duty

268.3.1. Rates of duty shall be set within the range from 0.5 to 1 per cent to base of duty assessment defined in the clause 268.4. of this Article.

268.4. Base of duty assessment

268.4.1. Assessment base shall be the cost of the residence (overnight) in places defined in sub clause 268.5.1. of the Article without value added tax.

268.4.2. Expenses on food and consumer services (laundry, cleaning, repairing and ironing of clothes, shoes or underwear), telephone bills, foreign passport issue, exit permission (visa), compulsory insurance, expenses on interpretation and written translation, other documented expenses related to rules of exit shall not be included to the cost of residence.

268.5. Tax agents

268.5.1. The duty collection may be carried out according to the decision of the village, town and city council by:

a) administrations of hotels, camping sites, motels, hostels and other hotel-type establishments for arrivals as well as sanitary-resort establishments;

b) intermediary organisations sending non-organised persons to the accommodation in buildings (apartments) owned or leased on a tenancy basis by individuals;

c) legal entities or sole traders authorised by a village, town or city council to collect the duty on the basis of a contract concluded with the correspondent council.

268.6. Specific Features of the Duty Assessment
268.6.1. Tax agents shall charge the duty in the course of the obtainment (the consumption) of temporary residence (overnight) services and record the amount of duty paid with separate row in receipt (cheque) for the residence.

268.7. Duty payment procedure
268.7.1. The duty shall be paid to local budgets with advance payments by the 30th day (inclusive) of each month (in February by the 28th (29th) day (inclusive) of the month). The amount of the accrued advance payments shall be stated in the tax declaration. The final amount of the duty assessed according to the tax declaration for the reporting (tax) quarter (including advance payments done in fact) shall be paid within the period prescribed for quarter tax period.

268.7.2. Tax agent that has the unit without legal entity status exercising the services related to provision of temporary residence (overnight) in no accordance with place of registration of the said agent shall be obliged to register the said unit as tax agent of tourism duty in the bodies of state tax administration according to the location of the unit.

268.7.3. The basis tax (reporting) period shall equal to calendar quarter.

SECTION XII. LAND FEE

Article 269. Taxable persons
269.1. Taxable persons shall be:
269.1.1. owners of land plots and land shares (units);
269.1.2. land users.

Article 270. Objects of taxation
270.1. The following shall be objects of taxation:
270.1.1. land plots being owned or used;
270.1.2. land shares (units) being owned.

Article 271. Taxable Amount
271.1. Taxable Amount shall be as follows:
271.1.1. the target-ratio based monetary land plot valuation subject to the indexation factor determined in accordance with the procedure prescribed by this section;
271.1.2. the area of land plots that have not been subjected to the target-ratio based monetary valuation.

Article 272. Rate of the Tax for Land Plots in Agricultural Grounds
272.1. The rates of the tax per one hectare of the agricultural grounds shall be set as percentage of their target-ratio based monetary valuation in the following amounts:
272.1.1. for the arable land, hayfields, pastures—0.1;
272.1.2. for the perennial plantations—0.03.
272.2. for the agricultural grounds provided according to the established procedure and used for their designated purposes, including military agricultural enterprises, regardless of the land categorization, the land tax shall be charged in accordance with paragraph 272.1 herein.

**Article 273. Taxation of the Land Plots, Provided for Use on the Forestry Land (Regardless of the Location)**

273.1. Tax levied on forest land as a part of payment for special use of forest resources, determined the tax laws

273.2. The rate of the tax per one hectare for the non-forest grounds provided according to the established procedure and used for the forestry purposes shall be set:

   273.2.1. for the agricultural grounds - according to the article 272 of this Code;

   273.2.2. for land plots occupied with production, cultural/household and residential houses, and ancillary buildings and structures - according to the articles 272 and 280 of this Code;

**Article 274. Rate of the Tax for Land Plots That have been Subjected to the Target-Ratio Based Monetary Valuation shall be as follows:**

274.1. The rates of the tax for land plots that have been subjected to the target-ratio based monetary valuation shall be set at the level of one per cent of their target-ratio based monetary valuation, except for land plots covered with Articles 272, 273,276 and 278 of this Code.

**Article 275. Rates of the Tax for Land Plots Located within Populated Areas That have not been Subjected to the Target-Ratio Based Monetary Valuation**

275.1. Rates of the tax for land plots that have not been subjected to the target-ratio based monetary valuation shall be as follows:

<table>
<thead>
<tr>
<th>Groups of populated areas on the basis of the population level (thousand people)</th>
<th>Land tax rates (UAH per 1 sq.m.)</th>
<th>Multiplication factor for cities of Kyiv, Simferopol, Sevastopol and cities of oblast subordination</th>
</tr>
</thead>
<tbody>
<tr>
<td>up to 3</td>
<td>0,2</td>
<td></td>
</tr>
<tr>
<td>3 to 10</td>
<td>0,48</td>
<td></td>
</tr>
<tr>
<td>10 to 20</td>
<td>0,77</td>
<td></td>
</tr>
<tr>
<td>20 to 50</td>
<td>1,2</td>
<td>1.2</td>
</tr>
</tbody>
</table>
### Article 275. Specific Features Of Setting Rates Of The Tax For Land Plots

**275.2.** The following factors shall be applied to the tax rates specified in part one of this article in populated areas categorized by the Cabinet of Ministers of Ukraine as resort areas:

- **275.2.1.** on the West Shore of the Autonomous Republic of Crimea 3;
- **275.2.2.** on the Southeast Shore of the Autonomous Republic of Crimea 2.5;
- **275.2.3.** on the West Shore of the Autonomous Republic of Crimea 2.2;
- **275.2.4.** on the Black Sea Coast of Mykolayiv, Odesa and Kherson oblasts 2.0;
- **275.2.5.** in mountain and foothill areas of Zakarpattia, Lviv, Ivan-Frankivsk and Chernivtsi oblasts 2.3, except for populated areas categorized as mountain populated areas by law;
- **275.2.6.** on the coast of the Sea of Azov and in other resort areas 1.5.

**275.3.** Rates of the tax for land plots (other than agricultural grounds and forestry land) shall be differentiated and approved by the appropriate village, town and city councils on the basis of the tax rates set with item 275.1 of this article, the functional use and the location of the land plot not exceeding the triple value of these tax rates taking account of the factors listed in item 275.2 of this article.

### Article 276. Specific Features Of Setting Rates Of The Tax For Land Plots

**276.1.** The tax for land plots (within populated areas) occupied with the housing fund, co-operative parking places for the storage of personal vehicles of individuals, garage construction, dacha construction and garden co-operatives, individual garages and dachas of individuals, and tax for land plots provided for the purposes of the agricultural production, occupied with production, cultural/household, auxiliary and other buildings and structures shall be charged at the level of three per cent of the tax calculated in accordance with Articles 274 and 275 of this Code.

**276.2.** The tax for land plots (within populated areas) in environmental protection, healthcare and recreational land whose utilisation is not in conformity with the functional use of the areas and objects in question shall be charged at the quintuple rate of the tax calculated in accordance with Articles 274 and 275 of this Code.
276.3. The tax for land plots (within populated areas) plots in the historical/cultural land whose utilization is not in conformity with the functional use of the areas and objects in question shall be charged according to articles 274 and 275 of this Code target-ratio based monetary valuation per arable land area unit in the Autonomous Republic of Crimea or an oblast.

276.3.1. those of international value—7.5;
276.3.2. those of national value—3.75;
276.3.3. those of local value—1.5.

276.4. The tax on land plots (within populated areas) provided for the railway rights-of-way, to mining enterprises for the production of mineral resources and the development of mineral resource deposits, as well as for the water pools provided for the fish production shall be charged at the level of 25 per cent of the tax calculated in accordance with Articles 274 and 275 of this Code.

276.5. If land plots (within populated areas), individual buildings (structures) or parts thereof are granted on lease by land owners and users covered with items 276.1 and 276.4 of this article to other entities, the tax for the areas granted on lease shall be calculated in accordance with Article 274 of this Code on the basis of the target-ratio based monetary valuation calculated subject to the land plot (land plot portion) functional use change factor depending on the economic activity of the lessee and Article 275 of this Code.

276.6. The tax on land plots (within and without populated areas) provided to accommodation of energy facilities that produce electricity from renewable energy sources, shall be charged at the level of 25 percent of the tax calculated in accordance with Articles 274, 275, 278, 279 and 280 of this Code.

**Article 277. Rates of the Tax for Non-agricultural Land Plots Located Outside Populated Areas That Have Not Been Subjected to the Target-ratio Based Monetary Valuation**

277.1. The rate of the tax for land plots provided to the state-owned enterprises shall be set at the level of 5 per cent of the target-ratio based monetary valuation of an arable land area unit in the Autonomous Republic of Crimea or an oblast.

277.2. The rate of the tax for land plots provided to the state-owned enterprises shall be set at the level of 5 per cent of the target-ratio based monetary valuation of an arable land area unit in the Autonomous Republic of Crimea or an oblast.

**Article 278. Rates of the Tax for Land Plots Provided to Industrial, Transportation, Communication, Energy and Defense Enterprises Outside Populated Areas**

278.1. The land tax for land plots provided to industrial, transportation (other than railways) and communication enterprises, as well as the enterprises and
organizations that operate power transmission lines (other than agricultural grounds and forestry land plots) shall be set at the level of 5 per cent of the monetary valuation per an arable land area unit in the Autonomous Republic of Crimea or an oblast;

278.2. The rate of the tax for land plots provided to for the railway rights-of-way, to military formations set up under laws of Ukraine, that are not maintained at the expense of the state or local budgets, to subunits of the Armed Forces of Ukraine, engaged in economic activities, shall be set at the level of 0,02 per cent of the target-ratio based monetary valuation per arable land area unit in the Autonomous Republic of Crimea or an oblast.

278.3. The rate of the tax for land plots provided to the state-owned enterprises shall be set at the level of 0.03 per cent of the target-ratio based monetary valuation of an arable land area unit in the Autonomous Republic of Crimea or an oblast.

Article 279. Rates of the Tax for Land Plots Conveyed into the Ownership or Provided for Use on the Environmental Protection, Healthcare, Recreation and Historical/Cultural Land Outside Populated Areas That Have Not Been Subjected to the Target-ratio Based Monetary Valuation

279.1. The tax for the land plots conveyed into the ownership or provided for use on the environmental protection, healthcare, recreation and historical/cultural land (other than agricultural grounds and forestry land plots) shall be charged at the rate of 5 per cent of the target-ratio based monetary valuation per arable land area unit in the Autonomous Republic of Crimea or an oblast.

Article 280. Rates of the Tax for Land Plots on the Water Fund and Forestry Land Outside Populated Areas That Have Not Been Subjected to the Target-ratio Based Monetary Valuation

280.1. The rate of the tax for land plots provided to the state-owned enterprises shall be set at the level of 0.3 per cent of the target-ratio based monetary valuation of an arable land area unit in the Autonomous Republic of Crimea or an oblast.

280.2. The tax for the land plots conveyed into the ownership or provided for use on the environmental protection, healthcare, recreation and historical/cultural land (other than agricultural grounds and forestry land plots) shall be charged at the rate of 5 per cent of the target-ratio based monetary valuation per arable land area unit in the Autonomous Republic of Crimea or an oblast.

Article 281. Tax Breaks for Individuals

281.1. The following persons shall be exempt from taxation:
281.1.1. disabled people of groups 1 and 2;
281.1.2. individuals who take care of three and more children in the age under 18 years;
281.1.3. pensioners (on the old-age pension);
281.1.4. veterans of war and individuals subject to the Law of Ukraine "On War Veteran Status and Guarantees of Their Social Protection";
281.1.5. individuals considered by law to be victims of the Chernobyl disaster;

281.2. The exemption from the payment of the tax for land plots granted to a certain category of individuals under item 16.1 of this article shall apply to land plots subject to the following limits:

281.2.1. for the personal peasant farming purposes—not more than 2.0 hectares;
281.2.2. for the construction and the maintenance of a residential house, ancillary buildings and structures (homestead land plots): in villages—not more than 0.25 hectares, in towns—not more than 0.15 hectares, in cities—not more than 0.10 hectares;
281.2.3. for the individual dacha construction—not more than 0.10 hectares;
281.2.4. for the individual garage construction—not more than 0.01 hectares;
281.2.5. for the horticultural purposes—not more than 0.12 hectares.

Article 282. Tax Breaks for Legal Entities

282.1. The following persons shall be exempt from taxation:

282.1.1. the reserves, including the historical/cultural reserves, national natural parks, sanctuaries (other than game reserves), state and community owned parks, regional landscape parks, botanical gardens, dendrological and zoological parks, monuments of nature, reserve tracts and parks being monuments of the garden and park art;
282.1.2. research farms of the scientific research institutions, agricultural educational establishments and vocational schools;
282.1.3. state authorities and local self-government bodies, public prosecution bodies, establishments, institutions and organizations, specialized sanatoria of Ukraine for the rehabilitation of ill people, military formations set up under laws of Ukraine, the Armed Forces of Ukraine and the State Border Service of Ukraine that are fully maintained at the expense of the state or local budgets;
282.1.4. children sanatorium resort and healthcare establishments of Ukraine regardless of their subordination, including children sanatorium resort and healthcare establishments of Ukraine, which are on the balance sheet of enterprises, institutions and organizations;
282.1.5. religious organizations of Ukraine, the statutes (regulations) of which are registered in the manner prescribed by law provided for the construction
and maintenance of religious and other buildings required for their activities, as well as charitable organizations established according to law that do not involve profit-making:

282.1.6. sanatorium and resort, and healthcare establishments of public organizations of the disabled people, rehabilitation institutions of public organizations of the disabled people;

282.1.7. public organizations of disabled people of Ukraine, enterprises and organizations of public organizations of disabled people, whose property is fully owned by such organizations and in which the disabled people employed on a full-time basis account for at least 50 per cent of the total number of employees, and provided that the labour remuneration fund of such disabled people amounts to at least 25 per cent of the aggregate labour remuneration expenses included into the gross production (turnover) expenses over the previous reporting period.

The said enterprises and organizations of public organizations of disabled people shall be eligible for this break subject to the availability of the permit for the use of such a break granted by the interagency commission for activities of enterprises and organizations of public organizations of disabled people under the Law of Ukraine "On Fundamentals of the Social Protection of Disabled People in Ukraine".

In case of the violation of requirements of this provision, the said public organizations of the disabled people, their enterprises and organizations must pay the amounts of the tax due for the relevant period indexed to account for the inflation, as well as the penalty in accordance with the legislation of Ukraine.

282.1.8. preschool and secondary schools regardless of the ownership form and sources of financing, culture, science, education, health, social security, physical culture and sport establishments that are fully maintained at the expense of the state or local budgets;

282.1.9. enterprises, institutions, organizations, public organizations of physical education and sports, including the flying clubs and aviation sports clubs of the Society of assistance to defense of Ukraine, for the land plots allotted for sports facilities that are used for national, international competitions and a training process of national teams of Ukraine and training of sport reserve, Olympic and Paralympic base, the list of which is approved by the Cabinet of Ministers of Ukraine;

283.2. individual owners of land plots, land shares (units) in case of granting the land plots, land shares (units) on lease to a payer of the fixed agricultural tax;

283.3. newly established farms within three years and in workless populated areas - within five years since the transfer of land ownership.

**Article 283. Exempt Land Plots**

283.1. The tax shall not be paid for:
283.8.1. the agricultural grounds in zones of radioactive pollution areas declared according to the law as the areas of the radioactive pollution as a result of the Chernobyl disaster (the alienation zone, the obligatory relocation zone, the guaranteed voluntary re-settlement zone and the strengthened radio-ecological control zone), and the chemically contaminated agricultural grounds that are subject to restrictions in respect of the use for the agricultural purposes;

283.8.2. the agricultural grounds being under the temporary conservation or at the stage of the agricultural development;

283.8.3. the land plots of state plant-variety testing stations and sections used for testing the varieties of agricultural crops;

283.8.4. public road lands - lands under carriageway, roadside, roadbed, decorative gardening, reserves, roadside ditches, bridges, artificial structures, tunnels, traffic interchange, culverts, retaining walls, noise screens, treatment facilities and provided to other road structures and equipment rights-of-way, and lands outside the rights-of-way if they are occupied with structures that ensure roads operation, namely:

a) parallel byways, ferry crossing, snow fence and wind break, antiavalanche and antimudflow structures, runs off ramps, cover crops, noise screens, treatment facilities;

b) transport parking and recreation areas, warehouses, garages, storage tanks for fuel and lubricants, weighing systems for overweight vehicles, production bases, artificial and other structures being owned by state, state-owned enterprises or business associations, in which the State owns 100 percent of the authorized capital.

283.8.5. the land plots of agricultural enterprises of all ownership forms and the farmer's (peasant) farms occupied with young gardens, berry-fields and vineyards before the commencement of the fruitage, as well as by the hybrid plantations, gene pool collections and perennial fruit nurseries;

283.8.6. the land plots of cemeteries, crematoria and columbaria.

Article 284. Specific Features of the Application of the Preferential Taxation

284.1. The Verkhovna Rada of the Autonomous Republic of Crimea, oblast, city, town and village councils may institute preferences on land fee payable in the territory: partial exemption for a certain period, the reduction in the land tax amount only at the expense of funds being to the credit of their budgets.

Local self-government bodies shall submit data on land tax breaks provided to legal entities and / or individuals for the current year to the appropriate state tax service agency in the location of the land plot by 1 February of the current year.

Recent changes in such information shall be provided by the 1st day of the first month of the quarter that follows the reporting quarter in which these changes occurred.
284.2. If a taxable person becomes eligible for a preference during a year, it shall be exempted from the tax starting from the month that follows the month of the emergence of the eligibility. In case of the loss of the eligibility for the preference during a year, the tax shall be paid starting from the month that follows the month of the loss of the eligibility.

284.3. If the payers of the tax that enjoy preferences in respect of this tax grant land plots, individual buildings or structures or portions thereof for the temporary use (lease), the tax for the land plots occupied by such buildings (portions thereof) shall be paid on a generally applicable basis taking account of the building-related area.

This provision shall not apply to institutions and that are maintained from the budget in case of their providing buildings and structures (portions thereof) to other budget-funded institutions on lease.

**Article 285. Tax Period**

285.1. A calendar month shall be the basic tax (reporting) period for the purposes of this tax.

285.2. The tax year shall commence on 1 January and end on 31 December of the same year (for newly established enterprises and organizations, as well as in case of acquisition of property rights and/or right of use of new land plots may be less than 12 months).

**Article 286. Rental Fee Assessment Procedure**

286.1. Data of the state land cadastre shall be the basis for the accrual of the land tax for a land plot.

The appropriate executive agencies in charge of land resources at the request of the appropriate state tax service agency in the location of the land plot shall provide the data necessary for assessment and collection of the land tax in manner approved by the Cabinet of Ministers of Ukraine.

286.2. Payers of the rental fee (other than individuals) shall calculate the rental fee amount on their own annually as of 1 January and submit a tax return for the current year in the format prescribed by the Article 46 of this Code, with a breakdown of the annual amount into equal monthly installments to the appropriate state tax service agency in the location of the land plot by 1 February of the current year. The submission of such a return shall relieve them from the duty to submit monthly returns. On filing of the first declaration (actual start of activity as a payer of the rental fee) a certificate (excerpt) of the target-based land plot monetary valuation shall be submitted together with the declaration, and hereinafter such
certificate shall be submitted in case of approval of new target-ratio based monetary valuation.

286.3. The rental fee payer shall have the right to submit a new reporting tax return on a monthly basis, that relieves the payer from the duty to submit a tax return by 1 February of the current year within 20 calendar days of the month that follows the reporting month.

286.4. A taxable person shall submit a tax return in respect of the newly allocated land plots within 20 calendar days of the month following the reporting month.

286.5. The accrual of tax amounts for individuals shall be carried out by the state tax service agency that must issue the tax notice/decision on the payment of the tax to the payer by 1 July of the current year.

In case of the conveyance of the ownership of a land plot from one owner to another during the calendar year, the tax shall be paid by the previous owner for the period from 1 January of this year up to the beginning of the month in which he lost the ownership of the mentioned land plot, while the new owner - beginning with the month in which the new owner acquired a right of ownership.

In case of the conveyance of the ownership of a land plot from one owner to another during the calendar year, the state tax service agency shall send a tax notice to new owner after the data on the conveyance of the ownership have been received.

286.6. In case of a land plot accommodating a building, which is jointly owned or used by several legal entities or individuals, the land tax shall be accrued to each owner or user in proportion to the building area portion used thereby.

1) in equal installments if a building is jointly owned by several persons, but not divided in kind, or to one such person/owner, defined by their consent, unless stipulated by a court decision;

2) in proportion to the building area portion used by each person if a building is part-owned;

3) in proportion to the building area portion used by each person if a building is jointly owned and divided in kind.

In case of a land plot accommodating a building, which is used by several legal entities or individuals, the land tax shall be accrued to each user in proportion to the building area portion used thereby taking account of the building-related area.

286.7. Legal entities shall reduce the tax liability related to the land tax the tax liability of a land tax by an amount of tax breaks provided to individuals in accordance with item 281.1 of Article 281 of the Code on land plots which owned or permanently use by them and are a part of land of such legal entity.

This procedure shall be applied to determine the land tax liabilities of the legal entity for land plots provided in manner approved by the Law of Ukraine "On the basis of social protection of invalids in Ukraine" for free car parking (storage) driven by disabled people with musculoskeletal system disorders, their family members, who
according to the order on providing the disabled people with motor-cars are entitled to driving a car, and legal representatives of disabled people or disabled children who transport disabled people (disabled children) with musculoskeletal system disorders.

Article 287. Deadlines for the land tax payment

287.1. Land owners and land users shall pay the tax starting from the date of the emergence of the title to, or the right to use, a land plot.

In case of the termination of the ownership or the use right of a land plot, the tax shall be paid for the actual period of the ownership or the use of the land during the current year.

287.2. The individuals being payers of the tax shall be entered into records and charged the relevant amounts every year as of 1 May.

287.3. The tax liability related to the land tax as specified in a tax return for the current year, shall be payable by landowners and lessors of land plots in the location of the land plot in equal installments for the tax (reporting) period, which equals a calendar month, on a monthly basis during 30 calendar days following the last calendar day of the reporting (tax) month.

287.4. The tax liability related to the land tax as specified in a new tax return including the newly allocated land plots, shall be payable by landowners and lessors of land plots in the location of the land plot in equal installments for the tax (reporting) period, which equals a calendar month, on a monthly basis during 30 calendar days following the last calendar day of the reporting (tax) month.

287.5. Individuals shall pay the tax within 60 days after the receipt of the tax notice/decision.

Individuals in town and village areas may pay the land tax through the cash desks of town (village) councils by the issuance of tax receipt. The form of a receipt shall be set according to the procedure stipulated in Article 46 of this Code.

287.6. In case of the conveyance of the ownership of a building or structure (a portion thereof), the land tax charged on a land plot accommodating such buildings, structures (a portion thereof) taking account of the building-related area shall be paid on a generally applicable basis starting from the date of the state registration of the title to the real estate.

287.7. If land plots (within populated areas), individual buildings (structures) or parts thereof are granted on lease by land owners and users, including those covered with items 276.1 and 276.4 of Article 276, the tax for the areas granted on lease shall be calculated starting from the date of the conclusion of the land plot lease contract or the date of the conclusion of the building (building part) lease contract.

287.8. The owner of non-residential premises (a portion thereof) in a block of flats shall pay tax to the budget for the area under such premises (a portion
thereof), taking into account the proportional portion of building-related area from the date of state registration of title to real property.

**Article 288. Rental Fee**

288.1. A land plot lease contract shall be the basis for the accrual of the rental fee for a land plot.

Executive agencies and local self-government bodies that enter into land leases contracts must provide the state tax service agency in the location of the land plot by 1 February with lists of lessees, with which land lease contracts have been concluded for the current year, and notify the relevant state tax service agency of the conclusion of new land lease contracts, the modification and the termination of existing land lease contracts by 1st day of the month following the month of the said changes.

288.2. The land plot lessee shall be the payer of the rental fee.
288.3. Land plots granted on lease shall be the object of taxation.
288.4. The amount and conditions of the payment of the rental fee shall be set by agreement between landholder and lessor in the lease contract.
288.5. The amount of the rental fee for the state or community owned land shall be set by agreement of the parties in the lease contract; however, the annual payment amount

288.5.1. may not be lower than:
  the land tax value under this Section - for agricultural grounds;
  the triple value of land tax under this Section - for other land categories;

288.5.2. may not exceed:
  3 per cent of the target-ratio based monetary valuation for land plots provided to accommodation, construction, maintenance and operation of energy facilities that produce electricity from renewable energy sources, including technological infrastructure of such facilities (production facilities, bases, distribution centres (devices), electrical substations, electrical networks)
  12 per cent of the target-ratio based monetary valuation for other land plots granted on lease;

288.5.3. may exceed the marginal amount of the rental fee specified in sub-item 288.5.2, if the lessee was determined on a competitive basis.

288.6. The sub-rent for the land plots may not exceed the rental fee.
288.7. Tax (reporting) period, tax calculation procedure; time frames and procedure of the crediting budgets with the tax shall be applied in line with requirements of Articles 285-287 of this Section.

**Article 289. Indexation of the Target Ratio-based Monetary Valuation of Land**
289.1. The target-ratio based monetary land plot valuation shall be used for calculation of the tax and rental fee amount.

The central executive agency in charge of land resources shall manage the valuation of land and land plots.

289.2. The central executive agency in charge of land resources shall determine annually on the basis of consumer price index coefficient of the previous year the value of the indexation factor for the target-ratio based monetary valuation of the land, by which the target-ratio based monetary valuation of the agricultural grounds, the land of populated areas and other non-agricultural lands shall be adjusted as of 1 January of the current year, which is determined according to the following formula:

\[ K_i = \left( \frac{I - 10}{100} \right), \]

where I is the consumer price index coefficient (inflation rate) of the previous year;

If the consumer price index (inflation rate) of the previous year does not exceed 110 per cent, then the index value shall be used as equal to 110.

The indexation factor for the target-ratio based monetary valuation shall be applied cumulatively depending on the date of the target-ratio based monetary valuation.

289.3. The central executive agency in charge of land resources, The Council of Ministers of the Autonomous Republic of Crimea, oblast, Kyiv and Sevastopol city state administration, shall notify the central tax agency, land owners and land users of the indexation factors by 15 January of the appropriate year.

Article 290. Procedure of the Crediting Budgets with the Land Tax

290.1. The annual rental fee shall be to the credit of appropriate local budgets in accordance with the procedure prescribed by the Budget Code of Ukraine for the land fee.

SECTION XIV.

CHAPTER 1. SPECIAL TAX ARRANGEMENTS, EXCLUDED

CHAPTER 2. FIXED AGRICULTURAL TAX

Article 301. Taxable Persons

301.1. Taxable persons taking into account the restrictions set with item 301.6 of this Article may be the agricultural commodity producers, whose quantity in
agricultural commodity production for the previous tax (reporting) year equals or exceeds 75 percent.

In the breeding centres, on enterprises (in associations) of pedigree stock-breeding the home-used products shall also include breeding (genetic) resources purchased from other breeding centres, enterprises (associations) of pedigree stock-breeding and sold by domestic enterprises for uterine insemination of livestock animals.

If an agricultural commodity producer is formed by merging, joining, transformation, division or separation in accordance with the relevant provisions of the Civil Code of Ukraine, the norm of adherence to the quantity rate of agricultural commodity producer that equals or exceeds 75 percent for the previous tax (reporting) year, shall extend to:

- all individuals separately who merge or join;
- every single person, formed by division or separation;
- person formed through the transformation.

301.2. the agricultural commodity producers formed by merging or joining may act as a taxable person if the quantity of the agricultural commodity production received for the previous tax (reporting) year by all commodity producers taking part in their formation equals or exceeds 75 percent.

301.3. the agricultural commodity producers formed through the transformation of a taxable person may act as a taxable person in the year of transformation, if the quantity of the agricultural commodity production received for the previous tax (reporting) year equals or exceeds 75 percent.

301.4. the agricultural commodity producers formed by division or separation may act as a taxable person starting from the next year, if the quantity of the agricultural commodity production received for the previous tax (reporting) year equals or exceeds 75 percent.

301.5. the newly established agricultural commodity producers may act as a taxable person starting from the next year, if the quantity of the agricultural commodity production received for the previous tax (reporting) year equals or exceeds 75 percent.

301.6. The following may not be registered as a taxable person:

301.6.1. business entity, whose income from the sale of ornamental plants, wild animals and birds, furs and fur constitutes more than 50 percent of income resulting from the sale of the home-used products and processed products.

301.6.2. business entity engaged in production and / or sale of excisable goods other than wine grapes (codes under UCCFEA 2204 29 - 2204 30), produced on the enterprises of primary winemaking for the enterprises of secondary winemaking that use the wine materials for the production of finished products;
301.6.3. business entity that as of the day of submitting necessary documents for acquiring the status of taxpayer has a tax debt (back taxes) with the exception of bad tax debt (back taxes) that arose as a result of force majeure (force majeure circumstances)

Article 302. Object of Taxation;

302.1. The object of taxation for the agricultural commodity producers shall be an area of the agricultural grounds (arable land, hayfields, pastures and perennial nurseries) and/or the water-fund lands (closed waters, lakes, ponds, reservoirs) which are owned by agricultural commodity producer or provided for use, for instance, on lease conditions.

Article 303. Taxable Amount

303.1. Taxable amount for the agricultural commodity producers shall be a target-ratio based monetary valuation of one hectare of the agricultural grounds (arable land, hayfields, pastures and perennial nurseries) as of 1 July 1995, for the water-fund lands (closed waters, lakes, ponds, reservoirs) - a target-ratio based monetary valuation of one hectare of the arable land in the Autonomous Republic of Crimea or an oblast as of 1 July 1995.

Article 304. Rate of the Tax

304.1. Rates of the tax for one hectare of the agricultural grounds and/or the water-fund lands for the agricultural commodity producers depends on the category (type) of land, location, and shall constitute (as percentage of the taxable amount):

a) 0, 15 - for the arable land, hayfields, pastures (other than the arable land, hayfields, pastures located in the mountainous areas and the Polissia area and arable land, hayfields and pastures, owned by the agricultural commodity producers specializing in the manufacturing (growing) and processing of crop production on the closed grounds, or provided to them for use, for instance, on lease conditions;

b) 0,09 - for the arable land, hayfields, pastures located in the mountainous areas and the Polissia area;

c) 0,09 - for the perennial nurseries (other than perennial nurseries located in the mountainous areas and the Polissia area);

d) 0,03 - for the perennial nurseries located in the mountainous areas and the Polissia area;

e) 0,45 - for the water-fund lands
f) 1,0 - for the arable land, hayfields, pastures owned by the agricultural commodity producers specializing in the manufacturing (growing) and processing of crop production on the closed grounds, or provided to them for use, for instance, on lease conditions;

The specialization in production (cultivation) and processing of crop production on the closed grounds shall be understood as the excess of income obtained from the sale of such products and processed products over two-thirds of their income (66 per cent) from realization of all home-used agricultural products and processed products. The list of mountainous areas and Polissia area shall be specified by the Cabinet of Ministers of Ukraine.

**Article 305. Tax (Reporting) Period**

305.1. A calendar month shall be the basic tax (reporting) period for the purposes of this tax.

305.2. The tax year shall commence on 1 January and end on 31 December of the same year.

305.3. The previous tax (reporting) year for newly established agricultural commodity producers shall be the period from the date of state registration up to 31 December of the same year.

305.4. The tax (reporting) year for established agricultural commodity producers to be dissolved shall be the period since the beginning of the year till their actual dissolution.

**Article 306. Procedure of tax accrual and time for payment of the tax**

306.1. The agricultural commodity producers shall calculate the tax amount on their own annually as of 1 January and submit a tax return for the current year in the format prescribed by the Article 46 of this Code, with a breakdown of the annual amount into equal monthly instalments to the appropriate state tax service agency in the location of the land plot by 1 February of the current year.

306.2. The tax shall be paid on a monthly basis during 30 calendar days following the last calendar day of the reporting (tax) month in the amount of one third of tax calculated on the basis of the annual tax for each quarter as follows:

a) for I quarter - 10 per cent;  
b) for II quarter - 10 per cent;  
c) for III quarter - 50 per cent;  
d) for IV quarter - 30 per cent;

306.3. Taxable persons formed during the year by merging, joining or transformation in the reporting (tax) period including new plots of land acquired by them, shall pay the tax for the first time during 30 days of the month following the
month of their formation (the emergence of the title to a land plot) and further - in order specified in item 306.2 of this Article.

306.4. Taxable persons terminated by merging, joining, transformation, division in the tax (reporting) period must submit a specified tax return to state tax service agency in the location of the land plot prior to their actual termination.

306.5. If during the tax (reporting) period an area of the agricultural grounds and/or the water-fund land owned or used by the taxable person has changed, in case of acquisition (loss) of property rights or right of use of new land plots, such taxable person must:

- specify the amount of tax liabilities for the period starting from the date of acquisition (loss) of the right till the last day of the tax (reporting) year;
- submit a tax return with specified data on land plot area and information on the availability of land plots and their the target-ratio based monetary valuation to the state tax service agencies in the location of the land plot within 20 calendar days of the month following the reporting (tax) month.

306.6. In case the taxable person (the landholder) grants on lease the agricultural grounds and/or the water-fund land to another taxable person (the lessee), the leased area of land plot can not be included in the tax declaration of the lessee and shall be included in such declaration of the landholder.

306.7. In case the taxable person (the lessee) takes on lease the agricultural grounds and/or the water-fund land from a person (a landholder), non tax payer, the leased area of land plot shall be included in the tax declaration of the lessee.

306.8. The taxable person transfer in due time the total amount of funds to appropriate account of the local budget in the location of land plot.

Article 307. Specific Features of Imposing Individual Taxes and Duties on Taxable Persons

307.1. The taxable persons shall not pay the following taxes and duties:

a) the corporate profit tax;

b) the land tax (other than the land tax for land plots not used for the agricultural commodity production);

c) the duty for the special water use;

d) the duty for conducting certain types of business activities (in the section on the trading activity).

307.2. The taxable person shall pay the taxes and duties not specified in section 307.1 of this Article in the manner and amounts established by this Code, and the single contribution to the compulsory state social insurance - in the manner prescribed by the Law of Ukraine "On the collection of and accounting for the single contribution to compulsory state social insurance".
Article 308. Procedure for obtaining and cancellation of tax residency status

308.1. Agricultural commodity producers to obtain and confirm the tax residency status shall submit by 1 February of the current year:

- overall tax return for the current year for all taxable land plot areas, of which tax is collected (the agricultural grounds (arable land, hayfields, pastures and perennial nurseries), and / or the water - to the state tax service agencies in the place of their tax registration (the entry into tax records with agencies of the state tax service);

- account tax return for the current year separately for each land plot - to the state tax authority in the location of such land plot;

- calculation of the quantity rate of agricultural commodity production in the format approved by the central executive agency in charge of the state agricultural policy in concurrence with the central state tax service agency to state tax service agency in the location of the land plot;

- data (certificate) on the availability of land plots - to the state tax authority in the location of such land plot.

Data (certificate) on the availability of land plots shall include data on each document certifying the title to land and/or the right of use of land plots including data on the land(share) lease contracts.

308.2. The agricultural commodity producers formed during the year by merging, joining or transformation shall provide the state tax service agency in the location of the land plot during 30 days of the month following the month of their formation with a tax return for the period from the date of formation until the end of the current year, in order to obtain the tax residency status and all rights and obligations with the respect to settlement of tax liabilities or debts passed to him as a legal successor.

308.3. A certificate of obtaining or confirmation of the tax residency status shall be issued within 10 working days from the date of filling a tax return by the agricultural commodity producers or a statement by the state tax service agencies in the place of their tax registration (the entry into tax records with agencies of the state tax service).

308.4. Income of the agricultural commodity producer obtained from the sale of own-produced agricultural commodity products and processed products (other than excisable goods except wine grapes (codes under UCCFEA 2204 29 - 2204 30), produced on the enterprises of primary winemaking for the enterprises of secondary winemaking that use the wine materials for the production of finished products shall include the income obtained from:
the sale of crop production produced (cultivated) on lands belonging to the agricultural commodity producer by virtue of the ownership right or granted to him for use, as well as fish farming products, caught (harvested), planted, grown in the closed waters (lakes, ponds and reservoirs) and products processed on their own enterprises;

the sale of crop production on the closed grounds and products processed on their own enterprises;

the sale of live-stock and poultry production and products processed on their own enterprises;

the sale of agricultural commodity products processed from own-produced raw materials under tolling agreements regardless of the territorial location of the processing enterprise.

In case an agricultural commodity enterprise is formed by merging, joining, transformation, division or separation in the year of formation division or separation, in the year of the formation the amount of income resulting from the sale of the own-produced products and processed products de (other than excisable goods except wine grapes (codes under UCCFEA 2204 29 - 2204 30), produced on the enterprises of primary winemaking for the enterprises of secondary winemaking that use the wine materials for the production of finished products shall include the income obtained during the last tax (reporting) period from provision of the related services:

services involving harvesting, its briquetting, warehousing, packaging and predistributive operations (drying, trimming, sorting, cleaning, grinding, disinfection (in case of available license), ensilage, cooling) provided by the agricultural commodity enterprise/manufacturer to the buyer of such products (since acquisition of property rights for such products under the agreement up to its actual transfer to the buyer);

care services for livestock and poultry, provided by the agricultural commodity enterprise/manufacturer to the buyer (since acquisition of property rights for such products under the agreement up to its actual transfer to the buyer);

storage services for the agricultural commodity products, provided by the agricultural commodity enterprise/manufacturer to the buyer (since acquisition of property rights for such products under the agreement up to its actual transfer to the buyer);

services for fattening and slaughter of livestock and poultry, provided by the agricultural commodity enterprise/manufacturer to the buyer (since acquisition of property rights for such products under the agreement up to its actual transfer to the buyer);
308.5. In case a taxable person fails to fulfill a stipulation of 75 per cent quantity of the agricultural commodity production in connection with the occurrence of force majeure in the previous tax (reporting) year, a stipulation that the quantity of the agricultural commodity production shall be equal or exceed 75 percent shall not be applied to such taxable persons in the next tax (reporting) year. Such taxable persons to confirm the tax residency status shall submit a tax return together with the resolution of the Verkhovna Rada of the Autonomous Republic of Crimea, regional councils on the existence of force majeure and the list of business entities affected by such circumstances.

308.6. The registration of an agricultural commodity producers the as a taxable subject shall be cancelled:

308.6.1. in case the taxable person submits an application for the voluntary withdrawal of such registration;

308.6.2. by decision of the state tax service agency:

a) in case of termination of a taxable person including by merging, joining or transformation;

b) in case the inspection of documents has shown the non-compliance of taxable person with the provisions of Article 301 of this chapter.

Herewith, a taxable person must proceed to the tax payment under the general system of taxation starting from the next month following the month in which such non-compliance was found.

Article 309. Taxable persons liability

309.1. In case the quantity of the agricultural commodity production is less than 75 per cent, the agricultural commodity producers shall pay taxes on a generally applicable basis in the next tax (reporting) year.

309.2. Taxable persons shall be liable under this Code for the correctness of the calculation, the timely filing of tax returns and payment of the tax.

Chapter 3.

THE TAX IN THE FORM OF A SPECIAL-PURPOSE SUPPLEMENT TO THE APPLICABLE ELECTRICAL AND THERMAL ENERGY TARIFF GENERATED BY QUALIFIED COGENERATION PLANTS

Article 310. Taxable Persons

310.1. The wholesale provider of electrical energy and producers of electrical energy that hold a licence for the exercise of business activities in generation of
electrical energy and sell it outside the wholesale electrical and thermal energy market shall be payers of the duty. (further - legal entities)

Article 311. Object of Taxation Specified in Article 311.1.

The following shall be the object of taxation:

a) in case of wholesale provider of electrical energy - the value of the supplied electrical energy disregarding the value added tax;

b) in case of legal entities — the value of the supplied electrical energy sold outside the wholesale electrical energy market reduced by the value of the electrical energy generated by qualified cogeneration plants and/or from renewable energy sources, for the hydroelectricity - only by the value generated by small hydraulic power plants with the capacity under 20 MW, disregarding the value-added tax.

Article 312. Rates of the Duty

312.1. The tax rate shall amount to 3 per cent of the value of the actually supplied electricity disregarding the value-added tax.

Article 313. Duty Assessment and Payment Procedure

313.1. The basic tax (reporting) period for the duty shall equal a calendar quarter.

313.2. The calculations of the duty for the special use of fish and other living water resources shall be submitted by taxable persons to the state tax service agencies within time frames prescribed for the quarterly reporting (tax) period in the place of their tax registration.

313.3. The form of a tax return shall be set according to the procedure stipulated in Article 46 of this Code.

313.4. The tax liability related to the duty for basic tax (reporting) period shall be calculated on the basis of the duty rates and the value of the actually supplied electrical energy, excluding the value of electrical energy generated by qualified cogeneration plants and small hydraulic power plants with the capacity under 20 MW.

313.5. Legal entities generating the electrical energy at small hydraulic power plants with the capacity under 20 MW shall use the funds in the amount of the tax in the form of a special-purpose supplement to the applicable electrical and thermal energy tariff for the construction of new small hydraulic power plants with the capacity under 20 MW, and the rehabilitation and upgrade of existing hydraulic power plants with the capacity under 20 MW.

The agency of the state regulation of activities in the electrical energy sector shall control the proper use of funds.
313.6. The duty shall be paid by taxable persons within time frames prescribed for the month reporting (tax) period in the place of their tax registration.

Chapter 4.
THE TAX IN THE FORM OF A SPECIAL-PURPOSE SUPPLEMENT TO THE APPLICABLE NATURAL GAS TARIFF FOR THE CONSUMERS OF ALL OWNERSHIP FORMS.

Article 314. Taxable Persons
314.1. The payers of the duty shall be the business entities and their separated units that carry out activities related to the supply of natural gas to consumers on the basis of agreements concluded with them.

Article 315. Object of Taxation
315.1. The object of taxation with the duty shall be the cost of natural gas in the amount released to each category of consumers during the reporting period, determined on the basis of the gas transfer and acceptance certificate signed by the payer and the relevant consumers (for population - based on accounting documents) taking account of the appropriate tariff.

Article 316. Rates of the Duty
316.1. The duty at the level of 2 per cent shall be collected for volumes of natural gas supplied to the following categories of consumers:
   a) communal heating enterprises, thermal electric power station, power stations and boiler houses of business entities, including the block (module) boiler houses, (to the extent used to provide public services of heating and hot water supply, provided that such entities keep record of a separate metered values and accounting of heat and hot water);
   b) budget-funded institutions;
   c) industrial and other business entities and their separated units that use natural gas.
316.2. The duty for volumes of natural gas supplied to the population shall be collected at the level of 4 per cent.

Article 317. Duty Assessment and Payment Procedure
317.1. Consumers are the following categories:
   population, budget-funded institutions, communal heating enterprises, thermal electric power station, power stations and boiler houses of business entities, including the block (module) boiler houses, and other business entities and other separated (structural) units that use the natural gas to produce goods and provide services and to cover in-house needs.
317.2. the natural gas price, the price shall be understood as the price of the natural gas for the relevant category of end consumers less the tariffs for the transportation and supply thereof to consumers and the value-added tax;

317.3. The basic tax (reporting) period for the duty shall equal a calendar quarter.

317.4. The calculations of the duty for the special use of fish and other living water resources shall be submitted by taxable persons to the state tax service agencies within time frames prescribed for the quarterly reporting (tax) period in the place of their tax registration.

The form of a tax return shall be set according to the procedure stipulated in Article 46 of this Code.

The calculations of the duty for the special use of fish and other living water resources shall be submitted by taxable persons to the state tax service agencies within time frames prescribed for the quarterly reporting (tax) period in the place of their tax registration.

SECTION XV. DUTY FOR THE USE OF THE RADIO FREQUENCY RESOURCE OF UKRAINE

Article 318. Taxable Persons.

318.1. The taxable persons shall be general users of the radio frequency resource envisaged by the Law of Ukraine “On Radio Frequency Resource of Ukraine” who use the radiofrequency resource within the allocated part of the public radio frequency band on the grounds listed hereinbelow:

318.1.1. a licence for the radio frequency resource use;
318.1.2. a broadcasting licence and a radioelectronic facility and radio frequency emitting device operation permit;
318.1.3. a radioelectronic facility and radio frequency emitting device operation permit obtained on the basis of a contract with the broadcasting licence holder;
318.1.4. a radioelectronic facility and radio frequency emitting device operation permit.

318.2. Special users the list of which is determined by the legislation on radio frequency resource, and radio amateurs shall not be deemed as taxable persons.

Article 319. Object of Taxation.

319.1. The object of taxation shall be the radio frequency bandwidth determined as a part of the public radio frequency band in the relevant region, and indicated in the licence for the use of the radio frequency resource of Ukraine or the radioelectronic facility and radio frequency emitting device operation permit for technological users and the users who use the radio frequency resource for the dissemination of television and radio programmes.
### Article 320. Duty Rates.

<table>
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<th>Radio frequency band</th>
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<tr>
<td>1. Fixed radio relay service</td>
<td>0.03 to 300 GHz</td>
<td>0.36</td>
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<td>0.03 to 470 MHz</td>
<td>347.75</td>
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<td>30 to 470 MHz</td>
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<td>30 to 470 MHz</td>
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<td>10. Satellite mobile and fixed radio services</td>
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<td></td>
<td>3 to 30 GHz</td>
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<td></td>
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systems for the transmission and retransmission of television pictures, sounds and digital information

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<th>13. Sound transmission depending on the capacity:</th>
<th>30 kHz to 30 MHz</th>
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<td>1.1 to 10 kW</td>
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<td>10.1 to 100 kW</td>
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<td>101 to 500 kW</td>
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<td>over 501 kW</td>
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<th>30 to 300 MHz</th>
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<tbody>
<tr>
<td>1 up to and including 10 W</td>
<td>17.55</td>
</tr>
<tr>
<td>10.1 to 100 W</td>
<td>52.66</td>
</tr>
<tr>
<td>101 W to 1 kW</td>
<td>86.66</td>
</tr>
<tr>
<td>1.1 to 5 kW</td>
<td>139.32</td>
</tr>
<tr>
<td>5.1 to 20 kW</td>
<td>261.09</td>
</tr>
<tr>
<td>over 20.1 kW</td>
<td>347.75</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>15. Sound transmission depending on the frequency:</th>
<th>66 to 74 MHz</th>
</tr>
</thead>
<tbody>
<tr>
<td>100 W up to and including 100 W</td>
<td>130.54</td>
</tr>
<tr>
<td>101 W to 1 kW</td>
<td>261.09</td>
</tr>
<tr>
<td>1.1 to 10 kW</td>
<td>416.86</td>
</tr>
<tr>
<td>over 10.1 kW</td>
<td>522.17</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>16. Transmission and retransmission of the television pictures depending on the capacity:</th>
<th>300 to 880 MHz</th>
</tr>
</thead>
<tbody>
<tr>
<td>10 W up to and including 10 W</td>
<td>12.07</td>
</tr>
<tr>
<td>Power Range</td>
<td>Tax Rate</td>
</tr>
<tr>
<td>-------------</td>
<td>---------</td>
</tr>
<tr>
<td>10.1 to 100 W</td>
<td>24.13</td>
</tr>
<tr>
<td>101 W to 1 kW</td>
<td>52.66</td>
</tr>
<tr>
<td>1.1 to 5 kW</td>
<td>104.22</td>
</tr>
<tr>
<td>5.1 to 20 kW</td>
<td>208.43</td>
</tr>
<tr>
<td>over 20.1 kW</td>
<td>261.09</td>
</tr>
</tbody>
</table>

17. Types of radio communication (services, systems, radio technologies, radioelectronic facilities, emitting devices) not listed in sub-items 1-16 of this article: 9 kHz to 400 GHz | 522.17 |

**Article 321. Duty Calculation Procedure.**

321.1. The basic tax (reporting) period for this tax shall be one calendar month.

321.2. The list of the radio frequency resource users who are taxable persons and/or amendments thereto shall be submitted to the central state tax service agency by the National Commission for Communication Regulation, Radio Frequency Resource Use and Postal Service indicating the radio communication type, the radio frequency resource band, the regions of the use of the radio frequency resource twice a year: by March 1 and September 1 of the current year as of January 1 and July 1 respectively, in the form prescribed by the central state tax service agency with the approval of the National Commission for Communication Regulation, Radio Frequency Resource Use and Postal Service.

321.3. Taxable persons shall calculate the amount of duty based on the type of the radio communication, the amount of the determined rates and the radio frequency bandwidth determined as a part of the public radio frequency band in the relevant region.

321.4. Taxable persons who are authorised to use the radio frequency resource of Ukraine on the grounds of a license for the radio frequency resource use in Ukraine shall make payments of the duty starting from the day of the licence issue.

In case of validity extension of the license for the radio frequency resource use in Ukraine the duty shall be paid starting from the day when the validity extension period starts.

Other users shall pay the duty starting from the day of issue of the radioelectronic facility and radio frequency emitting device operation permit. The duty payment shall be made by taxable persons starting from the day of issue of the first radioelectronic facility and radio frequency emitting device operation permit in the relevant radio frequency band region regardless the total number of permits granted to the taxable person within this radio frequency band region.
321.5. Taxable persons shall submit calculations to the state tax service agencies within the period envisaged for the monthly tax (reporting) period at the place of the tax registration of the taxable person.

321.6. The form of calculation is prescribed by Article 46 of this Code.

321.7. Taxable persons shall submit copies of licences for the use of the radio frequency resource of Ukraine, broadcasting licences and radioelectronic facility and radio frequency emitting device operation permits to the state tax service agencies within one month after the issue thereof.

Article 322. Duty Payment Procedure.

322.1. The duty shall be paid by taxable persons within the period envisaged for the monthly tax (reporting) period at the place of the tax registration of the taxable person.

322.2. In case of the non-payment of the duty or the incomplete payment thereof by taxable persons within six months, the state tax service agencies shall submit the information about such taxable persons to the National Commission for Communication Regulation, Radio Frequency Resource Use and Postal Service aiming to impose relevant measures upon such persons according to the legislation.

The information about the taxable using the radio frequency resource for dissemination of television and radio programmes who have not paid the duty within the six months or have made incomplete payment shall be submitted by the state tax service agencies to the National Television and Radio Council prior to imposing any measures upon such persons according to the legislation.

SECTION XVI. DUTY FOR THE SPECIAL USE OF WATER

Article 323. Taxable Persons.

323.1. The taxable persons are economic entities regardless of the ownership form: legal persons, their branches, departments, representative offices, other separated units that do not constitute a legal person (expect for state-financed institutions), non-residents’ permanent representations, as well as natural persons – entrepreneurs who use water from water pools (primary water users) and/or from water intake facilities of primary water users (secondary water users) and use water for the needs of water power industry, water transport services and fishing industry.

Article 324. The Object of Taxation with the Duty.

324.1. The object of taxation with the duty shall be the actual volume of water that is consumed by water users taking into account the amount of water losses within their water supply system.

324.2. The objects of taxation with the duty for special use of water without the extraction thereof from water pools shall be:
324.2.1. for the needs of water power industry – the actual volume of water run through turbines of water power plants for the generation of the electrical energy;

324.2.2. for the needs of water transport services – the time of consumption of surface water by operating cargo self-propelled and non-self-propelled vessels (depending on the tonnage) and operating passenger vessels (depending on the passenger capacity).

324.3. The object of taxation with the duty for special use of water for the needs of the fishing industry shall be the actual volume of water required for topping up water pools for the purpose of farming fish and other living water resources (including the replenishment related to the water losses due to the filtration and evaporation).

324.4. The duty shall not be charged for:

324.4.1. the water used for the satisfaction of drinking and sanitary and hygienic needs of the population (all the people inhabiting a certain territory within a certain period of time regardless the type and duration of residence, within their housing facilities and homestead lands);

324.4.2. the water used for fire fighting purposes;

324.4.3. the water used for needs of the area improvement of cities and other populated areas;

324.4.4. the water used for dust suppression in mines and pits;

324.4.5. the water taken by research institutions for the purposes of the scientific research in the field of the rice farming and production of elite rice seeds;

324.4.6. the water lost in main and inter-farm irrigation system channels;

324.4.7. the underground water extracted from under the ground for the elimination of the harmful impact of water (underflooding, salination, waterlogging, landslide, pollution, etc.), except for the water from pits, mines and drain water which is used in agriculture after extracting and/or is used by other water users;

324.4.8. the water taken to ensure the release of young fish of the valuable species and other living water resources into the natural water pools and reservoirs;

324.4.9. the sea water, except for the water from basins;

324.4.10. the water used by horticultural and market-gardening cooperatives;

324.4.11. the water taken for rehabilitation, treatment and health promotion by rehabilitation facilities for disabled persons and children with disabilities, enterprises, physical culture and sports institutions and organizations for disabled persons or children with disabilities which were founded by Ukrainian national public organizations of disabled persons according to the legislation.

324.5. The duty for the special use of water for the needs of the water power industry shall not be charged upon hydro accumulation power plants that operate jointly with water power plants.

324.6. The duty for the special use of water for the needs of water transport services shall not be charged:

324.6.1. upon sea transport means using the river water ways solely for the entry from the sea to a seaport located in the lower reach of the river without the
utilisation of special navigation support measures (water discharge from reservoirs and lockage).

324.6.2. during the use of waterways by standing vessels (oil pumping stations, floating oil supply bases, landing stages, floating docks, vessels with mechanical equipment and other standing vessels), auxiliary service vessels as well as the use of the waterways of the Danube river.

**Article 325. Duty Rates.**

325.1. Duty rates for the special use of surface water:

<table>
<thead>
<tr>
<th>River basins, including all tributaries</th>
<th>Duty rates, UAH per 100 cubic metres</th>
</tr>
</thead>
<tbody>
<tr>
<td>Dnieper north of Kyiv (Prypiat and Desna), including Kyiv</td>
<td>26.97</td>
</tr>
<tr>
<td>Dnieper south of Kyiv (except for Inhulets)</td>
<td>25.65</td>
</tr>
<tr>
<td>Inhulets</td>
<td>39.12</td>
</tr>
<tr>
<td>Siversky Donets</td>
<td>52.60</td>
</tr>
<tr>
<td>Pivdenny Buh (without Inhul)</td>
<td>29.66</td>
</tr>
<tr>
<td>Inhul</td>
<td>36.39</td>
</tr>
<tr>
<td>Dniester</td>
<td>16.16</td>
</tr>
<tr>
<td>Vistula and Zakhidny Buh</td>
<td>16.16</td>
</tr>
<tr>
<td>Prut and Siret</td>
<td>12.14</td>
</tr>
<tr>
<td>Tysa</td>
<td>12.14</td>
</tr>
<tr>
<td>Danube</td>
<td>10.82</td>
</tr>
<tr>
<td>Rivers of Crimea</td>
<td>53.93</td>
</tr>
<tr>
<td>Rivers close to the Sea of Azov</td>
<td>64.75</td>
</tr>
<tr>
<td>Other water pools</td>
<td>29.66</td>
</tr>
</tbody>
</table>

325.2. Duty rates for the special use of underground water pools:

<table>
<thead>
<tr>
<th>Region</th>
<th>Duty rates, UAH per 100 cubic metre</th>
</tr>
</thead>
<tbody>
<tr>
<td>Autonomous Republic of Crimea including the city of Sevastopol</td>
<td>49.87</td>
</tr>
<tr>
<td>Oblasts:</td>
<td></td>
</tr>
<tr>
<td>Vinnysia</td>
<td>43.11</td>
</tr>
<tr>
<td>Volyn</td>
<td>44.53</td>
</tr>
<tr>
<td>Dnipropetrovsk</td>
<td>37.77</td>
</tr>
<tr>
<td>Donetsk</td>
<td>51.26</td>
</tr>
<tr>
<td>Zhytomyr</td>
<td>43.11</td>
</tr>
<tr>
<td>Zakarpattia</td>
<td>28.32</td>
</tr>
<tr>
<td>Region</td>
<td>Districts</td>
</tr>
<tr>
<td>-----------------------</td>
<td>---------------------------------------------------------------------------</td>
</tr>
<tr>
<td>Zaporizhzhia:</td>
<td>Veselivsky, Melitopolsky, Pryazovsky, Yakymivsky districts</td>
</tr>
<tr>
<td></td>
<td>other districts of the oblast</td>
</tr>
<tr>
<td>Ivano-Frankivsk:</td>
<td>Bohorodchansky, Verkhovynsky, Dolynsky, Kosivsky, Nadvirniansky, Rozhniativsky districts</td>
</tr>
<tr>
<td></td>
<td>other districts of the oblast</td>
</tr>
<tr>
<td>Kyiv oblast:</td>
<td>Bilotserkivsky, Borodiansky, Brovarsy, Vasylkivsky, Ivankivsky, Kaharlytsky, Kyevo-Sviatoshynsky, Makarivsky, Myronivsky, Obukhivsky, Polisky districts</td>
</tr>
<tr>
<td></td>
<td>other districts of the oblast</td>
</tr>
<tr>
<td>Kirovohrad</td>
<td></td>
</tr>
<tr>
<td>Lviv</td>
<td></td>
</tr>
<tr>
<td>Luhansksk</td>
<td></td>
</tr>
<tr>
<td>Mykolayiv</td>
<td></td>
</tr>
<tr>
<td>Odesa</td>
<td></td>
</tr>
<tr>
<td>Poltava:</td>
<td>Velykobahachansky, Hadiatsky, Zinkivsky, Lokhvytsky, Lubensky, Myrhorodsky, Novosanzharsky, Reshetylivsky, Khorolsky, Shyshatsky districts</td>
</tr>
<tr>
<td></td>
<td>other districts of the oblast</td>
</tr>
<tr>
<td>Rivne:</td>
<td>Volodymyretsksy, Zdolbunivsky, Kostopilsky, Rivnensky, Sarnensky, Ostrozky districts</td>
</tr>
<tr>
<td></td>
<td>other districts of the oblast</td>
</tr>
<tr>
<td>Sumy:</td>
<td>Hlukhivsky, Sumsky, Romensky, Shostkinsky districts</td>
</tr>
<tr>
<td></td>
<td>other districts of the oblast</td>
</tr>
<tr>
<td>Ternopil</td>
<td></td>
</tr>
<tr>
<td>Kharkiv</td>
<td></td>
</tr>
<tr>
<td>Kherson</td>
<td></td>
</tr>
<tr>
<td>Khmelnitsky:</td>
<td>Derazhniansky, Krasylivsky, Letychivsky, Starokostiantynivsky, Khmelnitsky, Polonsky, Shepetivsky districts</td>
</tr>
<tr>
<td></td>
<td>other districts of the oblast</td>
</tr>
<tr>
<td>Cherkasy</td>
<td></td>
</tr>
</tbody>
</table>
325.3. The duty rate for the special use of water for the needs of the water power industry shall be UAH 5.24 per 10,000 cubic meters of water run through turbines of water power plants.

325.4. The duty rate for the specific use of surface water for the needs of water transport services of all the rivers except Danube shall be:
   325.4.1. UAH 0.09 per 1 tonnage/day of operation of cargo self-propelled and non-self-propelled vessels.
   325.4.2. UAH 0.01 per 1 place/day of operation of passenger vessels.

325.5. The duty rate for the special use of water for the needs of the fishing industry shall be:
   325.5.1. UAH 27.52 per 10,000 cubic meters of surface water.
   325.5.2. UAH 33.09 per 10,000 cubic meters of underground water.

325.6. The duty rates for the special use of water which is used solely as a component of beverages shall be:
   325.6.1. UAH 25.60 per 1 cubic meter of surface water.
   325.6.2. UAH 33.09 per 1 cubic meter of underground water.

325.7. The duty rate for the special use of water from mines, pits and drain water shall be UAH 5.93 per 100 cubic meters of water.

325.8. For thermal power plants with a straight-through water supply system, the duty for the actual amount of the water run via turbine condensers for the condensate cooling shall be calculated with the application of the ratio of 0.005.

325.9. A ratio of 0.3 shall be applied to calculate the duty rate for housing maintenance and utility services.

325.10. In case of the use of water from basins, the duty payers shall apply the duty rate which is set for the special use of the surface water under the category of "Other water pools" stipulated in item 325.1. of this article.

325.11. In case of the use of water from canals, the duty payers shall apply the duty rate which is set for the special use of the water pool, from which the water is taken into the canal.

325.12. In case of the use of water from mixed water supply sources, the duty rates set for the sources that fill the mixed sources shall be applied.

**Article 326. Duty Calculation Procedure.**

326.1. Water users shall calculate the duty for the special use of water and the duty for the special use of water for the needs of the water power and fishing
industries on a quarterly basis in running totals since the beginning of the year, and the duty for the specific use of water for the needs of water transport services shall be calculated starting from the first half of the year when such usage occurred.

326.2. The duty shall be calculated on the basis of actual amount of the used water (underground, surface, received from other water users) from water pools taking into account the water losses which occurred in the water supply systems indicated in the permit for special water use, water use limits, duty rates and ratios.

The duty for the water amount provided by the water user-supplier to other water users without concluding a water supply contract therewith shall be calculated and paid by the said water user-supplier.

326.3. Water users that use water from mixed sources shall calculate the duty on the basis of the use of water from each water supply source separately which is set in the permits and water supply contracts taking into account the loss of water within water supply systems, duty rates and ratios.

326.4. Water users that use water from canals shall calculate the duty on the basis of actual amounts of the used water taking into account the losses of water within the water supply systems, water use limits, duty rates set for the water pool from which the water is taken into the canal, and ratios.

326.5. The duty for the specific use of water for the needs of the water power industry is calculated on the basis of the actual amounts of water run through the turbines of water power plants, and duty rates.

326.6. In case of the use of water ways by cargo self- and non-self-propelled vessels, the duty for the special use of water for the needs of water transport services shall be calculated on the basis of actual data of the accounting for tonnage/day and the duty rates or, in case of passenger vessels, on the basis of place/day and the duty rates.

326.7. Duty payment for the specific use of water for the needs of the water power industry, water transport services and fishing industry shall not relieve a user of the obligation to pay the duty for the special use of water.

326.8. The duty for the special use of water for the needs of the fishing industry shall be calculated on the basis of the actual amount of water required for topping up water pools for the period of farming fish and other living water resources (including replenishment related to the water losses due to filtration and evaporation), and duty rates.

326.9. Water users that use a recirculating water system for the purpose of cooling shall calculate the duty rate on the basis of the actual amount of water used to top up the recirculating system. The duty for all other amounts of the used water shall be paid on a generally applicable basis.

326.10. The amount of the actually used water shall be calculated by water users on their own on the basis of primary records of water use according to the meter readings.

In the event that there are no water meters available, the volume of the used water shall be determined on the basis of technical information (duration of the units
operation, amount of produced products or provided services, electricity consumption, water supply pipes capacity per time unit, etc.). In the event that there are no meters available but, however, their installing is possible, the duty rate shall be doubled.

326.11. The amount of the actually used water in state-owned irrigation systems for agriculture shall be determined by water regulation agencies.

326.12. The agencies that grant permits for the special water use shall submit the information about primary water users, to which such permits have been issued, to the state tax service agencies annually by 20 January.

Water users, to which permits have been issued for the special water use and which supply water to other water users, shall submit the list of their water consumers to the state tax service agencies and water regulation agencies annually by 20 January.

In the event any amendments to the terms of water use are introduced, or new permits for special water use are issued, or new water supply contracts are concluded during a year, the water users that have obtained re-issued special water use permits must notify thereof the state tax service agencies and water regulation agencies within 10 days.

326.13. In the event that the water users who are fully supported from the state and local budgets use the amounts of water for business activities aimed at acquisition of income in the form of money, material or non-material profit, the duty shall be calculated on a general applicable basis based on the total amount of the used water taking into account the amount of loss of water within the water supply systems.

**Article 327. Peculiarities of Duty Calculation Procedure in the Event of the Set Water Use Limit.**

327.1. If water users exceed the specified annual water use limit, the duty shall be calculated and paid in the fivefold volume on the basis of actual amount of the water used in excess according to the prescribed water use limit, duty rates and ratios.

327.2. The duty for the use of water above limits shall be calculated for each water supply source in accordance with the specified duty rates and ratios.

327.3. If the water user possesses no permit for the special use of water with water use limits specified therein, then the duty shall be charged for the whole volume of the used water as for the excessive use.

**Article 328. Duty Payment Procedure.**

328.1. The basic tax (reporting) period for this duty shall be one calendar quarter.

328.2. The taxable persons shall calculate the duty in running totals since the beginning of the year and shall draw up a tax declaration in the form prescribed by article 46 of this Code.

328.3. Tax declarations shall be submitted by duty payers to the state tax service agencies within the period specified as a quarterly tax (reporting) period where the taxable person is registered.
Tax declaration for special use of water for the needs of water transport services for the first quarter shall not be submitted.

328.4. The duty shall be paid by duty payers within the period specified as a quarterly tax (reporting) period where the taxable person is registered.

The duty for special water use for the needs of water transport services for the first quarter shall not be paid.

328.5. Branches, departments, representative offices, other separated units of the water user that keep bank accounts shall keep separate accounting records of their activities, draw up a separate balance sheet, submit tax declarations and pay the duties where they are registered.

328.6. In the event that the water user incorporates business units which do not keep bank accounts, separate accounting records of their activities, do not draw up a separate balance sheet, then the tax declarations shall be submitted and the duty shall be paid by the water user that incorporates such business units according to the location of the relevant water supply objects and the duty rates set therefor.

328.7. Duty payers shall submit to the state tax service agencies copies of the special water use permit, water supply contract and state statistical reports on the use of water.

328.8. The duty shall be included into gross production expenses within the scope of the water use limit specified in Section III of this Code, and charged upon the profits remaining in the disposal of the water user after the taxation in case of excess of the water use limits.

The duty for special water use for the needs of the water power industry are fully included into gross production expenses according to Section III of this Code.

328.9. In the event of failure to pay the duty or of incomplete payment by the duty payers within the six months, state tax service agencies submit the information about such duty payers to the state bodies which issue permits for special water use for imposing relevant measures upon them according to the legislation.

SECTION XVII. SPECIAL FOREST RESOURCE USE DUTY


329.1. Duty payers shall be legal entities, their branches, outlets and other separated units without the legal entity status, permanent representative offices of non-residents obtaining income sourced from Ukraine or exercising agency (representation) functions in respect of such non-residents or founders thereof, physical persons (except for the physical persons who are granted the right to free of charge forest resource use without any special permit according to the forest legislation), as well as private entrepreneurs who engage into the special use of forest resources based on a special permit (forest usage permit or forest card) or under the terms of a long-term temporary forest resource use contract.
Article 330. Object of Taxation.

330.1. The object of taxation shall be:
330.1.1. the wood obtained through main felling;
330.1.2. the wood obtained as a result of other measures aimed at:
   a) improving qualitative composition of forests, forest enhancement, enhancement of protection properties (in connection with forest stands more than 40 years of age – environment thinning, selective sanitary felling, selective reforestation, felling related to conversion, landscape felling and restocking; regardless of the forest stands’ age – comprehensive sanitary and reforestation felling);
   b) clearing of forest plots covered with the forest vegetation in connection with the construction of hydraulic installations, pipelines, roads, etc.;
330.1.3. secondary forest materials (dipping, procurement of stumps, bast and bark, greenery, timber saps and other secondary forest materials specified in the forest legislation);
330.1.4. the use of auxiliary forest materials (haying, cattle grazing, harvesting wild-growing fruits, nuts, mushrooms, berries, medicinal herbs, procurement of debris layer, reed and other auxiliary forest materials specified in the forest legislation);
330.1.5. the use of useful features of forests for cultural/rehabilitation, recreation, sports, tourism, education needs, performance of research and development activities.

Article 331. Duty Rates.

331.1. Duty rates for the procurement of the forest main wood species

<table>
<thead>
<tr>
<th>Wood species</th>
<th>Category</th>
<th>Rate per one solid cubic metre of timber, UAH</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>merch (without bark)</td>
</tr>
<tr>
<td></td>
<td></td>
<td>large</td>
</tr>
<tr>
<td>Pine</td>
<td>1</td>
<td>70.33</td>
</tr>
<tr>
<td></td>
<td>2</td>
<td>49.98</td>
</tr>
<tr>
<td></td>
<td>3</td>
<td>40.34</td>
</tr>
<tr>
<td></td>
<td>4</td>
<td>30.34</td>
</tr>
<tr>
<td></td>
<td>5</td>
<td>19.99</td>
</tr>
<tr>
<td>Larch</td>
<td>1</td>
<td>31.59</td>
</tr>
<tr>
<td></td>
<td>2</td>
<td>22.76</td>
</tr>
<tr>
<td></td>
<td>3</td>
<td>17.95</td>
</tr>
<tr>
<td></td>
<td>4</td>
<td>13.39</td>
</tr>
<tr>
<td></td>
<td>5</td>
<td>9.10</td>
</tr>
<tr>
<td>Fir</td>
<td>1</td>
<td>43.65</td>
</tr>
<tr>
<td></td>
<td>1</td>
<td>2</td>
</tr>
<tr>
<td>----------------</td>
<td>-----</td>
<td>-----</td>
</tr>
<tr>
<td>Oak (other than cork oak)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>1</td>
<td>184.5</td>
<td>32.40</td>
</tr>
<tr>
<td>2</td>
<td>132.3</td>
<td>25.98</td>
</tr>
<tr>
<td>3</td>
<td>106.0</td>
<td>19.55</td>
</tr>
<tr>
<td>4</td>
<td>79.63</td>
<td>13.13</td>
</tr>
<tr>
<td>5</td>
<td>52.17</td>
<td>1.52</td>
</tr>
<tr>
<td>Ash, maple (other than sycamore)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>1</td>
<td>69.20</td>
<td>49.63</td>
</tr>
<tr>
<td>2</td>
<td>59.11</td>
<td>42.43</td>
</tr>
<tr>
<td>3</td>
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331.3. The duty rates stipulated by items 331.1 and 331.2 of this article are charged for procurement of timber as a result of main felling and of taking measures aimed at improving qualitative composition of forests, forest enhancement, enhancement of protection properties (in connection with forest stands more than 40 years of age – environment thinning, selective sanitary felling, selective reforestation, felling related to conversion, landscape felling and restocking; regardless of the forest stands’ age – comprehensive sanitary and reforestation felling) and clearing of forest plots covered with the forest vegetation in connection with the construction of hydraulic installations, pipelines, roads, etc.;

331.4. The duty rates for the forest wood procurement shall be applied taking into account the differentiation of forests by belt and category.

331.5. The forests shall be differentiated by belts as follows:

331.5.1. the first belt shall include all forests other than forests of Zakarpattia, Ivano-Frankivsk and Chernivtsi oblasts, and forests of the mountain zone of Lviv oblast;

331.5.2. the second belt shall include the forests of Zakarpattia, Ivano-Frankivsk and Chernivtsi oblasts, and forests of the mountain zone of Lviv oblast.

331.6. The category shall be set for each quarter (ground) on the basis of the below mentioned distance between the quarter centre and the nearest lower storage facility of the feller, to which the wood is transported directly from the felling area or the railway wood shipment station:
331.7. The (direct) distance between the quarter centre and the nearest lower storage facility of the feller or the railway wood shipment station shall be determined on the basis of cartographic materials, and may be adjusted depending on geomorphologic conditions of the landscape using the following ratios:

- 331.7.1. in forests with plain landscape – 1.1;
- 331.7.2. in forests with hilly landscape or forests where swamps occupy more than 30 per cent of the area – 1.25;
- 331.7.3. in forests with the mountain landscape – 1.5.

331.8. A place (railway station, halt) where the railway shipment of the wood is permitted shall be deemed to be the place from which the wood can be shipped by the railway regardless of the availability of relevant storage facilities there.

331.9. The category differentiation of forests can be modified in case of:

- 331.9.1. closure of existing or opening of new places (railway stations or halts) for the wood shipment;
- 331.9.2. detection of violation of the established procedure of category differentiation of forests.

331.10. The large timber of all wood species shall include the trunk sections (in the upper section without the bark) with the diameter of 25 cm and more; the medium timber shall have the diameter ranging from 13 to 24 cm; the small timber shall have the diameter 3 to 12 cm.

The fuel wood shall include the timber sections that can be used for technological needs or those not suitable for the industrial processing (fire wood).

The fuel wood used for technological needs shall be subject to additional duty payment based on the actual amount of the wood procured. In this case the amount of the duty shall be equal to up to 70% of the duty rates for merchantable small timber of the relevant wood species stipulated by items 331.1. and 331.2 of this article.

The duty rates for the merchantable and fuel linden wood are specified in items 331.1. and 331.2 of this article without taking the bark into account, and the duty rates for the fuel wood and all the other wood species have been set forth including the bark.

The merchantable wood from the crown shall be subject to the duty the amount of which shall equal to 40 per cent of the duty rates for the fuel wood of the relevant wood species, and the remnants that can be used shall be subject to the duty amounting to 20 per cent of the said duty.

The duty rates for the timber procured during the selective felling shall be reduced by 20 per cent for the timber from the main selective felling and by 50 per cent for improving qualitative composition of forests, forest enhancement, enhancement of protection properties (in connection with forest stands more than 40
years of age – environment thinning, selective sanitary felling, selective reforestation, felling related to conversion, landscape felling and restocking). The discounts percentage shall be calculated for each specific duty rate separately.

331.11. The Council of Ministers of the Autonomous Republic of Crimea, oblasts, Kyiv and Sevastopol city state administrations shall determine the duty rates for procurement of secondary forest resource materials, auxiliary use of forest materials and the use of useful features of forests.

**Article 332. Duty Calculation Procedure**

332.1. The forest regulation entity which issues special permits shall submit to the tax service agencies the list of forest users who have been granted forest cards and felling cards in the form prescribed by the central office of the tax service agency and approved by the central executive body for forest issues, prior to the 10th of the month after the reporting quarter.

332.2. The duty amount shall be calculated by the forest regulation entities which issues special permits, and shall be indicated in such permits.

332.3. The duty amount indicated in a felling or a forest card shall be recalculated by a forest regulation entity which issues special permits in the event that:

a) the total amount of the actual volume of the procured wood exceeds that which is indicated in a felling card by territory and amount more than by 10 per cent as of the time of performing calculation;

b) the actual amount of use of the forest resources exceeds that which is indicated in a forest card for all the amount of such excess.

The grounds for recalculation shall be special permits and reports on examination of the areas of use of the forest resources.

**Article 333. Duty Recalculation Procedure.**

333.1. The forest regulation entity which issues special permits shall recalculate the duty amount for procurement of timber, secondary forest materials, the use of auxiliary forest materials and the use of useful features of forests in the event of:

333.1.1. correcting technical mistakes which may occur during material and financial assessment of felling areas, secondary forest materials, auxiliary forest materials use and the use of useful features of forests indicated in the forest card or felling card, incorrect use of section tables, misinterpretation of belts, categories and duty rates as well as correcting arithmetic errors made during calculations;

333.1.2. annulment of the felling and forest ticket due to withdrawal of land for other needs. Should the annulment or issuing a duplicate copy of the felling and/or forest card be undertaken for other purpose, recalculation shall not be made, and the total amount of the duty calculated on the basis of such cards shall be paid to the relevant budgets in full;

333.1.3. granting a tax deferral to a forest user:
a) for timber procurement – the amount of the duty for the remnants of timber on the stump shall be increased by 1.5 per cent in accordance with the deferral period;
b) for timber shipment – the amount of the duty for the late shipment of timber shall be increased by 1.5 per cent for every month of deferral;

333.1.4. additional extension of the term for performing the shipment but no more than by three months. In such case the amount of duty for the late shipment of timber by the forest resources user shall be increased by 5 % for every month of deferral.

333.2. Regardless of the method of registration of the wood supplied as standing wood (by area, by stump, by approximate quantity), the forest users that have committed the incomplete procurement of the wood permitted for felling under the issued felling cards, or have failed to procure the wood, shall calculate and pay the duty in full for the total amount of the wood permitted for procurement as specified in the permit.

333.3. Forest resource users that recalculate the duty as a result of their activity shall indicate the additionally charged duty amounts in the duty calculation form set by the procedures stipulated by article 46 of this Code.

**Article 334. Duty Payment Procedure.**

334.1. The basic tax (reporting) period for this duty shall be one calendar quarter.

334.2. The forest resource users shall calculate the duty in running totals on a quarterly basis since the beginning of the year in the form prescribed by article 46 of this Code in which the amount of the duty paid under sub-items 334.2.1. and 334.2.2. of this item are indicated in a separate line, and submit this form to the state tax service agency according to the localization of the forest area within the period specified as a quarterly tax (reporting) period, except for:

334.2.1. the forest resource users who prior to receiving felling and forest cards make duty payments to the cashes of forest regulation entities that issue such cards:
   a) physical persons and private entrepreneurs to which such felling and forest cards have been issued;
   b) forest resource users (other than private entrepreneurs to whom forest cards have been issued), if the amount of the duty in the felling or forest card does not exceed 50 per cent of one minimum salary amount set by law as of 1 January of the year, for which the duty is being paid;

334.2.2. forest resource users from another oblast who pay the duty in full prior to issuing them a special permit according to the location of the forest area on which the timber procurement is performed.

334.3. In case of the receipt of the duty into the cash desk of the party to forest relations that issues special permits, a record shall be made in a special log, and a receipt shall be issued to the payer. At the same time, the record of the duty payment
to the cash desk shall be entered into felling and forest tickets (the receipt number and date).

334.4. The forest resource users shall pay the duty within the term specified as a quarterly tax (reporting) period.

The duty shall be paid by the forest resource users on a quarterly basis in equal instalments of the total duty amount specified in special permits issued in the relevant calendar year, expect for the sums of the duty paid according to sub-items 334.2.1. and 334.2.2. of item 334.2. of this article correspondingly.

334.5. In case of the obtainment of a permit in the current year (or any additional charges) after a duty payment due date, the forest users shall pay all the duty amounts for the already passed due dates.

SECTION XVIII. SPECIFIC FEATURES OF TAXATION OF TAXABLE PERSONS UNDER AN EFFECTIVE PRODUCT SHARING AGREEMENT

Article 335. Procedure of Taxation of Investors during the Implementation of a Product Sharing Agreement.

335.1. The collection of national and local taxes and duties envisaged by this Code from an investor, except for those covered with item 335.2 of this article, shall be replaced with the sharing of finished products between the state and the investor on the basis of terms and conditions of a product sharing agreement during the validity period of the said agreement and within the scope of activities related to the implementation of the said agreement.

The tax shall not be charged in the event of:
sharing of the profit products between the investor and the state;
transfer of ownership from the investor to the state of the property which was purchased or manufactured by the investor with the purpose to fulfill the product sharing agreement, and the cost of which is compensated by compensation products or starting from the day of termination of the agreement;
assignment for use of the property by the parties of the product sharing agreement to the operator of the agreement under such agreement;
sharing of the compensation and/or profit products by the operator between the investors;
transfer of ownership of the property by the parties of the product sharing agreement to the operator for the purpose to fulfill the product sharing agreement within the scope of such agreement.

335.2. The investor shall pay the following taxes and duties during the implementation of a product sharing agreement:

a) the value-added tax;
b) the corporate profit tax;
c) the fee for the subsurface resource use with the purpose of production of mineral resources.

The investor shall calculate, withhold and pay the individual income tax to the budget on a monthly basis from salaries and other emoluments of the employees charged from (paid) the taxable person according to Section IV of this Code.

A resident investor or a non-resident investor (its permanent representative office) shall obtain registration as a taxable person and submit the appropriate written notice and the following documents to the state tax service agency in the place of its registration:

- a notarized copy of the registered product sharing agreement;
- a copy of the certificate of registration of the shared product agreement.

After the registration as a taxable person, the investor shall be required to draw up and submit the tax returns and reports envisaged by the legislation, be liable for the proper performance of its duties related to the tax accrual and payment in accordance with the procedure and in amounts prescribed by this Code. At that, the tax returns and reports shall be submitted by the investor in respect of each specific tax, duty (statutory fee) separately from reports as a result of the activities not related to the implementation of a product sharing agreement.

The form of a certificate of the registration of an investor as a taxable person shall be approved by the central state tax service agency.

335.3. This section shall not apply (except for the events stipulated by article 337 of this Code) to contractors and subcontractors, carriers and other parties, including foreign parties, which are involved into the performance of the work (provision of services) envisaged by the product sharing agreement on the basis of agreements (contracts) with the investor.

The said parties shall pay taxes in accordance with the procedure prescribed by this Code.

335.4. The tax accounts related to the performance of the work (provision of services) envisaged by a product sharing agreement shall be kept according to the procedure prescribed by this Code and separately from accounts related to other activities.

In case of the lack of separate tax accounts, the taxation procedure disregarding the specific features set forth in this subsection shall be applied.

**336. Specific Features of Payment of the Profit Tax.**

336.1. The investor shall pay the profit tax from its profit obtained from the implementation of the product sharing agreements in the amounts prescribed by this Code taking into account the following specific features:

- a) the object of taxation with the tax on the business profit shall be the profit of an investor calculated on the basis of the value of profit products determined and assessed in accordance with the product sharing agreement legislation and conveyed into the ownership of the investor, reduced by the amount of the paid single instalment
for compulsory social insurance and the value of other expenses (including accumulated during the performing of work expenses prior to achieving issuing the first profit products) related to the fulfilment of the agreement which are not subject to compensation in the form of the compensation products under this agreement;

b) the scope of expenses which are subject to compensation in the form of compensation products shall be determined by the sharing product agreement legislation.

The expenses on purchase of permanent assets and the expenses on performing the work related to exploration, equipping and extraction of mineral resources shall be included as of the time of incurrence of such expenses in full to the amount of expenses which are subject to compensation according to the procedures prescribed by the legislation in connection with products sharing.

The profit tax to be paid shall be determined and paid solely in the monetary form.

c) if the object of taxation of an investor is negative as a result of the reporting period, it shall be permitted to reduce correspondingly the object of taxation of the next period, as well as that of each subsequent period without exceeding the validity period of the product sharing agreement;

d) the investor shall apply the depreciation ratios prescribed by Section III of this Code for the permanent assets which value is not subject to compensation by means of compensation products under the agreement.

The investor shall determine the profit tax payable as a result of each reporting tax period on the basis of the tax accounting data;

e) the tax on the business profit obtained from other activities not related to the implementation of the product sharing agreement shall be paid by the investor in accordance with Section III of this Code.

The investor must keep separate accounts for revenues obtained from activities in connection with the implementation of the product sharing agreement and the revenues obtained from other activities not related to the implementation of the product sharing agreement;

f) the corporate profit tax breaks granted by section III of this Code shall not apply in case of taxation of the profit obtained by the investor in the course of the implementation of a product sharing agreement, unless the agreement provides otherwise.

The tax on the income of a foreign investor originating from Ukraine obtained from activities under the product sharing agreement that is paid to the investor by its permanent representative office in accordance with Section III of this Code shall not be withheld.

Funds and/or the value of the property transferred by the non-resident investor to its permanent representative office for financing and ensuring activities under the sharing products agreement in accordance with the work schedule and estimates of expenses approved by a joint committee, shall not be subject to the profit tax;
g) the corporate profit tax for a reporting tax period shall be paid by the investor to the relevant budget within the term specified as a quarterly tax period.

The official confirmation of the corporate profit tax payment shall be provided to the investor upon its request after the payment due date no later than 10 calendar days after receipt of the said request by the state tax service agency where the investor is registered.

h) in the event of concluding a multilateral sharing products agreement or if the investor is an association of legal entities, the tax shall be charged from the operator-investor that keeps a separate business and tax accounting of the activities under this agreement. Identification of the operator-investor and its competencies is carried out in accordance with the procedure prescribed by the sharing products legislation.

The procedure for submitting tax reports in relation with such agreements is prescribed by article 46 of this Code.

**Article 337. Specific Features of Payment of the Value-Added Tax.**

337.1. The sales of products, which have been transferred into the investor's ownership as a result of the sharing of products under a product sharing agreement, by the investor on the customs territory of Ukraine shall be subject to taxation with the value-added tax which is calculated and paid in accordance with the procedure and the terms stipulated by Section V of this Code.

In case of importation of goods (related services) and other material valuables intended for the use within the scope of the implementation of a product sharing agreement into the customs territory of Ukraine which is carried out under the import customs regime, no taxes (expect for excise tax) payable in the course of the customs clearance of goods (services) shall be charged.

Import of goods (related services) into the customs territory of Ukraine under the import customs regime shall be understood as supply of goods (related services) to the investor by a non-resident (its permanent representative office) the destination point of which is the customs territory of Ukraine according to the current Ukrainian legislation.

No taxes (including the value-added tax) shall be charged from importing the products (carbohydrate raw materials, oil and natural gas) extracted within exclusive (sea) economic zone of Ukraine in the event that the import of such raw materials has been carried out in compliance with the product sharing agreement.

The taxes payable in the course of the custom clearance of goods (related services) shall not be charged in case of exportation of products obtained by an investor under a product sharing agreement from the customs territory of Ukraine as prescribed in Article 22 of the Law of Ukraine "On Product Sharing Agreements".

In the event of exporting from the customs territory of Ukraine of the said goods and other material valuables which have been theretofore purchased by the investor on the customs territory of Ukraine, customs fees, excise tax, other taxes and
statutory fees shall not be charged, except for the value-added tax which is charged at a zero rate.

In the event of receipt by the investor of services which are intended for the fulfillment of the product sharing agreement and are supplied by a non-resident on the customs territory of Ukraine, the value-added tax shall not be charged.

The taxation conditions stipulated by this item also apply within the scope of activities in connection with the product sharing agreement to legal entities (contractors, subcontractors, suppliers, transport operators and other parties to the contract) that are involved in the activities stipulated by the product sharing agreement based on agreements (contracts) with investors.

In the event that the said goods (services) and other material valuables are not used for designated purposes, the tax and duty amounts not paid due to the tax breaks shall be charged from the investor, if the said failure to perform the duties has occurred through the fault of the investor (contractors, subcontractors, suppliers, transport operators and other parties to the contract).

337.3. In the event that the investor (its permanent representative office) registered as the value-added tax payer submits a tax declaration (tax return) in relation to the said tax to a tax service agency which confirms the lack of taxed supplies/purchases within the period of twelve consecutive tax months, the value-added tax payer’s registration shall not be annulled.

Article 338. Specific Features of Collection of the Fee for the Subsurface Resource Use for the Extraction of Mineral Resources

338.1. The procedure, the fee rates for the subsurface resource use and conditions of the payment thereof in the course of the implementation of a product sharing agreement shall be specified by the said agreements.

The fee rates for the subsurface resource use shall be not be less than those prescribed by Section XI of this Code as of the time of the conclusion of a product sharing agreement.

338.2. The amounts of the fees for the use of subsurface resources charged from and paid by the investor under the product sharing agreement shall be calculated in accordance with the procedure prescribed by the agreement.

Article 339. Specific Features of Exercising Control over the Implementation of Product Sharing Agreements.

339.1. The accounting of financial and business operations carried out by the investor that are related to the performance of works (providing services) envisaged by the product sharing agreement is kept separately from the accounting of other forms of activities which is aimed to prevent doubling the information about the compensation expenses of the investor. The procedure for keeping such accounting, particularly for the purpose of compensation of the investor’s expenses and
calculation of the profit tax, are prescribed by the product sharing agreement in accordance with the requirements of the current Ukrainian legislation.

In the event that the activities are performed within different areas of the territory where the extraction of mineral resources is being conducted under the product sharing agreement, the investor keeps consolidated account of its business activities.

339.2. The annual balance sheet and statements of the investor on activities related to the implementation of a product sharing agreement shall undergo an annual statutory audit.

339.3. The investor paying taxes and duties in the course of implementation of a product sharing agreement shall keep the primary accounting documents related to the accrual and the payment of taxes during the whole period of storage of these documents stipulated by the legislation.

Document audit aimed to control the fulfillment of the budget obligations by the investor in connection with tax and duty payment shall be conducted in accordance with this Code.

Article 340. Guarantees in Case of Amending the Tax Legislation.

The state guarantees that the legislation which was in effect at the moment when the product sharing agreement was concluded shall apply to the rights and duties of the investor while fulfilling its tax liabilities, except for the cases of reducing the taxes or duties or the abolishment thereof. The law stipulating the reduction or abolishment of the relevant taxes and duties shall apply to the investor starting from the day of its entrance into force.

SECTION XIX. FINAL PROVISIONS

1. This Code shall enter into force from 1 January 2011, except for:
   sub-item 20.1.15.2 of item 20.1 of Article 20 of this Code that shall become effective from 1 January 2015;
   article 39 of this Code that shall become effective from 1 January 2013;
   the third paragraph of item 46.2 of article 46 that shall become effective from 1 January 2012;
   Section III of this Code that shall become effective from 1 April 2011;
   sub-item 164.2.8. of item 164.2. of article 164 of this Code in terms of the inclusion of the income in the form of the interest on a current or deposit bank account (including card accounts), a deposit to non-bank financial institutions according to the law or the interest (discount income) on a certificate of deposit (savings certificate) into the monthly taxable income, and paragraphs two-four of item 167.2 of article 167 of this Code in terms of the interest taxation shall come into force from 1 January 2015;
sub-item 166.3.4 of item 166.3 of article 166 of this Code that shall come into force from 1 January of the year following the year when the Law “On compulsory state social medical insurance” comes into force;

sub-item 169.1.1 of item 169.1 of article 169 of this Code that shall come into force from 1 January 2015. Up to 31 December 2014 the tax social break shall be granted in the amount equal to 50 per cent of the minimum subsistent income for an able-bodied person (on a monthly basis) which is stipulated by the legislation as of 1 January of the reporting tax year for each taxable person with the purpose of application of this sub-item;

article 265 of this Code that shall come into force from 1 January 2012;

item 276.5 of article 276 of this Code that shall come into force from 1 January 2015.

2. The following acts shall cease to be effective:
1) from 1 January 2011:
   Law of Ukraine "On Excise Duty" (Vidomosti Verkhovnoyi Rady Ukrayiny, 1992, issue 12, page 172);
   Law of Ukraine "On State Register of Individuals Being Payers of Taxes and Other Statutory Fees" (Vidomosti Verkhovnoyi Rady Ukrayiny, 1995, issue 2, page 10; 1999, issue 41, page 374; 2003, issue 23, page 149);
   Law of Ukraine "On Patenting Certain Business Activities" (Vidomosti Verkhovnoyi Rady Ukrayiny, 1996, issue 20, page 82 as amended);
   Law of Ukraine "On Rates of the Excise Duty and Import Duty on Some Commodities (Products)" (Vidomosti Verkhovnoyi Rady Ukrayiny, 1996, issue 42, page 201 as amended);
   Law of Ukraine "On Land Fee" (Vidomosti Verkhovnoyi Rady Ukrayiny, 1992, issue 38, page 360 as amended);
   Law of Ukraine "On Taxation System" (Vidomosti Verkhovnoyi Rady Ukrayiny, 1991, issue 39, page 510 as amended);
   Law of Ukraine "On Value-added Tax" (Vidomosti Verkhovnoyi Rady Ukrayiny, 1997, issue 21, page 156 as amended);
   Law of Ukraine "On Fixed Agricultural Tax" (Vidomosti Verkhovnoyi Rady Ukrayiny, 1999, issue 5-6, page 39 as amended);
   Law of Ukraine "On Rates of the Excise Duty on Tobaccos" (Vidomosti Verkhovnoyi Rady Ukrayiny, 1996, issue 8, page 32 as amended);
Law of Ukraine "On Rates of the Excise Duty on Ethyl Alcohol and Alcoholic Beverages" (Vidomosti Verkhovnoyi Rady Ukrayiny, 2000, issue 23, page 180 as amended);

Law of Ukraine "On Procedure of the Repayment of Liabilities of Taxpayers to Budgets and State Special-Purpose Funds" (Vidomosti Verkhovnoyi Rady Ukrayiny, 2001, issue 10, page 44 as amended);

Law of Ukraine "On Individual Income Tax" (Vidomosti Verkhovnoyi Rady Ukrayiny, 2003, issue 37, page 308 as amended);

Law of Ukraine "On Tax on Vehicle and Other Self-Propelled Machinery and Mechanisms Owners" (Vidomosti Verkhovnoyi Rady Ukrayiny, 1992, issue 11, page 150 as amended);


Decree of the Cabinet of Ministers of Ukraine No. 18-92 of 26 December 1992 "On Excise Duty" (Vidomosti Verkhovnoyi Rady Ukrayiny, 1993, issue 10, page 82 as amended);


Decree of the Cabinet of Ministers of Ukraine No. 56-93 of 20 May 1993 "On Local Taxes and Duties" (Vidomosti Verkhovnoyi Rady Ukrayiny, 1993, issue 30, page 336 as amended);


2) from 1 April 2011:

Law of Ukraine “On Corporate Income Tax” (Vidomosti Verkhovnoyi Rady Ukrayiny, 1995, issue 4, page 28 as amended), except for item 1.20 of article 1 of this Law that shall be effective up to 1 January 2013;

3) ommitted;

4) from 1 January 2018 article 209 of this Code.

3. The following shall cease to be effective in connection with this Code's coming into effect under item 4 of Section XV "Transitional Provisions" of the Constitution of Ukraine:

from 1 January 2011:

Decree of the President of Ukraine No.453/98 of 11 March 1998 "On Payers and Procedure of Excise Duty Payment”;

Decree of the President of Ukraine No.761/99 of 28 June 1999 "On Regulation of the Market Duty Payment Mechanism”.

4. The Cabinet of Ministers of Ukraine shall:
from 1 January 2011 introduce the mechanism of compensation for the partial income loss in connection with the abolishment of the tax from vehicle and other self-propelled machinery and mechanisms owners and the corresponding increase of the excise duty on fuel from individuals who were granted tax breaks on the tax from vehicle owners in connection with one motor car (cycle-car) with cylinder capacity of up to 2500 cubic cm or one motorcycle with cylinder capacity of up to 750 cubic cm or one motor boat (other than sport) with overall length up to 7.5 m, in particular persons specified:

in items 1 and 2 of paragraph 1 of Article 14 of the Law of Ukraine “On Status and Social Protection of Population Suffered from Chornobyl Catastrophe”;

articles 4 to 10 of the Law of Ukraine “On Status of War Veterans, Guarantees of Their Social Protection”;

articles 6 and 8 of the Law of Ukraine “On Basic Principles of Social Protection of Labor Veterans and Other Elderly Citizens in Ukraine”;

disabled persons regardless the degree of disability (including children with disabilities upon request of social protection agencies).

annually before 1 June introduce a new bill to the Verkhovna Rada of Ukraine on introduction of amendments to this Code in regard of tax rates identified as absolute values, taking into account consumer price index, producer price index in respect of the following taxes and duties:

1) excise duty;
2) first registration of vehicle duty;
3) environmental tax;
4) fee for the use of natural resources for the purpose of extracting mineral resources;
5) fee for the use of natural resources for the purposes not related to extracting mineral resources;
6) fee for lands the monetary value of which has not been estimated;
7) omitted;
8) duty for the use of the radio frequency resource of Ukraine;
9) duty for the special use of water;
10) duty for the special use of forest resources;

together with the interested religious organizations develop and introduce to the Verkhovna Rada of Ukraine a proposition regarding an alternative way of keeping financial records of individuals who – due to their religious believes – refuse to be issued an ID code (tax payer registration number) before 31 December 2011;

together with the introduction of the bill on State Budget of Ukraine for 2011 to the Verkhovna Rada of Ukraine, introduce a bill on introduction of amendments to the Budget Code of Ukraine aiming at bringing its norms in compliance with the Tax Code of Ukraine, including the provision which stipulates transferring a part of the environmental tax (33% in 2013, 50% starting from 2014) to the special fund of the State Budget of Ukraine aiming at allocating such funds on financing of solely targeted
projects for ecological modernization of enterprises within the sums of the environmental taxes paid by them and according to procedure prescribed by the Cabinet of Ministers of Ukraine.

5. Local self-government authorities shall ensure making relevant decisions concerning introduction of taxes and duties specified in this Code within one month after this Code enters into force.

In case of failure to introduce local taxes and duties specified in items 10.3 of Article 10 of this Code, such taxes and duties – according to the decision of local self-government authorities – shall be paid by taxable persons in compliance with the procedure prescribed by this Code at minimum rates and without application of relevant ratios.

SECTION XX. TRANSITIONAL PROVISIONS

SUBSECTION 1. SPECIFIC FEATURES OF THE INDIVIDUAL INCOME TAX COLLECTION

1. Individual income tax accrued but not paid by the tax agent to the budget, contrary to the order in effect to the enactment of this Code, shall be considered as a tax debt from the effective date of this Code by the agreed tax obligations and must be reflected in tax calculating the results of the first reporting quarter for which this Code is effective, and also charged with tax agent using measures of liability provided by this Code.

2. Investment loss, received by taxable income individuals on January 1, the effective date of this Code, shall be taken into account when calculating investment income received on transactions in securities or derivatives that are in circulation in the organized securities market, starting with the results for this year of losses, incurred from the sale of investment assets by professional securities traders. The duty of documentary evidence of the size of these losses relies on the taxpayer.

3. Not taxable by the individual income tax shall be the funds that paid for the work and / or services performed and provided in Ukraine or abroad at the time of holding in Ukraine the European Football Championship Finals in 2012, including (but not exclusively) in the form of wages, reimbursements and subsistence to such persons (except residents of Ukraine regardless of their participation in organizing this championship): representatives or officials of the associations - members of UEFA; members of delegations participating in the championship, including members of teams that won the right to participate in the championship; individuals accredited by UEFA. Income of other non-residents received in the period of the championship from sources originating from Ukraine shall be taxable on a general basis, subject to the provisions of international agreements of Ukraine on avoidance of double taxation, ratified by the Verkhovna Rada of Ukraine.
4. Until January 1, 2012, individual income funds according to the Law of Ukraine “On the experiment in housing on the base of Kyivmiskbud holding company” paid to individuals under trust management agreements concluded with the participants of funds of bank management and under pension deposit contracts concluded by the time of this experiment, shall not be subject to taxation (for unless such funds are taken by individuals in violation of the rules, relevant to pension deposit accounts or fund of bank management).

To provide that for the period specified by the Law of Ukraine "On the experiment in housing on the base of Kyivmiskbud holding company” not taxable by this tax (not shown in its annual tax returns) and not included in total monthly or annual taxable income of a taxpayer within the norms by law, such incomes:

- income that has accrued to a taxpayer under the conditions of labor or civil contract and subsequently transferred to his pension deposit account or to his member’s account of the fund of bank management opened according to law, as during their charge, and also during their transfer to such an account;

- funds that are accumulated and made by a person, who is not a taxpayer, or his employer (third party), in favor of a taxpayer on his pension deposit account or on such taxpayer’s member’s account of a fund of bank management;

- funds transferred to their own individual pension deposit account or on his own account in a fund of bank management or to a pension deposit account or to the account in a fund of bank management of a first degree of kinship family members of such individual;

- revenues accrued to the taxpayer under a contract of pension deposit, or trust management contract signed by an authorized Bank pursuant to law.

In the period, defined by Law of Ukraine "on the experiment in housing on the base of Kyivmiskbud holding company”, the amount funds deposited in taxable accounts on member’s bank management contracts or pension deposits in amount not exceeding 10 percent income of such a taxpayer during the reporting period, shall be included to the costs of the taxpayer.

5. If the rules of other laws contain references to non-taxable minimum income, for purposes of their application the amount of UAH 17 shall be used, except the administrative rules and criminal law in the training of crime or offenses for which the amount of untaxed minimum is set at the tax benefits, determined by the sub-paragraph 169.1.1 169.1 Article 169 of section IV of this Code for the relevant year.

SUBSECTION 2. SPECIFIC FEATURES OF THE VALUE ADDED TAX COLLECTION

1. Provisionally, until January 1, 2015, the amount of value added tax that shall be paid to the budget by processing enterprises of all forms of property for sold milk, dairy raw milk products, meat, other processing of animal products purchased in live weight (skins, offal, meat and bone meal) is directed in full to a special fund budget.
The procedure of charges, payments and use of these funds is determined by the Cabinet of Ministers of Ukraine.

2. Provisionally, until January 1 2019, the following operations shall be exempted from value added tax taxation:
   a) the supply of machinery, equipment set by the Article 7 of the Law of Ukraine "On alternative fuels";
   b) import of vehicles, equipment, used for reconstruction of existing enterprises and construction of new enterprises for the production of biofuels and for making and reconstruction of engineering and vehicles to consumption of biofuels, by UKT ZED codes as specified in the article 7 of Law Ukraine "On alternative fuels", unless such goods are not produced and have no analogues in Ukraine, and also the import of engineering and vehicles, including self-propelled agricultural machines working on biofuels, unless such goods are not produced in Ukraine.

   The rules of import of the above-mentioned vehicles, equipment and engineering are determined by the Cabinet of Ministers of Ukraine.

   In case of violation of the requirements regarding purposeful use of the above-mentioned goods, the taxpayer shall increase the tax liabilities after the tax period, which accounts for such a violation for the amount of value added tax that should be paid on the day of importation of such goods, and also shall pay a fine, accrued on such amount of tax based on 120 percent of the rate of the National Bank of Ukraine in force on the day of increase in tax liability, and for the period from the date of import of such goods to the day of increased tax liabilities.

3. During the term of the international treaties of Ukraine, approved by the Verkhovna Rada of Ukraine, on space regarding space technology creation (including units, systems and components for space systems, space launch vehicles, spacecraft and ground segment space systems), but not later than 1 January 2015, the following operations shall be exempted from value added tax taxation:
   a) supply in the customs regime of import of goods specified in paragraph "z" of Article 19 of the Law of Ukraine "On Universal Customs Tariff" (as amended Law of Ukraine on May 19, 2009 Number 1342-VI), within the limit values established by the Cabinet Ministers of Ukraine, provided the purpose use of such goods in the production of space technology (including the units, systems and their component parts for space systems, space launch vehicles, spacecraft and ground segments of space systems), carried out by residents – the parties to space activities that have received a license to conduct such activities and participating in the implementation of such international agreements. The list of such residents – the parties to space activities - is set by specifically authorized central executive body that implements state policy in space activities.

   In case of violation of purposeful use of such goods or in case of exceed of the limited volume of imports, established by the Cabinet of Ministers of Ukraine, the appropriate party to space activities that actually exercise the right to tax privileges
shall be deemed as deliberately evading tax and shall be subject to penalty (financial sanctions) in accordance with applicable law;

b) supply to the customs territory of Ukraine of the results of scientific research and development work performed by taxpayers with loans drawn under the Cabinet of Ministers of Ukraine for the financing of the Agreement between Ukraine and the Federal Republic of Brazil, ratified by the Verkhovna Rada of Ukraine, on long-term cooperation regarding the use of “Cyclone-4" rocket on Alcantara starting center, for the benefit of residents - the parties to space activities, which received the license to conduct such activities or to take participation in implementation of this Agreement. In order to implement this privilege the Cabinet of Ministers of Ukraine determines the rules of registering of mentioned scientific research and development work.

In case of violation of the tax exemption terms for research and development activities, namely when they supply for purposes not provided for in the mentioned Agreement, the taxpayer that actually used the right to tax privilege, shall be deemed to be deliberately evading tax and shall be subject to penalties (financial) sanctions in accordance with applicable law.

4. Provisionally, until January 1 2016, the parties to aircraft industry, covered by the provisions of Article 2 of the Law of Ukraine "On development of aircraft industry”, shall be exempted from value added tax taxation on the following operations:

import (transfer) to the customs territory of Ukraine under the customs import (re-import) regime of goods, except excise, that are used for the aircraft industry if such goods are exempted from import duties according to the paragraph "g" of Article 19 of the Law of Ukraine "On Universal Customs Tariff ";

supply to the customs territory of Ukraine of the results of scientific research and development performed for the requirements of aircraft industry.

In case of violation of the requirements established by this subsection, the taxable persons – parties to aircraft industry, shall be subject to provisions of Section II of this Code.

5. Provisionally, until January 1 2015, operations on performance and supply of services, carried out by legal enterprise (business) entities – residents of Ukraine, which simultaneously exercise publishing activities, activities in manufacturing and distribution of books, paper and cardboard, shall be exempted from value added tax taxation. Therewith the revenue of such an entrepreneur derived from publishing activities, activities in production and distribution of books and paper and cardboard, must be not less than 100 percent of his total income for the first reporting (tax) period since the creation of such a business entity or at least 50 percent of its total income for the previous reporting (tax) year.

6. Provisionally, until January 1 2015, operations on performance and supply of services in publishing, production and distribution activities carried out by publishing houses, publishing organizations, printing enterprises, distributors of books manufactured in Ukraine, operations on production and / or supply of paper and
cardboard produced in Ukraine for the manufacturing of books, student notebooks, textbooks and manuals of Ukrainian production, and also operations on supply of book products manufactured in Ukraine, except advertising, placement services of advertising material or material of an erotic nature, publications of advertising and erotic nature, shall be exempted from value added tax taxation.

7. Provisionally, until January 1 2015, the operations on import of goods identified in paragraph "o" of Article 19 of the Law of Ukraine "On Common Customs Tariff", and also operations on supply of these goods to processors, publishing houses and printing enterprises in Ukraine shall be exempted from value added tax taxation.

In case of inappropriate use of these products, the taxpayer must increase tax liabilities for the results of tax period, which accounts for such a violation, on the amount of value added tax that must have been paid at the time of import of such goods, and also pay a penalty according to law.

8. In the period until January 1, 2015, the supply of goods (excluding excisable goods) and services (excluding services provided during lotteries and entertainment games, services from the supply of excisable goods obtained within the commission agreements (consignment), sponsorship, authorization, trust management, other civil agreements which authorize such taxpayer (hereinafter – the commissioner) to supply goods on behalf of another person (hereinafter – the committent) without transfer of ownership of such goods, that are performed directly by enterprises and organizations of public organizations of invalids, that are founded by public organizations of invalids and are their property, where the number of invalids who are principally employed there, makes during the previous reporting period not less than 50 percent of the average number of staff, and provided that the payroll of such invalids during the reporting period is not less than 25 per cent of total labor costs related to the production costs, shall be taxed at the zero rate of the value added tax.

The production of goods / services shall be considered immediate (direct) if the sum of the costs incurred for processing (or other types of conversion) of raw stuff, components, parts, other purchased goods which are used in manufacturing of such goods, is not less than 8 percent of the sales price of such manufactured goods.

The enterprises and organizations of public organizations of invalids have the right to exercise this privilege in the presence of registration in the appropriate body of the State Tax Service, which is based on submission of a positive decision of the Interdepartmental Commission on the activities of enterprises and organizations of public organizations of invalids and the relevant application of a taxpayer to get such a privilege under the Law of Ukraine "On the basis of social protection of invalids in Ukraine".

In case of violation of the requirements of this paragraph by the taxpayer, the tax authority cancels its registration as a person who is entitled to tax exemptions and the tax liabilities of such a taxpayer are transferred from the tax period for the results
of which such violations were found, according to general taxation rules prescribed by
this Code and with the simultaneous application of appropriate financial sanctions.

Tax reporting of such enterprises and organizations shall be provided in the
manner prescribed by law.

9. Until September 1, 2012 the value added tax shall not be collected during the
import to the customs territory of Ukraine of items under the customs regime of
import (re-import), which dismissed taxation of import duties under the rules of
paragraph "t2", Article 19 of the Law of Ukraine "On Universal Customs Tariff". In
case of violation of purposeful use of such items or at their dispossession in the
customs territory of Ukraine for any compensation, the taxpayers shall be subject to
penalties (financial) sanctions in accordance with law.

10. To confirm that the tax liabilities for value added tax arising: from January
1, 2011 to 31 December 2013 inclusive, the tax rate is 20 percent; from January 1
2014 - 17 percent.

11. Registration of tax bills by value added taxpayers - the sellers in the
Uniform Register of tax bills, shall be introduced for taxpayers of this tax, in which
the sum of value added tax in one tax bill is:

more than UAH 1 million - from January 1, 2011;
more than UAH 500 thousand – from April 1 2011;
more than UAH 100 thousand - from July 1 2011;
more than UAH 10 thousand - from January 1 2012.

Tax bill, in which the amount of value added tax does not exceed UAH 10
thousand, shall not be included in the Uniform register of tax bills.

The taxpayers for whom the mandatory registration of tax bill in the Uniform
Register of tax bills is not introduced by this subsection to the date of tax bill extract,
shall not be subject to norms of the eighth and ninth paragraphs 201.10, Article 201 of
this Code.

12. Provisionally, until January 1, 2016, the operations on supply of national
films, as determined in the Law of Ukraine "On cinematography", carried out by
manufacturers, distributors and demonstrators of national films, and the supply of
works and services for production, including replication of national and foreign films
that are dubbed, subtitled in the state language in Ukraine, and also the supply of
works and services for dubbing and / or subtitling in the national language of foreign
films in Ukraine, shall be exempted from the value added tax taxation.

13. Provisionally, until January 1, 2016, the operations on supply of services
for demonstration, dissemination and / or public broadcasting of national films and
foreign films, that are dubbed and / or subtitled in the state language on the territory
of Ukraine, carried out by demonstrators, distributors and / or broadcasting
organizations (public broadcasters), shall be exempted from the value added tax
 taxation.

14. At negative values of the amounts of value added tax, calculated in the
manner prescribed in the Article 200, paragraph 200.1 of this Code, on the enterprises
of shipbuilding and aircraft industry the compensation from the budget is in the tax period, following the reporting period in which there was a negative balance tax in the manner and terms provided by the Article 200 of this Code.

15. Provisionally, until January 1, 2014, the operations on supply of waste and scrap of ferrous and nonferrous metals, cereals in trade positions 1001-1008 (except heading 1006 and sub-heading 1008 10 00 00), industrial crops in the position 1205 and 1206, except their first supply by agricultural companies - manufacturers of these products, wood product positions 4401, 4403, 4404 according to UKT ZED, including operations on import of such goods, shall be exempted from value-added tax taxation.

In case of export of such goods under the customs exports regime, the zero rate shall not be applicable, except for export operations on supply of cereals in trade positions 1001-1008 and industrial crops in positions 1205 and 1206 for which the zero rate is applied until 1 July 2011.

16. In the period from January 1, 2012 until December 31, 2013 inclusive, the operations on supply of raw hides and skin without further processing (headings 4101-4103, 4301), including operations on import of such goods, shall be exempted from value-added tax taxation.

17. Excluded.

18. Persons who have moved to a generally applicable taxation system from simplified taxation system and were not registered as value added taxpayers, shall be subject to mandatory registration as value added taxpayers according to the requirements of paragraph 181.1, Article 181 of this Code. The amount of taxable operations is determined from the period of migration to the generally applicable system.

**SUBSECTION 3. SPECIFIC FEATURES OF SHIPBUILDING INDUSTRY ENTERPRISES TAXATION IN CASE OF IMPORT TO THE CUSTOMS TERRITORY OF UKRAINE OF EQUIPMENT AND COMPONENTS THAT ARE NOT PRODUCED IN UKRAINE**

Specific features of the procedure for value added tax collection by shipbuilding industry enterprises in case of import to the customs territory of Ukraine of equipment and components, that are not produced in Ukraine, are following:

1. The taxpayers in shipbuilding industry (class 1935 CEA 35.11 group 009:2005 SC) in the case of import to the customs territory of Ukraine of equipment and components, that are not produced in Ukraine and are imported by domestic enterprises for use in economic activities under the customs import regime, subject to customs declaration registration (except temporary, incomplete, periodic or previous declarations), may voluntarily issue the tax promissory note to the customs authority (and the customs authority is obliged to accept it) in the amount of the value added tax liability specified in customs declaration, the tax promissory note is payable at maturity of 720- calendar days from the date of its issuance to the customs authority.
The persons that do not meet at least one of the requirements of this subsection, when importing goods into the customs territory of Ukraine, pay tax in due order without issuing a promissory note.

The tax promissory note is a tax reporting document and shall be subject to accounting and storage according to the rules and terms set for primary accounting documents.

The list of equipment and components that are not produced in Ukraine is defined by the Cabinet of Ministers of Ukraine.

2. The tax promissory note may be issued by taxpayer (the maker) voluntarily to the customs authority and considering restrictions on the issuance of a bill defined by this subsection.

The customs authority shall accept the tax promissory note.

The payee is a state tax authority in the place of registration of the maker as a taxpayer.

3. The tax promissory note may be issued only by the person who meets the following requirements:

   the person is a value added taxpayer in accordance with Section V of this Code;
   the person is registered as a value added taxpayer in accordance with Section V of this Code and has entered in the register of value added taxpayers more than 12 calendar months before the month in which the import to the customs territory of Ukraine is made (except for operations with raw materials and operations of repair, including the guarantee repair);
   the person has an assigned individual tax identification number as the value added taxpayer.

The tax promissory note can not be issued in case of:

   imports to the customs territory of Ukraine of excisable goods and goods that belong to commodity groups 1-24 of UKT ZED;
   imports to the customs territory of Ukraine of any goods by persons who were registered as value added taxpayers less than 12 calendar months before the month in which such imports into the customs territory of Ukraine are made, or by persons - subjects of value added taxation that are exempted from the value added tax by court;
   Customs registration by Ukrainian customs authority of remaining unprocessed raw materials or part of finished products which were received as a payment from foreign customer for the supply of services for processing raw materials in the customs territory of Ukraine.

4. The tax promissory note shall be issued in the amount of value added tax liability charged on the customs declaration (except for temporary, incomplete, periodic or previous declarations).

The amount of value added tax liability on one customs declaration can not be partially paid by promissory note, and partially – by money. The promissory note shall be issued for the full amount of tax liability for each customs declaration separately.
The date of promissory note issuance shall be the date of issuance of a customs declaration for customs clearance, which is the date of the tax liability in case of importing goods to the customs territory of Ukraine.

5. The tax promissory note shall be drawn up in triplicate, indicating the amount of tax in local currency, only on promissory note form acquired in a bank, with the following specific features:

- the first copy of tax promissory note is the original promissory note form, acquired by the payer in a banking institution;
- second and third copies of tax promissory notes are photocopies of the original form (of non-drawn first copy) that have the same number with the first copy of promissory note form;
- all necessary records on each copy of the tax promissory note (including its provision by aval) are made separately, shall not be subject to photocopying and must be identical (except the serial number of copy).

The second promissory note copy remains in the customs agency which carries out the customs clearance of goods imported to the territory of Ukraine. The first promissory note copy is sent (transmitted) by this customs agency at the latest on the third day from the date of the promissory note issuance to the agency of the state tax service, where the person is registered as a taxable person.

The taxpayer who issued the promissory note keeps its third copy.

6. The tax promissory note is subject to mandatory bank confirmation by means of aval.

Should the avalising bank fail to pay a tax promissory note not redeemed by the taxable person, the amount of the tax indicated in the tax promissory note shall be charged from the avalising bank under the procedure prescribed for the collection of the tax debt.

The list of banks that have failed to honour tax promissory notes shall be generated by the central agency of the state tax service and published under the procedure instituted for the publication of data from the Taxable Persons Register, and provided to the central customs agency and banking regulators (responsible for the issue of licenses, permits, etc.).

A customs agency shall reject tax promissory notes avalised by banks listed in the said list.

In case of the late redemption of a tax promissory note, regardless of the party that has redeemed the tax promissory note, be it the issuing taxable person or the avalising bank, the taxable person that has issued the tax promissory note or the avalising bank shall be subjected to penalties at the rate of 1 per cent of the tax amount indicated in the tax promissory note for each day of the violation of the tenor, including the redemption date, but not more than 50 per cent of the promissory note amount.
7. The promissory note shall be redeemed on the 720th calendar day of the issue of such a promissory note to the customs agency, including the date of the issue thereof.

The tax promissory note shall be redeemed by means of the transfer of funds to the budget.

The Cabinet of Ministers of Ukraine may specify longer periods for the redemption of tax promissory notes for specific commodities.

Tax promissory note payment liabilities may not be transferred to persons other than the avalising bank; and the tax promissory note shall not be subject to the endorsement; the interest or other kinds of payment for the use of the tax promissory note shall not be accrued.

8. The tax amount indicated in the issued tax promissory note shall be specified in a separate row of the tax return of the reporting period of the redemption of the tax promissory note.

9. The tax amount indicated in the tax promissory note shall not be included into the tax credit amount of the taxable person in full or in part, if the restrictions of this Article apply to taking account of the said amount while determining the tax credit, for instance if:

   the goods imported to the customs territory of Ukraine are used for producing goods (services), which are not the objects of taxation or are exempted from taxation;

   the goods imported to the customs territory of Ukraine are not used within business activities of the taxable person.

10. Subject to compliance with requirements for the formation of the tax credit, the taxable person shall have the right to include the amount of the tax under tax promissory notes redeemed during a reporting (tax) period into the tax credit of the said reporting (tax) period. The tax amount indicated in a non-redeemed tax promissory note shall not be included into the tax credit of the taxable person.

11. The taxable person (the taxpayer) shall add to the tax return the list and copies of the tax promissory notes issued and paid in the reporting (tax) period, for which this tax return is submitted.

12. The registration of tax promissory notes shall be made by customs agencies and agencies of the state tax service.

   The registration of tax promissory notes by customs agencies shall be made according to the procedure established by the central customs agency.

   The registration of tax promissory notes by agencies of the state tax service in the location of the taxable person that issued a tax promissory note shall be carried out according to the procedure specified by the central agency of the state tax service.

   The control over the redemption of tax promissory notes shall be exercised by agencies of the state tax service on the basis of data received from customs agencies, tax returns and payment documents confirming the payment of tax amounts under redeemed tax promissory notes.
SUBSECTION 4. THE SPECIFIC FEATURES OF THE CORPORATE PROFIT TAX COLLECTION

1. Provisions of section III of this Code shall apply in the course of budget settlements starting from the income and expenses incurred and posted from 1 April 2011, unless otherwise provided by this subsection.

Methods of temporary and permanent tax differences accounting shall be approved in the manner approved by the Law Ukraine "On Accounting and Financial Reporting in Ukraine", are published until 1 April 2011 and shall come into force on 1 January 2012. Business entities – corporate profit taxpayers submit financial statements of income subject to tax differences starting from the reporting periods of 2012.

2. From the effective date of Section III of this Code corporate profit taxpayers compile and submit the corporate profit tax return on the basis of cumulative totals for following tax reporting periods: the second quarter, the second and third quarters and second - fourth quarter of 2011.

3. Paragraph 150.1 of Article 150 of this Code applies in 2011 with including the following:

   if the result of calculation of taxation object of a taxpayer from number of residents in the first quarter of 2011 is a negative value, the amount of such negative value to be included in costs of the second calendar quarter of year 2011.

   Calculation of the taxation object based on results of the second, second and third quarters, the second - fourth quarter of 2011 is performed taking into account the negative value, which is got by the taxpayer in the first quarter of 2011, as part of expenses of such tax periods on the basis of cumulative totals until the full redemption of a negative value.

4. Transactions with securities and derivatives procured before the effective date of this Code shall be posted to accounts while determining the corporate profit tax according to the rules that have been in effect as of the time of procurement of such securities.

5. The norms of paragraph 159.1 of Article 159 of this Code shall not apply to the debt that arose in connection with a delay with the payment for commodities, performed work and provided services, if the measures aimed at the recovery of such debt have been taken before the effective date of this Code. The said debt shall be posted in accounts of the seller and the buyer for taxation purposes until the complete repayment thereof or the declaration thereof bad in following order:

   procedure of settlement of contingent debt, measures of recovery to which have been applied before the enactment of Section III of this Code

   Taxable person being the seller must increase the income of the relevant tax period by the amount of the debt (a part thereof) earlier allocated thereby to the expenses or reimbursed at the expense of provisions, in case of any of the following events take place during such tax period:
a) the court rejects the claim of the seller or satisfies the claim in part, or does not accept the claim for the proceedings (review), or satisfies the claim of the buyer for the invalidation of the claims for the repayment of the said debt or its part;

b) the parties reach an agreement on the extension of terms of debt redemption or on write-off of the entire amount of debt or part thereof (except amicable agreement within the procedure of a debtor’s solvency recovery or its declaring as a bankrupt, prescribed by law);

c) the seller has not received a reply to the claim during the terms determined by law, or has received a response from the buyer on recognition of the given claim, but receives no payment (other compensations in the repayment of debt) during the terms defined in this claim and thus does not appeal to the court during the next 90 days (the court of commerce) with a statement for the debt collection from the said buyer or for the institution of a case regarding its bankruptcy or the seizure of the property pledged by the said buyer.

The sum of the additional tax liability, which is calculated as a result of such an increasing, shall be subject to the fine accrual in amounts determined by law for the late repayment of tax obligations. The said fine shall be calculated for the period which covers the first day of the tax period following to the period when the reduction in the income took place and the last day of the tax period when expenses reduction took place, and it shall be payable regardless of the sum of the tax liability of the taxable person for the relevant reporting period. Fine shall not be accrued for the debt (or for the part of it) which has been written off or spread as a result of an amicable settlement agreement done in accordance with legislation regulating bankruptcy, starting from the date of signature of the said amicable agreement.

If in the future (including the limitation period) a seller applies to the court, he is entitled to increase the expenses by the amount of debt impugned;

In case the taxpayer is challenging the court's decision in order established by law, the increase of the income under this paragraph shall not occur until the final decision of the court;

taxable person (taxpayer) being the buyer must increase the incomes by the amount of outstanding debt (or its part), recognized in the order of pre-court procedures of dispute settlements or by the court or by the writ execution of the notary public, in the tax period, accounting for the first of the events:

a) either the 90th calendar day after the debt (or its part) payment deadline under the contract or acknowledged in the claim;

b) or the 30th calendar day from the date of the court’s decision regarding the recognition (collection) of such debt (or its part), or from the date the notary executed the writ of execution.

Time frames stated in paragraph a) of this item shall also apply to cases where the buyer did not provide answers to the claim, sent by the seller, in terms of the law.
Time frames stated in paragraph "b" of this item shall be applied, regardless of whether the state bailiff or another legally authorized person has started up procedures on the compulsory debt collection.

Buyer’s income increase referred to in this sub-item shall not be applied to the debt (or a part of it) refunded by such buyer before the deadlines specified in these sub-items.

Should the buyer repay the sum of the acknowledged debt or a part of it (on its own or due to the procedure of a compulsory collection) within next tax periods, the said buyer shall increase (restore) its expenses by the amount of the said debt (or a part of it) in accordance with the results of the tax period of the said repayment.

The debt which previously has been classified to the expenses or has been refunded at the expense of provisions, and which has been found to be bad due to the insufficiency of the buyer’s assets found bankrupt as prescribed by law, or due to its being written off according to the conditions of the amicable settlement agreement concluded in compliance with the legislation on bankruptcy shall not change tax liabilities either of a buyer or of a seller due to such acknowledgement.

6. For compilation of a list of fixed assets, other fixed and intangible assets by groups according to paragraph 145.1, article 145 of this Code on depreciation purpose from the effective date of section III of this Code, the data of inventory held as of April 1 2011 is applied.

The depreciated value, for each item of facilities (assets), other fixed and intangible assets, is determined as the initial (revalued), subject to capitalized costs of modernization, modification, completion, additional equipment, reconstruction, etc. and the sum of accumulated depreciation according to accounting data at the date of enactment of Section III of this Code.

Provisions of this subparagraph shall also apply to taxpayers in case of their switch from a simplified taxation system to a generally applicable taxation system.

The revalued amounts shall not include the sum of revaluation of fixed assets held after January 1 2010.

If the total value of all groups of assets according to the accounting is less than the total value of all groups of fixed assets according to the tax reports on the date of the enactment of section III of this Code, the temporary difference in taxes resulting from this comparison, shall be depreciated as a separate object under the straight-line method within three years.

The term of useful utilization of fixed assets, other fixed and intangible assets for depreciation from the effective date of Section III of this Code is determined by the taxpayer independently subject to the date of putting them into operation, but not less than the minimum terms of useful utilization defined in paragraph 145.1 of Article 145 of this Code.
The initial value of fixed assets shall not increase on the cost of acquisition or improvement from the effective date of section III of this Code regarding the amounts allocated to increase the book value of such objects before the mentioned date.

The income shall not be recognized in respect of commodities (work results, services) shipped (provided) after the effective date of Section III this Code in terms of the value of such commodities (work results, services) paid for in the form of advance payments (down payments) before the said date, including the period under the simplified taxation system.

The expenses shall not be recognized in respect of commodities (work results, services) received (provided) after the effective date of this Code in terms of the value of such commodities (work results, services) paid for in the form of advance payments (down payments) before the said date, in the event that such advanced payments were included in taxable gross costs at the date of payment, and also during the period under the simplified taxation system.

For the profit taxpayers that have migrated from the simplified taxation system to the generally applicable taxation system, simultaneously with the recognition of income from the sale of goods (works, services) on the generally applicable system of taxation, the cost of such goods and services that has been received in the period under simplified taxation system, shall be included into expenses proportionally to the amount of recognized incomes.

Fee incomes (expenses) and other payments related to the creation or purchase of loans, deposits that have been to the object of taxation in the reporting tax periods before the enactment of Section III of this Code shall not be considered in determining the incomes and expenses in accordance with this Code.

It shall be established that the insurers that obtain income from the exercise of the insurance business other than the implementation of long-term life insurance contracts and pension insurance contracts for the non-state pension provision purposes under the Law of Ukraine "On Non-state Pension Provision", and from the business not related to the insurance shall calculate and pay the profit tax based on the results of one year from the effective date of section III of this Code as follows:

during the reporting fiscal year the insurers pay the tax quarterly at a rate of 3 percent of the amount of insurance payments, insurance contributions, insurance premiums received (accrued) by the resident insurers during the reporting period under contracts of insurance, co-insurance and re-insurance of risks on the territory of Ukraine or abroad;

as a result of the reporting year, the insurers shall calculate the profit tax liability to be calculated on the basis of the taxable profit according to the procedure prescribed by the Article 156 and subparagraph 134.1.1 of paragraph 134.1 of the Article 134 of this Code, but shall not pay the tax.

9. Leasing operations under lease-purchase housing agreements that have been concluded after the enactment of Section III of this Code, but not later than 31
December 2020 shall be posted in accounts on corporate profit tax as follows: the lessor shall increase the amount of income by the amount of lease payments charged to the individual (including the part of the lease payments provided in compensation of the value of the object of leasing);

the lessor shall increase the amount of expenses for the reporting period by the part of the cost of an object of leasing, which is in the same proportion to the total cost of this object, as the amount of lease payments accrued for the individual in this period (as regards lease payment provided for compensation of the part of total value of the mentioned object) is to the total amount of lease payments (as regards lease payments provided in the compensation of the part of total value of the mentioned object) to be accrued for the entire leasing period;

conveyance of housing to an individual into lease (rent) with purchase shall not change the tax liabilities of the lessor;

conveyance of housing into the ownership of an individual after the termination of leasing with purchase (rental) agreement or before that termination provided the full payment of lease payments (including the part of lease payments made as the compensation of the total value of the object of leasing) shall not change the tax liabilities of the lessor.

10. The following corporate profit tax rates shall be established:

from 1 April 2011 till 31 December 2011 inclusive - 23 percent;
from 1 January 2012 till 31 December 2012 inclusive - 21 percent;
from 1 January 2013 till 31 December 2013 inclusive - 19 percent;
from 1 January 2014 - 16 percent.

11. Prior to the adoption of amendments to legislation on pension reform (the introduction of the cumulative system of compulsory state pension insurance) the taxpayer has the right to include the amount of contributions for the compulsory life or health insurance of workers (employees) in cases envisaged by law, and also the amount of contributions determined by the second sub-paragraph of paragraph 142.2, Article 142 of this Code, into the expenses of every tax reporting period (on the basis of cumulative totals), the total amount of the above mentioned contributions shall not exceed 15 percent of wages, accrued to such salaried person during the fiscal year, accounting for these tax reporting periods.

12. Paragraph three of item 137.9, Article 137 of this Code shall be applied until 1 January 2014.

13. Provisionally, until 1 January 2014, the date of increasing of incomes of housing and utility companies from providing utilities shall be the date of receipt of funds from the consumer onto the bank account to on the cash desk of the taxable person.

At that the housing and utility companies recognize the expenses on acquisition of goods, performed works and services as part of the cost of utilities realization in the amount actually paid for these goods, works and services. The remaining expenses shall be recognized in accordance with Section III of this Code.
This paragraph shall not be applied to taxpayers – licensees to the supply of electricity and/or thermal energy.

14. In 2011 the standard for fixed assets, as defined in paragraph 14.1.138 of item 14.1 of Article 14 of this Code shall be established at UAH 1000.

15. Provisionally, until 1 January 2020, the following profits shall be exempted from taxation:

- biofuel producers profit derived from the sale of biofuels;
- profit of undertakings, derived from their activities in simultaneous electricity and thermal energy production and/or thermal energy production with the use of biofuels;
- profit of producers of equipment, machinery and components, determined by Article 7 of the Law of Ukraine "On alternative fuels”, for construction and reconstruction of engineering and transport facilities, including self-propelled agricultural machinery and power plants that consume biological fuels, derived from the sale of such equipment, machinery and components, that have been produced in Ukraine.

16. Provisionally, until 1 January 2020, the profits of undertakings, derived from their business on the extraction and use of gas (methane) from coalfields, which is subject to the Law of Ukraine "On gas (methane) of coalfields”, shall be exempt from taxation.

17. Provisionally, for a period of 10 years, starting from 1 January 2011, the following profits shall be exempt from taxation:

a) profit of business entity which is derived from the hotel services (CEA group 55 SC 009:2005) in hotels of categories "five stars", “four stars” and “three stars”, including newly built or reconstructed or where an overhaul or restoration of existing buildings and structures has been made;

b) profit derived from core business of light industry undertakings (group 17 - group 19 CEA SC 009:2005), except for undertakings, production of which is based on principal-provided raw materials.

At that, for the transitional period until 1 January 2012, it shall be allowed to apply provisions of this paragraph for light industry undertakings, which at the time of enactment of provisions of this Code have concluded contracts on production based on principal-provided raw materials, the deadline for fulfillment of which expires within the established period.

c) profit of electricity sector undertakings (class 40.11 group 40 CEA SC 009:2005) derived from sales of electricity produced from renewable energy sources;

d) profit derived from the core business of shipbuilding industry undertakings (class 35.11 group 35 CEA SC 009:2005);

e) profit of aircraft industry undertakings, derived from core business (subclass 35.30.0 class 35.30 group 35.3 section 35 CEA SC 009:2005), and also from research and engineering work, conducted by such undertakings (subclass 73.10.2 class 73.10.
group 73.1 section 73 CEA SC 009:2005), that are performed for the needs of aircraft industry;

f) profit of agricultural machinery complex undertakings (classes 29.31 and 29.32 of group 29.3 section 29 CEA SC 009:2005).

18. Provisionally, until 1 January 2015, the profit of publishers and publishing organizations, printing businesses, derived from their activities in production of books in Ukraine, except production of erotic nature, shall be exempt from taxation.

19. Provisionally, until 1 January 2016, the amount of funds or the value of assets, received by the subjects of cinematography (film producers) and / or subjects of animation production animation (producers of animated films) and directed to the production of national films, shall not be included into the incomes.

20. During the term of the international treaties of Ukraine approved by the Verkhovna Rada of Ukraine on space regarding space technology creation (including units, systems and components for space systems, space launch vehicles, spacecraft and ground segment space systems), but not later than 1 January 2015, the tax period, for which the profit tax liabilities are determined, shall be equal to one reporting calendar year for residents - the parties to space activities that received the license for implementation thereof and that participate in the performance of such treaties (agreements).

If the above mentioned treaties are recognized as completely met by the parties before 1 January 2015, the last tax period (including for determining the norms of depreciation deductions) shall be calculated from the beginning of calendar year to the end of the reporting quarter of this year, accounting for such a complete performance of treaties.

Taxable persons covered by this paragraph and at that exercise activities other than space, shall keep separate tax accounting for such and other activities according to the generally applicable rules and in the manner prescribed by paragraph 152.13, Article 152 of this Code.

21. Sub-paragraphs 15-19 of this section shall apply subject to the following:

the amount of funds released from taxation, shall be directed by the undertakings - taxpayers on the increase of output (services), upgrading of logistics and material base, the introduction of new technologies related to the core businesses of such taxpayers, and / or repayments of loans used for these purposes, and paying interest on them;

for taxation purposes, the amount of funds released from taxation shall be recognized as incomes, together with the recognition of expenses incurred by these funds in the amount of such expenses;

the procedure of the targeted use of funds released from taxation shall be established by the Cabinet of Ministers of Ukraine;

In case of violation of the requirements of targeted use of the funds released from taxation, the taxpayer must increase the tax liabilities for the result of the tax
period, which accounts for such a violation, and must pay the fine, accrued in accordance with this Code.

SUBSECTION 4. THE SPECIFIC FEATURES OF THE APPLICATION OF THE RATES OF EXCISE DUTY AND OF ENVIRONMENTAL TAX

1. To spirits and alcoholic beverages obtained by distilling grape wine or grape marc (codes according to UKT ZED 2208 December 20, 2000, 2208 20 62 00), the following excise tax rates shall be applied:
   - UAH 20 for 1 liter of 100-percent alcohol – from the effective date of this Code until 31 December 2011;
   - UAH 27 for 1 liter of 100-percent alcohol - from 1 January 2012 until 1 January 2013;
   - from 1 January 1 2013 the excise tax rate defined by subparagraph 215.3.1 of article 215 of this Code shall be applied.

2. Under the environmental tax liabilities that occurred:
   - from 1 January 2011 till 31 December 2012 inclusive, the tax rates shall be 50 percent of the rates provided for in the Articles 243, 244, 245 and 246 of this Code;
   - from 1 January 2013 until 31 December 2013 inclusive, the tax rates shall be 75 percent of the rates provided for in the Articles 243, 244, 245, 246 of this Code;
   - from 1 January 2014 the tax rates shall be 100 percent of the rates provided for in the Articles 243, 244, 245, 246 of this Code.

SUBSECTION 6. THE SPECIFIC FEATURES OF THE LAND TAX COLLECTION

1. During the term of the international treaties (agreements) of Ukraine approved by the Verkhovna Rada of Ukraine on space regarding space technology creation (including units, systems and components for space systems, space launch vehicles, spacecraft and ground segment space systems), but not later than 1 January 2015, residents - the parties to space activities that received the license for implementation thereof and that participate in the performance of such treaties (agreements) shall be exempt from land tax for the land plots, that are used in production purposes according to the list approved by the Cabinet of Ministers of Ukraine.

2. Until 1 January 2016, the parties to aircraft industry, covered by the norms of the Article 2 of the Law of Ukraine "On development of aircraft industry”, the land plots of which are directly used for the purposes of the final product, such as: aircrafts, their hulls, engines, including the seats meant for storage thereof (warehouses, hangars, space for advocacy), runways and areas for fueling (refueling) of engine aircrafts and for flights control, shall be exempt from land tax.
3. Until 1 January 2016 subjects of cinematography (national films producers), list of which is approved by the Cabinet of Ministers of Ukraine, shall be exempt from land tax for the land plots, that are used for the production of national films.

4. Until 1 January 2016, the parties to shipbuilding industry defined according to the Article 1 of the Law of Ukraine "On measures of state support of shipbuilding industry in Ukraine” shall be exempt from land tax.

**SUBSECTION 7. THE SPECIFIC FEATURES OF THE TRADE PATENTS RETURN PROCEDURE**

1. Trade patents that have been issued in accordance with requirements of the Law of Ukraine "On Patenting Certain Business Activities" and have not expired as of the effective date of this Code must be returned to the state tax service agencies in places of the acquisition thereof within three months (but not later than their expiry).

2. Business entities shall be liable in respect of the procedure of the use of trade patents issued under the Law of Ukraine "On Patenting Certain Business Activities" and for the compliance with time frames of the payment therefor as prescribed by chapter 11 of Section III of this Code.

**SUBSECTION 8. THE SPECIFIC FEATURES OF THE UNIVERSAL TAX AND THE FIXED TAX COLLECTION**

1. It shall be established that from 1 January 2011 until the amendments to Section XIV of the Tax Code of Ukraine concerning the taxation of small business entities, Decree of the President of Ukraine of 3 July 1998 № 727 "On the simplified system of taxation, accounting and reporting for small business” (with the following amendments) and paragraphs six - twenty-eight of item 1 of the Article 14, Section IV of the Decree of the Cabinet of Ministers of Ukraine of 26 December 1992 № 13-92 “On individual income tax", shall be applied with the following specific features:

   1) Business entities being taxable persons for the purposes of the universal tax shall not be subject to the following taxes and duties determined by the Tax Code of Ukraine:
      a) the corporate profit tax;
      b) the individual income tax (in case of sole traders);
      c) the value added tax on operations of supply of goods (commodities) and services, a place of outlet of which is located in the customs territory Ukraine, excluding the value added tax, paid by legal entities that have chosen the tax rate of 6 percent;
      d) the land tax, except the land tax for the land plots that are not used for business activities;
      e) the rent for the use of subsurface resources;
      f) the duty for the special use of water;
g) the special forest resource use duty;

h) the duty for the exercise of certain types of business;

2) The accrual, assessment and payment of the universal contribution for the compulsory state social insurance shall be performed by small business entities that pay the universal tax according to the Decree of the President of Ukraine of 3 July 1998 № 727 "On the simplified system of taxation, accounting and reporting for small business" (with the following amendments) or that pay the fixed tax according to paragraphs six - twenty-eighth of item 1 of the Article 14, Section IV of Decree of the Cabinet Ministers of Ukraine of 26 December 1992 № 13-92 “On individual income tax”, in the manner prescribed by the Law of Ukraine "On the collection and accounting of the universal contribution for the compulsory state social insurance”;

3) The universal tax or the fixed tax shall be paid on the account of the relevant budget in the amount of the portion of the universal tax or the fixed tax to be transferred to these budgets in accordance with the Decree of the President of Ukraine of 3 July 1998 № 727 "On the simplified system of taxation, accounting and reporting for small business” (with the following amendments) and with the Law of Ukraine "On amending the Decree of the Cabinet of Ministers of Ukraine "On individual income tax "( Vidomosti Verkhovnoyi Rady Ukrayiny, № 30-31, st.195) (except the universal tax that shall be paid in January 2011 for the last reporting (tax) period of the year 2010). At that the distribution of the funds of the universal tax or of the fixed tax to the compulsory state social insurance and / or to the Pension Fund of Ukraine by the State Treasury of Ukraine shall not be exercised;

4) The credit of the universal tax, that is paid in January 2011 for the latest reporting (tax) period of the year 2010, to budgets and funds of the compulsory state social insurance (including pension insurance), shall take place in the manner and on terms that existed before January 1, 2011;

5) The refund of universal tax amounts and amounts of the fixed tax that have been paid before 1 January 2011 erroneously or excessively, and the credit of amounts of the repayment of the tax debt existing as of 31 December 2010 shall take place under the established procedure taking account of this subsection.


1. Refund of tax amounts on vehicle and other self-propelled machinery and mechanisms owners, of the environment contamination duty and also of local taxes and duties that have been paid before 1 January 2011 erroneously or excessively, crediting to budgets of such taxes and duties that shall be paid in the first quarter of 2011 for the last reporting (tax) period of the year 2010, and the credit of amounts
paid by way of the repayment of the tax debt existing as of 31 December 2010, shall take place in the manner and on terms that existed before 1 January 2011.

2. Individuals who are the owners of vehicles, that are subject to biannual technical inspection according to legislation, in passing this inspection in 2011 or at removal of vehicles from registration must submit receipts or payment orders evidencing the payment of tax on vehicle and other self-propelled machinery and mechanisms owners for the year 2010 at rates that existed before 1 January 2011 to state agencies that provide removal from registration or technical inspection of vehicles, and the individuals who have been exempted from the payment thereof in the year 2010 must submit a document that certifies their entitlement to such breaks. In case of failure to submit such documents, the technical inspection of vehicles and removal thereof from registration shall not be conducted.

SUBSECTION 10. OTHER TRANSITIONAL PROVISIONS

1. It shall be established that the repayment of the overdue debt of business entities to the state (the Autonomous Republic of Crimea or territorial community) under loans raised by the state (by the Autonomous Republic of Crimea or by territorial community) or against state (local) guarantee and also under loans from the budget (including fees for use of such loans and fine) shall be made according to the procedure prescribed by paragraph 9 of Section II of this Code.

2. Duties (fees, contributions) that are not established by this Code as national or local, but have been established by laws of Ukraine as mandatory payments before the effective date of this Code, shall be collected according to the rules established by these legal acts of Ukraine, until the enactment of the law on administrative services and other laws that shall apply the collecting of the relevant duties (fees, contributions).

3. It shall be established that in case the laws envisage the rules for the collection of taxes, duties, other than the rules established by this Code, the rules of this Code shall be applied.

4. It shall be established that until 1 January 2015, the viticulture, horticulture and hop-growing development duty shall be collected according to the Law of Ukraine "On the viticulture, horticulture and hop-growing development duty”.

5. In connection with this Code coming into effect, financial sanctions (penalties) that may be imposed on taxpayers for violations of the regulations of the Cabinet of Ministers of Ukraine, of central tax authority, of the provisions envisaged by this Code, shall start to apply to such a taxpayer for the results of the tax period following the tax period, during which such acts have been enacted.

6. Financial sanctions on the corporate profit taxpayers and on taxpayers who have migrated to the generally applicable taxation system shall not be imposed for violations of tax laws according to the results of the second and third calendar quarters of the year 2011.
7. Financial sanctions (penalties) for the violation of tax laws for the period from 1 January 2011 till 30 June 2011 shall be imposed in the amount not more than UAH 1 for each violation.

8. In cases stipulated by this Code, until the effective date of the Article 39 of this Code, paragraph 1.20 of the Article 1 of the Law of Ukraine "On corporate profit tax" shall be applied.

9. Provisionally, until the development and introducing of the computerized system of "one-stop shops (single window) for submitting of electronic tax reports" in accordance with paragraph 49.17 of the Article 49 of this Code, the procedure of preparation and submitting tax documents electronically by means of telecommunication facilities, approved by the Decree of the State Tax Administration of Ukraine of 10 April 2008 № 233 and registered in the Ministry of Justice of Ukraine on 16 April 2008 under № 320/15011, shall be applied.

10. Regulations of the Cabinet of Ministers of Ukraine, of the State Tax Administration of Ukraine and of other central executive bodies than have been enacted before the effective date of this Code, pursuant to the compliance with taxation laws, and regulations that are used in the application of taxation laws (including the legislation of the USSR), shall be applied to the extent not contradicting this Code, until the adoption of relevant regulations, according to the requirements of this Code.

The President of Ukraine
V. Yanukovych.

Kyiv, 2 December 2010.
№ 2755-V1

The Law of Ukraine

"On amending some legislative acts of Ukraine in view of adoption of Tax Code of Ukraine"

Verkhovna Rada of Ukraine enacts:
I. To amend the following legislative acts of Ukraine:
1. in the Civil Code of Ukraine (Vidomosti of the Verkhovna Rada of Ukraine, 2003, NN 40-44, p. 356);
   1) the text in Article 93 to be put in the following wording:
   “The residence of a legal person is an actual place of conducting business or the location of the office from which everyday management of a legal person’s activity is performed (mainly the place of residence of a governing body) as well as administration and audit”.
   2) the first paragraph of article 203 to be amended in the following wording:
“1. The content of legislative act cannot contradict this Code, other acts of the Civil Legislation, as well as the interests of a State and a society, its moral principles”;

3) in Article 228:
   The title of Article to be put in the following wording:
   “Article 228. The legal consequences of making the legislative act, which disturbs public policy, done with an aim that contradicts the interests of a State and a society”;

   add the third paragraph to the Article with the following content:
   “3. In case of non-conforming by the legislative act to the requirement of conformity with the interests of a State and a society, its moral principles, such legislative act can be declared invalid. If acknowledged by a court of law invalid legislative act was done with an aim that scienterly contradicts the interests of a State and a society, than in the presence of intent in both parties – in case of execution of the legislative act by both parties – as per court decision all the income that was received by them on the agreement will be levied to the State, and in case of execution of the legislative act by one party, from another party as per court decision all the income that was received by one party and all the belongings will be levied to the State – from it to the first party on reimbursement of all the belongings. In the presence of intent only in one party from another party as per court decision all the income that was received by one party in case of execution of the legislative act must be returned to another party, and everything received by the latter or its belongings that have to be reimbursed as per court decision will be levied to the State”;

4) add the third paragraph to Article 234 with the following content:
   “3. The legal consequences of acknowledging the fake legislative act as invalid are established by the laws”.

5) the first paragraph of article 657 to add with the wording “except for purchase and sale agreement of the property that is on tax bailment”.

2. In the Civil Code of Ukraine (Vidomosti of the Verkhovna Rada of Ukraine, 2003, NN 18-22, p. 144);

1) to add Article 55¹ with the following content:
   “Article 55¹. Fictitious activity of subject of economic entity
   1. The indications of a fictitious nature that give ground for a court appeal to terminate the legal person or termination of an activity by a physical person – an entrepreneur, as well as a declaration of the registration documents invalid:
      registered (reregistered) on invalid (disappeared, lost) and forged documents;
      not registered in the State bodies, if the responsibility of registration is stipulated by the legislation;
      registered (reregistered) in the State registration bodies by physical persons with further transferring (execution) into ownership or management to counterfeit (non existing), dead, disappeared persons or to such persons who did not have an intention of conducting a financial-economic activity or carry out the authority;
registered (reregistered) and conducted a financial-economic activity without knowledge and agreement of its founders and appointed in a legal manner directors”;

2) in article 59:
in the first paragraph the words “this Code” to be replaced with the word “laws”;
the last sentence of the seventh paragraph after the words “the entry entered” to add with the word “only”, and after the words “of this Code” - with the words “and submission by the head of liquidation commission or by an authorized by him person of a document for performing of a state registration of a termination of the legal person or termination of an activity by a physical person – an entrepreneur in an order, determined by the Law of Ukraine “On State registration of legal persons and physical persons – entrepreneurs”;

3) the fifth paragraph of article 60 to add with the words “with the mandatory verification by the state tax body in which the subject of of economic entity is registered”;  
4) in the third paragraph of article 86 the words “the declaration of their income and property” to be replaced with the words “by a certificate from the state tax body with regards to the submitted declaration of income and property (tax declaration)”;
5) in the seventh paragraph of article 128 the words “the declaration of the income” to be replaced with the words “the declaration of income and property (tax declaration)”;
6) article 242 to be excluded;
7) article 250 to be added with paragraph two of the following content:
“2. The scope of this article is not extended to the penalties, the amount and the way of their levying is determined by the Tax Code of Ukraine and other laws, the control of their conforming is entrusted with the State Tax Bodies and Customs Bodies.”

3. the forth paragraph of article 212 of the Criminal Code of Ukraine (Vidomosti of the Verkhovna Rada of Ukraine, 2001, NN 25-26, p. 131) to be put in the following wording:

“4. The person which executed the acts, stipulated by the paragraphs one, two, or the acts, stipulated by the paragraph three (if they led to an actual not arriving to the budgets of state special-purpose funds of the monetary funds in very large denominations) of this article, is exempt from the criminal responsibility if this person before being called to criminal account had paid taxes, tallages (mandatory payments) and reimbursed the damage made to the State by their untimely payments (financial sanctions, fines)”.

4. in the Criminal-Procedural Code of Ukraine:
1) Subparagraph 1¹ of article 101 to be put in the following wording:  
“1¹) tax police – in cases that belong to their competence according to the law”;
2) in article 112:
In paragraph four:
The first sentence after the numbers “218” to be added with the numbers “219”; In the second sentence the numbers “219” to be excluded; Paragraph five after the numbers “202” to be added with the words and numbers “paragraph two of article 205, articles”; 3) in paragraph four of article 178 the words “as well as collection of a document of an executive proceedings” to be replaced by words “collection of a document of an executive proceedings, as well as collection of originals of first financial and/or bookkeeping documents” 5. in the Forest Code of Ukraine (Vidomosti of the Verkhovna Rada of Ukraine, 2006, N 21, p. 170): 1) subparagraph 7 of paragraph two of article 19 to be excluded; 2) subparagraph 6 of article 27 to be excluded; 3) in subparagraph 1 of paragraph 1 of article 67 the words “in order of chopping of the main use” to be excluded; 4) article 77 to be put in the following wording: “Article 77. Tallages for special use of forest resources Special use of forest resources, except for the placement of apiaries, is payable. Tallages for special use of forest resources are determined by the Tax Code of Ukraine”. 6) in the Resources Code of Ukraine Ukraine (Vidomosti of the Verkhovna Rada of Ukraine, 1994, N 36, p. 340): 1) article 7 to be added with subparagraph 4¹ of the following content: 4¹) determining of payment for using of resources and rent payment for oil, natural gas, and gas condensate”; 2) subparagraph 7 of article 8 to be put in the following wording: “7) determining of tallages for issuing of special permission for using of resources”; 3) in article 28: paragraph 2 to be replaced by four paragraphs of the following content: “Payment for using of resources is made in the following order: 1) payment for using of resources for mining operations; 2) payment for using of resources not related to mining operations. Besides, for operation of extraction oil, natural gas, and gas condensate are levied the additional rent payments. For issuing of special permission for using of resources are levied the corresponding tallages. Payment for using of resources and rent payments for oil, natural gas, and gas condensate is determined by the Tax Code of Ukraine”. In this connection the paragraphs three and four are to be considered respectively as the paragraphs six and seven; the paragraph seven to be excluded; 4) articles 29, 30, 32, 33, 35, and 36 to be excluded;
5) article 31 to be put in the following wording:

“Article 31. Distribution of payment for using of resources
Payment for using of resources is paid to the state and local budgets in accordance with the Budget Code of Ukraine.

Payment for using of resources that is paid to the budget of Autonomous Republic of Crimea, regional budgets and city budgets of Kyiv and Sevastopol is distributed between the local budgets correspondingly of the Verkhovna Rada of Autonomous Republic of Crimea, regional, Kyiv and Sevastopol city councils”.

1) subparagraph 6 of article 8 to be excluded;
2) subparagraph 8 of article 14 to be excluded;
3) subparagraph 2 of article 29 to be put in the following wording:
“2) determining of tallage rates for special use of water”;
4) article 30 to be put in the following wording:
Tallages for special use of water are levied with an aim of stimulation of a rational usage and protection of water as well as recreation of water resources and include a tallage for special use of water and ecological tax for dumping of polluting substances into water objects, which are determined by the Tax Code of Ukraine”.

5) article 32 to be excluded;

8. in the Budget Code of Ukraine from July 08, 2010:
1) in paragraph two of article 29:
Subparagraph 13 after the words “to the state budget” to be added with the words “unless otherwise determined by the law on the State Budget of Ukraine for corresponding year or by an international agreement, consent for mandatory character of which was given by the Verkhovna Rada of Ukraine”;

2) article 65 to be put in the following wording:
“Article 65. Standards of deduction of physical persons’ income tax to the budgets of local government
1. To the incomes of the budgets of Kyiv and Sevastopol is to be included 100 per cent of physical persons’ income tax, which is paid (transferred) in accordance with the Tax Code of Ukraine on the territory of these cities.

2. To the incomes of the budgets of the cities of Autonomous Republic of Crimea and regional significance is to be included 75 per cent of physical persons’ income tax, which is paid (transferred) in accordance with the Tax Code of Ukraine on the territory of these cities.

3. To the incomes of the budgets of the villages, their units, settlements, towns of regional significance is to be included 25 per cent of physical persons’ income tax, which is paid (transferred) in accordance with the Tax Code of Ukraine on the corresponding territory”.
9. the Code of Administrative Legislation of Ukraine (Vidomosti of the Verkhovna Rada of Ukraine, 2005, NN 35-37, p. 446) to be added with article 183³ of the following content:

“Article 183³. The peculiarities of conducting in the cases of appeal by the state tax authorities

1. Conducting in the cases of appeal by the state tax authorities while performing the duties prescribed by the law is performed on the ground of the presentation of such authorities, concerning:

1) the stopping of expenditure operations of tax payers on the accounts of tax payers;
2) confirmation of substantiality of administrative attachment of the property of a tax payer;
3) levying of the monetary means of the tax debt.
2. The presentation is submitted to the court of the first instance during twenty four hours from the moment of determining the circumstances that cause a court appeal, in accordance with the general rules of jurisdiction, established by this Code, in written form and must include:

1) name of administrative court;
2) name, post address, and number of means of communication of an applicant party;
3) name, post address, and number of means of communication, if known, of a party in respect of which the measures, stipulated by paragraph one of this article, are taken;
4) grounds for appeal with the presentation, circumstances that are corroborated with evidences and demands of an applicant party;
5) a list of documents and other attached materials;
6) the signature of an authorized person of a subject with the authoritative power that is being sealed.
3. In case of non-conforming with the demands of paragraph two of this article the court informs the applicant party and gives him/her time but not more than 24 hours for rectifying the shortcomings.

Non-fulfillment of the court demands in a specified term will result in returning of the presentation and documents attached to it to an applicant party.

Returning of the presentation is not an obstacle for repeated court appeal with it after rectifying its shortcomings but not later than during 48 hours from the moment of determining the circumstances that cause a court appeal.

4. The court rejects an acceptance of the presentation by its decision in case if:

1) there was declared a claim, not stipulated by paragraph one of this article;
2) out of the documents submitted to the court there is perceived a right dispute;
5. A rejection in an acceptance of the presentation makes impossible a repeated appeal of an applicant party with the same presentation. An applicant party in this case has a right to address the court with the same demands in general order.
6. The decision of rejection of an acceptance of the presentation can be appealed in a corresponding order during 24 hours from a moment of its pronouncing.

7. In case of a court decision of a resolution to open a case, the court decides a conducting during three days, but not later than during 96 hours from the moment of determining the circumstances that specify a court appeal of an applicant party, a presentation in an essence of declared demands, that has to be immediately fulfilled.

An examination of the presentation is taking place with the participation of state tax authorities, which performed its submission and a tax payer concerning which it was submitted.

Contumacy of the parties to the court trial is not an obstacle for presentation trial.

8. In the injunction there is:
1) date of adoption of the injunction;
2) name of a court, last name and initials of a judge;
3) names of the applicant parties, their places of residence;
4) motives of satisfaction of the presented demands with the reference to the law;
5) an order of performing acts prescribed by the injunction;
6) an information regarding an order and terms of appeal of the injunction.

9. Appealing review of the injunction of the court of first instance is performed in accordance with the general procedure.

10. On the calculation of terms stipulated by this article not extended the rules of article 113 of this Code.

The terms stipulated by this article are calculated with hours and finish with the ending of an hour on which falls this ending.

The terms stipulated by this subparagraph not include daily hours that fall on holidays and festivals”.

1) in article 3:
In subparagraph “i” the words “levying of tallages for pollution of an environment and deterioration of the quality of natural resources” to be excluded;
To be added by subparagraph “l” of the following content:
“l) determining of ecological tax, tallages for special using of water, tallages for special using of forest resources, tallages for special using of mineral resources in accordance of the Tax Code of Ukraine”;
2) in subparagraph “g” of paragraph one article 12 the words “payment for special use of natural resources and” to be excluded;
3) subparagraph “e” of paragraph one article 17 to be excluded;
4) subparagraph “e” of paragraph one article 18 to be excluded;
5) subparagraph “g” of paragraph one article 19 to be excluded;
6) subparagraph “g” of article 41 to be put in the following wording:
“g) determining of rates of ecological tax”;
7) articles 43 and 44 to be put in the following wording:
“Article 43. Limits of using of natural resources
Limits of using of natural resources are determined in an order that is defined by the Verkhovna Rada of Autonomous Republic of Crimea, regional, town (cities of statewide significance) councils, except for the cases when natural resources have statewide significance.
Limits of using of natural resources of statewide significance are determined in an order that is defined by the Cabinet of Ministers of Ukraine.
Article 44. Limits of dumping of polluting substances
Limits of dumping of polluting substances into a natural environment, creating and pacing of waste products of industrial, agricultural, construction and other manufacture as well as other kinds of malicious effect in general on the territory of Autonomous Republic of Crimea, regions, towns (cities of statewide significance), or separate regions are defined:
In case if it leads to polluting of natural resources of a statewide significance, the territories of other regions – by a specially authorized central executive body on the issues of ecology and natural resources;
In other cases – in an order that is determined by the Verkhovna Rada of Autonomous Republic of Crimea, regional, town (cities of statewide significance) councils, after the presentation of specially authorized central executive body on the issues of ecology and natural resources;
8) article 45 to be excluded;
9) article 46 to be put in the following wording:
“Article 46. Distribution of ecological tax
Monetary means from ecological tax (with the exception of those that are levied for creation of radioactive waste (including already accumulated) and/or temporary storage of radioactive waste by its manufacturers beyond the term established by special conditions of a license) are included into the state and local budgets in accordance with the Budget Code of Ukraine”;
10) in article 47;
subparagraph “а” of paragraph two to be put in the following wording:
“а) parts of ecological tax in accordance with the law”;
In subparagraph three the words “Distribution of tallages” to be replaced with the words “Distribution of monetary means of ecological tax”;
In paragraph four:
subparagraph “а” to be put in the following wording:
“а) parts of ecological tax in accordance with the law”;
subparagraph “б” to be excluded;
11) subparagraph “и” of paragraph two of article 68 to be excluded;
12) paragraph one of article 69 to be put in the following wording:
“Damage caused in case of violation of the legislation on natural environment protection must be compensated in full amount”.


1) article 3 to be added by paragraph six of the following content:

“The list of objects and amounts of the budgeted monetary means on construction, reconstruction and major repairs of automobile roads of general use of a statewide significance is ratified by the Cabinet of Ministers of Ukraine”.

2) article 4 to be put in the following wording:

“Article 4. In the budget of Autonomous Republic of Crimea, regional, city, village, and settlement budgets is annually envisaged the expenditures for performing operations connected with the construction, reconstruction, major repairs, and maintaining of automobile roads.

For these purposes in the structure of the budget of Autonomous Republic of Crimea, regional, city, village, and settlement budgets there are created the territory road funds.

Revenues of these funds is formed from the tallages of the first registration of a vehicle, tallages for the conducting of certain types of entrepreneurial business in the part of trading of oil products, liquefied and compressed gas on the permanent, small-sized and transportable gas stations, filling stations, of the part of the monetary means of the State road fund of Ukraine in accordance with the order, distribution, defined by the Cabinet of Ministers of Ukraine in compliance with the laws, as well as other budget revenues to the relevant budgets, that are defined by the decision of the Verkhovna Rada of Autonomous Republic of Crimea, regional, city, village, and settlement councils of the budget for a current year, as well as the corresponding budget revenues, defined by article 5 of this Law.

The monetary means of the territory road funds are directed towards the construction, reconstruction, major repairs, and maintaining of automobile roads of general use of a local significance, streets and roads in inhabited localities that belong to the communal property, as well as towards the road economy needs in the directions defined correspondingly by the Verkhovna Rada of Autonomous Republic of Crimea, regional, city, village, and settlement councils”.


1) paragraph six of article 12 to be excluded;

2) in paragraph five of article 27 the words “by the Law of Ukraine ”On the taxation system” to be replaced with the words “of the Tax Code of Ukraine”.

556) the words “On the tax from the owner of vehicles or other self-propelled machines and mechanisms” to be excluded;

14. Paragraph nine of article 62 of the Law of Ukraine “On banks and banking activities” (Vidomosti of the Verkhovna Rada of Ukraine, 2001, N 5-6, p. 30; 2006, N 12, p. 100; 2010, N 29, p. 392) to be added with the words “and state tax bodies – information regarding opening (closing) of accounts of tax payers in accordance with article 69 of the Tax Code of Ukraine”.


   1) paragraph five to be added by subparagraph seven of the following content:
   “Expenditures on the acquisition of non-negotiable instruments and expenditures on execution of the work of exploration, preparation and output of the mineral resources are included in the moment of their inclusion in full amount to the scope of expenditures that are to be reimbursed by the compensation products without the application of the rules of amortisation”;

   2) article 25 to be put in the following wording:
   “Article 25. Taxes, tallages and other mandatory payments that are being paid during the performing of an agreement of products distribution

   1. The peculiarities of a taxation of tax payers during the performing of an agreement of products distribution are defined by the Tax Code of Ukraine and in the part of determining of the value of compensational and profitable products – by this Law.

   2. During the performing of an agreement of products distribution an investor is paying taxes and tallages (mandatory payments), defined by the Tax Code of Ukraine, as well as single payment for the mandatory state social insurance of Ukrainian workers and foreign citizens hired for a work in Ukraine.

   3. The single payment for the mandatory state social insurance of Ukrainian workers and foreign citizens hired for a work in Ukraine is paid by an investor in a general order on the conditions and in amounts, defined by the legislation of Ukraine on a date of signing an agreement of products distribution.

   4. In case of arising of a need for payment of state fees or duty defined by the legislation of Ukraine for obtaining a service or performing of the necessary actions by the state bodies or institutions an investor is paying such fees and duty”.

16. In article 8 of the Law of Ukraine “On the single fee which is collected in the points of passing through the state frontier of Ukraine” (Vidomosti of the Verkhovna Rada of Ukraine, 2001, N 50, p. 260) the words “who paid the tax from the owner of vehicles in accordance with the Law of Ukraine “On the tax from the owner of vehicles or other self-propelled machines and mechanisms” to be replaced with the words “who paid the tallages of the first registration of a vehicle in accordance with the Tax Code of Ukraine”.
   1) in subparagraph 8 of paragraph one of article 4 the word “money” to be replaced with the words “monetary means”;
   2) paragraph two of article 31 to be added with the words “or controlling bodies for ensuring of control for keeping by the tax payers to the tax and currency legislation”.


   1) in an enacting clause the words “as well as an order of collecting and using of a fee for conducting touring acts” to be excluded;
   2) paragraph II to be excluded;
   3) in article 8:
      In paragraph one the words “of a general and special funds” to be replaced with the words “of a general fund”;
      Paragraph two to be excluded;
   4) article 9 to be excluded;
   5) Paragraphs two and three of article 10 to be excluded.

   1) subparagraph 4 of article 10 to be excluded;
   2) in subparagraph 5 of paragraph two of article 14 the words “the amount of monthly fees for using the radio-frequency resources of Ukraine” to be excluded;
   3) article 57 to be put in the following wording:
      “Article 57. Fees for using the radio-frequency resources of Ukraine
      1. Using the radio-frequency resources of Ukraine is performed on the paid basis.
      2. Fees for using the radio-frequency resources of Ukraine are determined by the Tax Code of Ukraine”.

   1) in article 21:
      In paragraph two the words “to the Law of Ukraine “On payment for land” to be replaced with the words “to the Tax Code of Ukraine”;
      Paragraphs four, five, and seven to be excluded;
2) article 22 to be put in the following wording:

“Article 22. The form of rent payment
Rent payment can be collected in the monetary, natural and working off (providing services to the renter) forms.

The parties can stipulate in a renting agreement the combination of rent payment forms.

Rent payment for land areas that remain in the state and communal property is collected exclusively in the monetary form.

Rent payment for land parts (shares) is determined as a rule in the monetary form. By voluntary decision of an owner of a land part (share) the rent payment for land parts (shares) can be determined in the natural form.

Deposition of the rent payment is registered in writing with the exception of transferring the monetary means through the financial institutions”;  

3) paragraph one of article 23 to be excluded;


1) subparagraph “i” of paragraph one of article 17 to be put in the following wording:

“i) timely and in an established order to pay ecological tax that is collected for waste disposal”;  
2) subparagraph “л” of paragraph one of article 20 to be excluded;  
3) subparagraph “ж” of paragraph one of article 21 to be excluded;  
4) subparagraph “г” of paragraph one of article 23 to be excluded;  
5) in paragraph one of article 38:
paragraph “б” to be put in the following wording:

“б) determining of the rates of ecological tax that is collected for waste disposal with the differentiating depending of the level of danger of wastes and value of the territory”;  
subparagraph “ж” to be excluded;  
6) article 39 to be excluded;  


The words “fees for pollution of natural environment” in all cases to be replaced with the words “ecological tax” in the corresponding case;  
paragraph four to be put in the following wording:

“The rates and the order of collecting of ecological tax that are levied for creation of radioactive waste (including already accumulated) and/or temporary storage of radioactive waste by its manufacturers beyond the term established by special conditions of a license determined by the Tax Code of Ukraine, the order of monetary means’ use is determined by the Cabinet of Ministers of Ukraine”.
24. In the Law of Ukraine “On state regulation of production and distribution of ethyl, cognac, and fruit alcohol, alcoholic drinks and tobacco goods” (Vidomosti of the Verkhovna Rada of Ukraine, 1995, N 46, p. 345 with the following changes):

1) article 6 to be excluded;

2) article 12 to be added by paragraph three of the following content:
   “Perfume liquids are packed into the scent-bottles of the volume not larger than 255 cubic centimeters”;

3) article 14 after paragraph one to be added by new paragraph of the following content:
   “Ethyl alcohol which is used as a medicinal substance and alcohol or water-alcohol tinctures are distributed by retail only through the pharmacies in the scent-bottles made of a medical glass of the volume not larger than 100 cubic centimetres, with the exception of such medicinal substances as balsams”.

   In this connection the paragraphs two-thirteen to be considered as the paragraphs three-fourteen respectively;

4) in article 15:
   paragraph two to be put in the following wording:
   “Import of the tobacco goods can be performed only:
   By the economic entities that have the license for producing of the tobacco goods;
   By tobacco – fermentative plants that perform the distribution (transferring) of a fermentative tobacco raw material to the manufacturers of the tobacco goods or for an export”;

   Paragraph eleven after the words “drinks” to be added with the words “(except for table wines)”;

5) in article 17:
   In paragraph two:
   subparagraph two to be excluded;
   subparagraph thirteen to be put in the following wording:
   “wholesale trade or retail trade of cognac, alcoholic drinks, vodka, alcoholic beverages drinks and wines with the prices lower than the determined minimal wholesale serving prices or retail prices for such beverages – 100 per cent for the cost of an optimal consignment of goods, calculated stemming from the minimal wholesale serving prices or retail prices but not less than UAH 5000”;

   To add with indents of the following content:
   “Removing of ethyl alcohol, vodka, and alcoholic drinks from the territory of an excise warehouse or transportation of such products without a marking of a state tax body representative on a goods-transportation invoice of agreed serving - 200 per cent of the cost of removed or transported of products but not less than UAH 15000;

   The violation of the demands of paragraph two of article 15 regarding the distribution (transferring) of a fermentative tobacco raw material to the manufacturers of the tobacco goods – 50 per cent of the cost of the shipped goods”;
6) in the text of the Law the words “excise fee” in all cases to be replaced with the words “excise tax” in the corresponding case.


1) enacting clause to be put in the following wording:
   “This Law defines legal grounds for using of the registers of accounting operations in the sphere of commerce, public catering and services. Its effect is extended on all the economic entities and their economic units that perform accounting operations in the form of cash payment and/or cashless payment. Establishing of the norms with regards of non-using of the registers of accounting operations in other laws except the Tax Code of Ukraine if not permitted”;  
2) article one to be excluded;  
3) in article two:  
   In indent twenty one the words “the process of register’s work” to be replaced with the words “the process of properly sealed register’s work”;  
   indent twenty five after the word “typed” to be added with the words “or created in electronic form”, and after the words “accounting documents” to be added with the words “and for the documents in electronic form additionally fiscal accounting cheques”;  
To add with indents of the following content:  
   “modem – a separate device or in a structure of the registers of accounting operations designed for transmitting of the copies of formed by the registers of accounting operations of accounting documents and fiscal accounting cheques in electronic form on the wired or wireless channels of communication, in a structure of which there is a memory for temporary storage of these copies”;  
4) in article three:  
   Paragraph seven to be put in the following wording:  
   “7) to submit to the state tax bodies the accounts connected with the use of the registers of accounting operations and accounting books not later than on 15th of the next month that follows the reporting month in case of non-submitting of accounting stipulated by this paragraph on the wired or wireless channels of communication.  
The copies of accounting documents and fiscal accounting cheques that are on the control tape in the memory of the registers of accounting operations that creates it in electronic form, and for the registers of accounting operations that creates the control tape in printed form in its memory or in the memory of the modem attached to it are submitted by the economic entities (except for the physical persons – entrepreneurs that have three or less than three of the registers of accounting operations in one place of selling of goods (services) to the state tax bodies on the
wired or wireless channels of communication in an order established by the State tax administration of Ukraine”;

Paragraph ten after the word “typed” to be added with the words “or created in electronic form”;

5) in the first sentence of article 6 the words “by a physical person – the subject of an entrepreneur activity” to be replaced with the words “by a physical person – entrepreneur”;

6) in article 9:
Paragraph 5 to be put in the following wording:
“5) while selling goods (providing services) to the physical persons–entrepreneurs that pay the fixed tax”;

Paragraph 6 to be put in the following wording:
6) while selling goods (providing services) to the physical persons–entrepreneurs that pay the unified tax”;

Paragraph 7 to be excluded;

Paragraph 8 to be put in the following wording:
8) while selling goods (except the excised ones) (providing services) to the persons that received a privileged trade patent for selling goods (providing services) in accordance with the Tax Code of Ukraine”;

7) article 12 after paragraph to be added with the new paragraph of the following content:
“The registers of accounting operations that creates the control tape in electronic form must ensure absence of possibility for distortion or destroying of the data regarding the conducting of accounting operations, the copies of accounting documents that are contained in it, the possibility of identification of the abovementioned register on such a tape”.

In this connection the paragraph two to be considered as the paragraph three respectively;

8) article 13 to be added with paragraph five of the following content:
“The requirements for creating of the control tape in electronic form in the registers of accounting operations and modems for data transferring are established by the State tax administration of Ukraine”;

9) in article 17:
subparagraph 1 to be put in the following wording:
“1) in case of determining during the calendar year in the process of checking of the fact: conducting of the accounting operations with the use of the registers of accounting operations or accounting books on incomplete sum of value of the sold goods (provided services); non-conducting of the accounting operations through the registers of accounting operations with the fiscal mode of operation; non-conformity of the sum of cash in the place of conducting of the accounting operations to the sum of monetary means indicated in the daily log and in case of using of an accounting book – to the total sum of sale in accordance with the accounting receipts issued on
the beginning of the working day; not printing of the relevant accounting document that confirms the performing of the accounting operation or conducting it without the use of the accounting book on a separate economic object and of such a subject of an economic entity:

- done for the first time – UAH 1;
- done for the second time – 100 per cent of the value of the goods (services) sold with the violations stipulated by this subparagraph;
- for each next done violation – in a five times the amount of the value of the goods (services) sold with the violations stipulated by this subparagraph;
- subparagraph 2 to be excluded;
- subparagraphs 3-5 and 8 to be put in the following wording:
  “3) twenty non-taxable exemption limits of the incomes of citizens – in case of non-using while performing of the accounting operations in cases stipulated by this law of an accounting book or using of an accounting book not properly registered, or violation of the established order of its use, or not keeping of the accounting books during the established period of time”;

- 4) twenty non-taxable exemption limits of the incomes of citizens – in case of non-performing of everyday printing of a fiscal reporting cheque or its non-keeping;

- 5) ten non-taxable exemption limits of the incomes of citizens – in case if the control tape is not printed or not created in electronic form in the registers of accounting operations or the control tape not preserved during three years, or there was found a distortion of the data regarding the conducting of accounting operations the information of which is situated on the control tape created in electronic form”;

- 8) one hundred non-taxable exemption limits of the incomes of citizens – in case of using while performing of the accounting operations of the registers of accounting operations in the structure or software of which there were introduced the changes not foreseen by the designing- technological and program documentation of the manufacturer under the condition of an absence or damaging to the seal of the service centre”;

To be added with paragraph 9 of the following content:

“9) ten non-taxable exemption limits of the incomes of citizens – in case of non-submission to the state tax bodies of the accountings connected with the use of the registers of accounting operations, accounting books, and copies of accounting documents and fiscal reporting cheques from the registers of accounting operations on the wired or wireless channels of communication in case of its compulsive submission.

In case of making of the subject of an economic entity of the violation of requirements of indent two of paragraph 7 of article 3 of this Law for the first time during 2012 – the financial sanctions are not imposed”;

- 10) article 20 after the word “of the goods” to be added with the words “which are not registered on the place of their distribution and keeping”;

- 11) articles 21-23 to be excluded;
12) paragraph II “Closing provisions” to be added with subparagraph 8 of the following content:

“8. First registration of the registers of accounting operations that create the control tape in electronic form is allowed from December 1, 2011 after confirmation of their conformity according to the test results of creating a control tape in electronic form executed in accordance with the requirements of article 13 of this Law”;

13) in the text of the Law the words “subject of an entrepreneur activity” in all cases to be replaced with the words “subject of economic activity” in the corresponding case and number.


1) in article 7:
   In paragraph one
   In indent two the words “exemptions from the import duty” to be replaced with the words “the sums of the import duty that is calculated in accordance with the tax legislation of Ukraine”;
   Indents three and four to be excluded;
   Paragraphs two and three to be put in the following wording:
   “The sums of the import duty that are calculated in accordance with the tax legislation of Ukraine on importing to Ukraine for realization of the projects of the technological parks of new equipment, outfits and component parts as well as the materials which are not produced in Ukraine, technological parks, their participants and joint companies are not transferred to the budget but are included in the special accounts of the technological parks, their participants and joint companies.
   Along with this in the special accounts of the participants of the technological parks and joint companies that are the executors of the projects of the technological parks, is included 50 per cent of the sum of the import duty and the rest of 50 per cent of the sum of the import duty is included in the special account of the management body of the relevant technological park”;
   In paragraph four the word “taxes” to be replaced with the words “import duty”;

2) article 10 to be excluded;

3) in article 12:
   In paragraph four the words “and value added tax” and “according to the Law of Ukraine “On value added tax” to be excluded, and the word “taxes” to be replaced with the words “import duty”;
   In paragraph six the word and the number “article 7” to be replaced with the words and numbers “articles 7 and 8”.

27. In the Law of Ukraine “On state tax service in Ukraine” (Vidomosti of the Verkhovna Rada of Ukraine, 1994, N 15, p. 84 with the following changes):

1) in article 1:
Paragraph one after the words “State tax administration of Ukraine” to be added with the words “specialized state tax inspection boards”;

Paragraph three after the words “(on two and more districts)” to be added with the words “specialized (on two and more districts for working with the special categories of payers)”;

2) in article 2:
In indent five the words “and other mandatory payments” to be excluded;
Indent six to be put in the following wording:
“providing of tax consultations”;

3) in article 4:
In paragraph three the word “inter-district” to be replaced with the words “inter-district, specialized”;
After paragraph two to add paragraph three with the new paragraph of the following content:
“Specialized state tax inspection boards may be subordinated to the State tax administration of Ukraine on its resolution”.
In this connection the paragraphs three and four to be considered as the paragraphs four and five respectively;

4) in article 5:
In paragraph four the word “inter-district” to be replaced with the words “inter-district, specialized”;
After paragraph four to add new paragraph of the following content:
“In case of subordination of specialized state tax inspection board to State tax administration of Ukraine, head of this specialized inspection board is appointed for a position and discharged from a position by Head of State tax administration of Ukraine”.
In this connection the paragraphs five to be considered as the paragraphs six;

5) In paragraph 7 the word “inter-district” to be replaced with the words “inter-district, specialized”;

6) in article 8:
indent five of paragraph 1 to be added with the words “by accompaniment of United register of tax invoices”;
In paragraph 4 the words “tax explanations” to be replaced with the words “tax consultations”;
In paragraph 13 the words “identification numbers” and «by an identification number” to be respectively replaced with the words “registration numbers of register cards” and “by a registration number of a register card”;

7) in article 10:
The name after the word “united” to be added with the word “specialized”;
Indent one after the word “united” to be added with the word “specialized”;
In paragraph 1 the word “(of mandatory payments)” to be excluded;
Paragraph 11 to be added with the words of the following content:
“address the court in cases stipulated by the law”;

In paragraph 17 the words “by the Law of Ukraine “On the order of paying off the liabilities to the budgets and state fund-in-trusts” to be replaced with the words “Tax code of Ukraine”;

8) articles 11, 11¹, 11², and 13 to be excluded;

9) In paragraph one of article 20:
Indent two to be put in the following wording:
“Head administration (office, department), Head investigation administration, Administration of internal security of State tax administration of Ukraine and subordinated to it regional subdepartments of internal security within the state tax administrations of Autonomous Republic of Crimea, regions, cities of Kyiv and Sevastopol, administration (departments) (with the place of location in Autonomous Republic of Crimea, regions, cities of Kyiv and Sevastopol) of head administrations of State tax administration of Ukraine”;

Indent three after the word “administration” to be added with the word “(departments)”;

In indent four the word “inter-district” to be replaced with the words “inter-district, specialized”;

10) In paragraph one of article 22 the words “stipulated by subparagraph 1, paragraph one of subparagraph 2, subparagraphs 3 and 6 of article 11 of this Law” to be replaced with the words “stipulated by subparagraphs 20.1.2, 20.1.4, 20.1.30 of subparagraph 20.1 of article 20 of title I of Tax Code of Ukraine”.

28. Article 9 of the Law of Ukraine “On state registration of the act of civil status” (Vidomosti of the Verkhovna Rada of Ukraine, 2010, N 38, p. 509) to be added with paragraph seven of the following content:

“7. The bodies of state registration of the act of civil status, except for the diplomatic representations and consulate bodies of Ukraine submit to the bodies of state tax service the information about the physical persons for entering or changing of such data in the State register of physical persons – tax payers. The information is transferred in the form of corresponding registration cards according to the form determined by the central tax body and agreed with the Ministry of Justice of Ukraine in case of conducting the state registration of birth, death, reissuing of certificates of registration of the act of civil status, performing of the registration of other acts of civil status connected with the change of last name, name, father’s name or other information about a physical person that are included in the State register of physical persons – tax payers. An order of cooperation between state tax bodies and bodies of registration of the act of civil status in accordance with Tax code of Ukraine and this Law is determined by the Cabinet of Ministers of Ukraine”.


1) in paragraph one of article 26:
paragraph 24 to be put in the following wording:
“24) determining of local taxes and fees in accordance with Tax code of Ukraine”;
   subparagraph 28 to be added with the words “as well as land tax”;
   subparagraph 35 to be put in the following wording:
   “35) approval of local tax rates in accordance with Tax code of Ukraine”;
   to be added with subparagraph 56 of the following content:
   “56) approval of an order of transportation to the penalty areas of the vehicles that were parked not in the specifically designated for parking of the vehicles areas”;
2) subparagraph “а” of article 28 to be added with points 7 and 8 of the following content:
   “7) concluding with the legal and physical persons of agreements on levying of the local fees the mandatory character of concluding of which is determined by legislation;
   8) preparation and approval of the list of specifically designated for parking of the vehicles areas”;
3) in article 69:
   paragraph one to be put in the following wording:
   “1. The local government bodies in accordance with Tax code of Ukraine determine the local tax and fees. The local tax and fees are included in the relevant local budgets in an order determined by the Budget Code of Ukraine taking into account the peculiarities defined by Tax code of Ukraine”;
   Paragraph two to be excluded;
   1) article 12 after paragraph two to be added with the new paragraph of the following content:
   “Agreements of reinsurance are subject to registration in an order approved by an Authorized body”.
   In this connection the paragraphs three – seven to be considered as the paragraphs four – eight respectively;
   2) paragraph four of article 40 to be added with the words “as well as the bodies of state tax and customs services in case of submission to them of an information on a request performed in accordance with the provisions of Tax Code of Ukraine”.
   1) indent three of paragraph four of article 9 to be put in the following wording:
   “registration number of the registration card of a tax payer from the State register of physical persons - tax payers (further - the registration number of the registration card of a tax payer) or the number and series of passport (for physical persons that because of their religious or other believes refuse the acceptance of the
registration number of the registration card of a tax payer, officially informed the relative bodies about it and have the mark in the passport”;

2) in paragraph two of article 17:

After indent twenty three to be added with the new paragraph of the following content:

“the information about the residence of a legal person in the process of conducting in the case of bankruptcy, reorganization in particular the information about the manager of property, reorganizator”.

In this connection the indents twenty four – forty two to be considered as the indents twenty five– forty three respectively;

Indent twenty nine after the words “with regards to violation (termination) of conducting in the case of bankruptcy” to be added with the words “with regards to reorganization”;

3) in paragraph fourteen of article 19:

Indent one to be added with the words “by the date that is defined for next submission of the register card with confirmation of the information about the legal person”;

In indent two the words “with the mark of the local post office about an absence of the legal person on the following address” to be excluded;

4) In indent one of paragraph seven of article 36 the words “have the right to keep” to be replaced with the word “keeps”;

5) in paragraph two of article 38:

Indent two to be added with the words “as well as the registration on the lost, stolen, or forged documents or transferring of the legal person in ownership and/or managing to the died, missing, incapable persons or persons with the limited civil legal capacity”;

6) paragraphs one-three of article 39 to be put in the following wording:

“1. The court that adopted a decision on violation of conducting in the case of the bankruptcy of the legal person, on performing of reorganization of a debtor and an appointing of a reorganizator, on recognition of the legal person to be a bankrupt and opening of the liquidation proceedings, on the day of entering of a decision into force sends it to the state registering clerk on the place of residence of the legal person for entering to the United state register the recording about the corresponding court decisions.

The date of entering of the corresponding court decisions is entered by the state registering clerk into the log of the registration acts.

2. The state registering clerk must not later than on the next working day from the date of receiving of the court decisions enter to the United state register the recording about the corresponding court decisions and on the same day inform statistics bodies, state tax bodies, Pension fund of Ukraine, funds of social insurance about entering to the United state register of such a recording.
3. From the date of entering to the United state register of a recording on violation of conducting in the case of the bankruptcy of the legal person to the date of entering to the United state register of a recording on recognition of the legal person to be a bankrupt and opening of the liquidation proceedings of conducing of registration acts that are defined by the Law, in particular by paragraph two of article 35 of this Law is performed either with consent of the manager of property or in accordance with the reorganization plan.

After entering to the United state register of a recording on recognition of the legal person to be a bankrupt and opening of the liquidation proceedings applied the norms of paragraph two of article 35 of this Law”.

7) indent three of paragraph two of article 42 to be put in the following wording:

“the copy of the document that certify the registration in the State register of physical persons – tax payer”;

8) in the text of the Law the words “identification number of a physical person - tax payer”, “identification number of a physical person – entrepreneur - tax payer”, “identification number of a tax payer”, and “identification number” in all cases and numbers to be replaced with the words “registration number of register card of a tax payer” in corresponding case and number.

32. Paragraph eight of article 6 of The Law of Ukraine “On freedom of movement and free choice of place of living in Ukraine” (Vidomosti of the Verkhovna Rada of Ukraine, 2004, N 15, p. 232) after the words “in cases stipulated” to be added with the words “by Tax Code of Ukraine and”.

33. Paragraph three of article 32 of The Law of Ukraine “On the National archives fund and archives institutions” (Vidomosti of the Verkhovna Rada of Ukraine, 2002, N 11, p. 81) to be added with the words “(all primary documents, bookkeeping registers, bookkeeping reporting and other documents connected with the calculation and paying of taxes and fees (mandatory payments) for the period of 1095 days that precede the date of last economic operation – during three years from handing over to archives, documents on calculating and payment of salaries to contract workers – during seventy years)”.


1) article 18 to be added with indent ten of the following content:

“tax information”;

2) add with article 25¹ of the following content:

“Article 25¹. Tax information

Tax information – an aggregate of information and data that are created or received by the subjects of information relations in the process of current activity and necessary for implementation of the tasks and functions put on the controlling bodies.
Protection of tax information is ensured by state.

The system of tax information, its sources and regulations are determined by the Tax code of Ukraine and other legal texts”;

3) indent eight of article 37 to be put in the following wording:
“the information of financial institutions prepared for the controlling agencies except for the cases when such information is demanded by written request of the controlling agency for performing of tax, customs, budget, and currency control”.

35. Indent three of paragraph two of article 22 of The Law of Ukraine “On state statistics” (Vidomosti of the Verkhovna Rada of Ukraine, 2000, N 43, p. 362; 2009, N 30, p. 416) to be put in the following wording:
the information with regards to names, addresses, telephone numbers, types of activities, general sums of debts from the payment (calculation) of salaries of enterprises, companies and organizations unless otherwise stipulated by legislation”.

36. Indent four of paragraph one of article 42 of The Law of Ukraine “On securities and fund market” (Vidomosti of the Verkhovna Rada of Ukraine, 2006, N 31, p. 268) after the words “internal affairs” to be added with the words “agencies of state tax service”.

37. Paragraph two of article 2 of The Law of Ukraine “On the main principles of state supervision (control) over the sphere of economic activity” (Vidomosti of the Verkhovna Rada of Ukraine, 2007, N 29, p. 389; 2010, N 34, p. 482, p. 486 with the changes made by the Law of Ukraine of July 08, 2010 N2467-VI) after the words “tax legislation” to be added with the words “and cash operations”.


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1) article 3 to be added with paragraph three of the following content:
“3. Enterprise that has a right of conducting a simplified accounting of incomes and expenses and are not registered as payers of value added tax, can generalize the information in the accounting registers without using of double record”;

2) Paragraph five of article 8 to be added with indent seven of the following content:
“defines the expediency of use of international standards (with the exception of the cases where obligatory character of use of international standards is stipulated by legislation)”;

3) Paragraph nine of article 9 to be put in the following wording:
“9. The copies of primary documents and bookkeeping registers may be confiscated from an enterprise only after the decision of corresponding bodies adopted within the scope of their power stipulated by the laws. The compiling of the registry of the documents that are confiscated in an order stipulated by legislation is compulsory.

Confiscation of the originals of such documents and registers is prohibited with the exception of the cases defined by the criminal law’;

4) article 11 to be added with paragraph seven of the following content:
“7. Legal persons that meet the criteria defined by subparagraph 154.6 of article 154 of Tax code of Ukraine are obliged compile and submit to the relevant bodies the financial reports defined for the subjects of small business once a year”.


41. Subparagraph 2 of title II “Closing provisions” of the Law of Ukraine “On amending some laws of Ukraine regarding the improvement of the mechanisms of state regulation of the market of agricultural products” (Vidomosti of the Verkhovna Rada of Ukraine, 2009, N 43, p. 638) to be excluded;


1) in indent eleven of paragraph one of article 10 the words “fees for pollution of natural environment and deterioration of the quality of natural resources in accordance with the law” to be replaced with the words “ecological tax”;

2) indent two of article 22 to be put in the following wording:
“ecological tax”

1) Subparagraph 2 of paragraph one of article 9 to be put in the following wording:

“2) from paying the taxes, fees, duties and other payments to the budget in accordance with the tax and customs legislation”;  

2) Paragraph four of article 15 to be excluded.


1) Subparagraph 18 of paragraph one of article 20 to be put in the following wording:

“18) from paying the taxes, fees, duties and other payments to the budget in accordance with the tax and customs legislation”;  

2) paragraph two of article 23 to be put in the following wording:

“The persons that constantly live and constantly work in the zone of intensified radio-ecological control and the persons that constantly work but not live in the zone of intensified radio-ecological control under the condition that they as of January 01, 1993 lived or worked in this zone not less than four years, receive privileges with regards to taxes, fees, duties and other payments to the budget in accordance with the tax and customs legislation”.


1) in article 54:

Subparagraph 7 of paragraph four to be put in the following wording:

“7) to submit annually not later than on the 1st of May to the State judicial administration of Ukraine for promulgation on the official web-site of judicial authority running of which is provided by the State judicial administration of Ukraine the copy of property and income declaration (tax declaration) submitted to the state and tax body on its tax address”;

paragraph five to be put in the following wording:

“5. The property and income declaration (tax declaration) must contain the information regarding incomes, securities, immovable property, valuable personal property, bank deposits, financial obligations and judge expenses if one-time expenses exceed his/her monthly salary. In annex to the tax declaration the same information is provided and regarding the members of his/her family and persons with whom he/she is living together or connected with the same family life”;  

2) subparagraph 7 of paragraph four of article 75 to be put in the following wording:
“7) the certificate to the state tax body about the submitted declaration on property and income (tax declaration)”;  
3) subparagraph 6 of paragraph one of article 83 to be put in the following wording:  
“6) non-submission or not given in due time for promulgation of the property and income declaration (tax declaration), indication in it of deliberately false information”;  
4) in paragraph one of article 136 the words “free of tax” to be excluded;  
5) in paragraph two of article 138 the words “free of tax” to be excluded;  
48. Subparagraph 18 of paragraph one of article 12, subparagraph 23 of paragraph one of article 13, subparagraph 17 of paragraph one of article 14, subparagraph 19 of paragraph one of article 15, and subparagraph 2 of article 16 “On status of war veterans, guarantees of their social protection” (Vidomosti of the Verkhovna Rada of Ukraine, 1993, N 45, p. 425; 1995, N 44, p. 329; 1996; N 1, p. 1; 1999; N 24, p. 209; 38, p. 342; N 35, p. 263) to be put in the following wording:  
from paying the taxes, fees, duties and other payments to the budget in accordance with the tax and customs legislation”;  
49. Indents one and two of paragraph two of article 22 of the Law of Ukraine “On state regulation of activity in the sphere of transfer of the technologies” (Vidomosti of the Verkhovna Rada of Ukraine, 2006, N 45, p. 434) to be replaced with one indent of the following content:  
“Special-purpose subsidy is determined in the amount”.  
1) indent ten of paragraph two of article 16 to be put in the following wording:  
“to pay the tallages of the first registration of a vehicle in accordance with the Tax code of Ukraine”;  
2) in paragraph eight of article 35 the words “as well as the tax from the owners of the vehicles” to be excluded;  
51. In indent two of subparagraph 7 of paragraph one of article 8 of the Law of Ukraine “On the order of importing (carriage) in Ukraine, customs clearance and taxation of personal items, gods and vehicles that are imported (carriaged) by the citizens on the customs territory of Ukraine” (Vidomosti of the Verkhovna Rada of Ukraine, 2002, N 1, p. 2; 2007, N 9, p. 68) the words “paying of the tax from the owners of vehicles or other self-propelled machines and mechanisms” to be replaced with the words “paying of the tallages of the first registration of a vehicle in accordance with the Tax code of Ukraine”.
52. Subparagraph 17.2 of article 17 of the Law of Ukraine “On mandatory insurance of civil responsibility of the owners of the vehicles” (Vidomosti of the Verkhovna Rada of Ukraine, 2005, N 1, p. 1) to be put in the following wording:

“17.2. Policy of mandatory insurance of civil responsibility is a strict accounting, technical description, examples, arrangement of ordering, organizing of supply, accounting of which is approved by the Authorized body after submission of Motor (Transport) Insurance Bureau of Ukraine”


54. Subparagraph 4 of paragraph one of article 8 of the Law of Ukraine “On criminal investigation activity” (Vidomosti of the Verkhovna Rada of Ukraine, 1992, N 22, p. 303; 2005, N10, p. 187) to be added with the sentence of the following content: “Confiscation of the originals of financial-economic documents and registers is prohibited with the exception of the cases defined by the criminal law”.

55. Article 12 of the Law of Ukraine “On organizational legal grounds of organized crime fighting” (Vidomosti of the Verkhovna Rada of Ukraine, 1993, N 35, p. 358; 2002, N17, p. 117; 2003, N 27, p. 209) after subparagraph 4 to be added with the new subparagraph of the following content:

“5. Confiscation of the originals of financial-economic documents and registers is prohibited with the exception of the cases defined by the criminal law”.

In this connection subparagraph 5 to be considered as subparagraph 6.

56. Article 13 of the Law of Ukraine “On state service” (Vidomosti of the Verkhovna Rada of Ukraine, 1993, N 52, p. 490) to be put in the following content:

“Article 13. Declaration of property status and incomes of public servants and persons that plan on occupying a post of a public servant

The person that plan on occupying a post of a public servant of third-seventh categories, stipulated by article 25 of this Law, submits on the place of his/her future service the certificate of state tax body about the submitted declaration of income and property (tax declaration). In the declaration of income and property (tax declaration) is indicated the information regarding incomes and financial liabilities as well as abroad, and in annex to the tax declaration the same information is provided and regarding the members of his/her family.

The person that plan on occupying a post of a public servant of first and second categories, stipulated by article 25 of this Law, must state in the tax declaration the information about immovable property, valuable personal property, bank deposits, and securities as well.

The declaration of income and property (tax declaration) of a public servant is submitted annually to the state tax body on his/her tax address.

An order of keeping and using of the certificates and this information is determined by the Cabinet of Ministers of Ukraine.
57. The text of article 13 of the Law of Ukraine “On service in local government bodies” (Vidomosti of the Verkhovna Rada of Ukraine, 2001, N 33, p. 175) to be put in the following wording:

The person that plan on occupying a post in local government bodies of third-seventh categories, submits on the place of his/her future service the certificate of state tax body about the submitted declaration of income and property (tax declaration).

In the declaration of income and property (tax declaration) is indicated the information regarding incomes and financial liabilities as well as abroad, and in annex to the tax declaration the same information is provided and regarding the members of his/her family.

The person that plan on occupying a post in local government bodies of first and second categories, must state in the tax declaration the information about immovable property, valuable personal property, bank deposits, and securities as well.

The declaration of income and property (tax declaration) is submitted annually by a local government bodies employee to the state tax body on his/her tax address.

58. Article 25 of the Law of Ukraine “On status of a member of parliament of Ukraine” (Vidomosti of the Verkhovna Rada of Ukraine, 2001, N 42, p. 212) to be put in the following wording:

“Article 25. Declaration of property status and incomes of a member of parliament of Ukraine

A member of parliament must while registering for work in the Verkhovna Rada of Ukraine and after annually during performing his/her duties but not later than on the 1st of May of the year next to the reporting financial year, submit to the State tax body the property and income declaration (tax declaration) including the information on himself/herself and the members of his/her family (wife, husband, parents, children of the full legal age) about incomes and financial liabilities as well as abroad as well as about immovable property, valuable personal property, bank deposits, and securities.


1) subparagraph 10 of paragraph one of article 58 to be put in the following wording:

“10) the certificate of state tax body about the submitted declaration of income and property (tax declaration) of each parliamentary candidate in accordance with article 60 of this Law”;

2) article 60 to be put in the following wording:

“Article 60. Declaration of property status and incomes by a parliamentary candidate

1. The declaration of income and property (tax declaration) is submitted to the state tax body on its tax address for a year that precedes the year of starting of an
election process. Along with it the candidate in and annex to his/her tax declaration includes the information on his/her property status and incomes of the members of his/her family.

2. State tax administration of Ukraine on the order of Central Election Commission provides the information on the results of checking of the data included in the declarations of property status and incomes (tax declaration) of a parliamentary candidate.

3. The errors and inaccuracies discovered in the declaration are subject to correction and are not the reason for refusal in the registration of a parliamentary candidate;

3) paragraph six of article 102 4 to be put in the following wording:
“6. While conducting special elections of candidates the declarations of property status and incomes (tax declaration) are not submitted”.


1) in paragraph two of article 48 the words “the declaration of income and property” to be replaced with the words “the declarations of property status and incomes (tax declaration)”;

2) article 50 to be put in the following wording:
“Article 50. Declaration of property status and incomes by a candidate on a position of President of Ukraine

1. The declaration of income and property (tax declaration) is submitted by a candidate on a position of President of Ukraine to the state tax body on its tax address for a year that precedes the year of starting of an election process. Along with it the candidate in and annex to his/her tax declaration includes the information on his/her property status and incomes of the members of his/her family.

2. State tax administration of Ukraine on the order of Central Election Commission provides the information on the results of checking of the data included in the declaration. The errors and inaccuracies discovered in the declaration are subject to correction and are not the reason for refusal in the registration of a candidate on a position of President of Ukraine.

3. Central Election Commission during three days after the registration of a candidate on a position of President of Ukraine publishes the declarations of property status and incomes (tax declaration) of each candidate in the newspapers “Golos Ukrajiny” and “Uriadoviy kurjer” as well as places on the official web-site of Central Election Commission”;

3) in article 51:
In subparagraph 5 of paragraph one the words “the declaration of income and property” to be replaced with the words “the declarations of property status and incomes (tax declaration)”;

In subparagraph 6 of paragraph two the words “the declaration of income and property” to be replaced with the words “the declarations of property status and incomes (tax declaration)”;

61. In the Law of Ukraine “On the Cabinet of Ministers of Ukraine” on October 07, 2010:
   1) subparagraph 4 of paragraph three of article 8 to be put in the following wording:
   “4) the certificate of state tax body about the submitted on its tax address declaration of income and property (tax declaration). In the declaration of income and property (tax declaration) is indicated the information regarding incomes and financial liabilities for a year that precedes the year of starting of submission”;
   2) subparagraph 4 of paragraph five of article 9 to be put in the following wording:
   “4) by the certificate of state tax body about the submitted on its tax address declaration of income and property (tax declaration). In the declaration of income and property (tax declaration) is indicated the information regarding incomes and financial liabilities for a year that precedes the year of starting of submission”;

   1) subparagraph 7 of paragraph one of article 37 to be put in the following wording:
   “7). the certificate of state tax body about the submitted tax declaration of income and property (tax declaration) of each person included to the election list of candidates from corresponding organization of a party, for the last year the term of accounts of which is passed”;
   2) subparagraph 6 of paragraph one of article 38 to be put in the following wording:
   “6) the certificate of state tax body about the submitted tax declaration of income and property (tax declaration) of each candidate for the last year the term of accounts of which is passed”;
   3) subparagraph 6 of paragraph one of article 39 to be put in the following wording:
   “6) the certificate of state tax body about the submitted tax declaration of income and property (tax declaration) of each candidate for a position of mayor of villages, settlements and towns for the last year the term of accounts of which is passed”;
   4) the name and paragraph one of article 43 to be put in the following wording:
   “Article 43. Declaration of property status and incomes by candidates on a position of mayor of villages, settlements and towns

1. Declaration of income and property (tax declaration) is submitted by candidates on a position of mayor of villages, settlements and towns to the state tax
body on its tax address. Along with it the candidate of a member of parliament and candidate for a position of mayor of villages, settlements and towns in an annex to his/her tax declaration includes the information on his/her property status and incomes of the members of his/her family”.

63. Subparagraph 6 of paragraph two of article 29 of the Law of Ukraine “On highest Justice Council” (Vidomosti of the Verkhovna Rada of Ukraine, 1998, N 25, p. 146) to be put in the following wording:

“6) the certificate of state tax body about the submitted tax declaration of income and property (tax declaration) for the last year on the position of judge”.


1) indent two of paragraph one of article 6 to be put in the following wording:

“In case of acquisition of an object of small privatization on account of monetary means the buyers – physical persons submit to the privatization body the declaration of income and property (tax declaration)”;

2) indent fifteen of paragraph four of article 7 to be put in the following wording:

“the certificate of state tax body about the submitted tax declaration of income and property (tax declaration) (for the buyers – physical persons) in cases stipulated by paragraph one of article 6 of this Law”;

3) indent five of paragraph five of article 16 to be put in the following wording:

“the certificate of state tax body about the submitted tax declaration of income and property (tax declaration) in case of acquisition of an object of privatization on account of monetary means for the buyers – physical persons”;

65. In indent two of paragraph one of article 12 of the Law of Ukraine “On privatization of state property” (Vidomosti of the Verkhovna Rada of Ukraine, 1997, N 17, p. 122) the words “income declaration” be replaced with the words “a certificate from the state tax body with regards to the submitted declaration of income and property (tax declaration)”.

II. This Law enters into force from the day of entering into force of Tax Code of Ukraine with the exception of indents two-four of point 4 and indents thirteen-fifteen of point 9 of subparagraph 25 of title I of this Law which enter into force from January 01, 2012.

President of Ukraine V.Yanukovuch

Kyiv,
December 02, 2010
N 2756-VI.