Ukraine

New VAT regulations taking effect in 2022

November 2021 saw Ukrainian Parliament approve a bill introducing another set of amendments to the Tax Code of Ukraine, taking effect from 1 January 2022. New regulations envisage the following changes for VAT payers:

→ VAT payers may declare input tax in their VAT returns within 365 days after the seller issues a VAT voucher for a supply. Prior to 1 January 2022, this time frame was 1,095 days. For VAT vouchers that had been issued before the new changes came into force, VAT payers have to declare input tax within 365 days starting from 1 January 2022, but in any case, not later than 1,095 days after issuing a VAT voucher. The above deadline shall be suspended if the registration of a VAT voucher is blocked by tax authorities in the manner prescribed by the legislation.

→ Adjustment calculations to VAT vouchers may be registered in the unified register of VAT vouchers within 1,095 days from the date of issue of such a VAT voucher. This new rule must be taken into account if there are any changes to the price of goods/services after their supply, especially for long-term contracts.

→ Tax authorities have the right to initiate documentary tax audits of taxpayers who claim VAT refunds. Before the new changes, tax authorities could launch a tax audit of a VAT payer claiming VAT refund only in a few specific cases when VAT was paid before 1 January 2017. This change is expected to greatly increase the time gap of receiving VAT refunds for taxpayers due to the generally 'fiscal' approach of local tax authorities, according to which such tax audits were initiated almost automatically in the case of claiming VAT refunds in the past.

→ The VAT base for transactions regarding the supply and import of tobacco and tobacco products, including industrial substitutes for tobacco and liquids used in electronic cigarettes ('tobacco products'), for which a maximum retail price is established, shall be determined based on such a maximum retail price. At the same time, supplies of tobacco products are exempt from VAT, excluding the first supplies of tobacco products in the territory of Ukraine by producers or importers of such products.

→ Transactions related to the supplies of investment gold as it is defined by the Tax Code of Ukraine are exempt from VAT. Such transactions include the supply of investment gold, including via futures or forward agreements, services of agents involved in such supplies, and services related to the production of investment gold or the transforming of gold into investment gold.

→ Temporary exemption from VAT for supplies of black and coloured scrap metal is prolonged until 1 January 2027.

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