

Changes in tax and customs law in relation to the revision of certain tax benefits (Draft Law No. 7418)

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On 21 June 2022, the Parliament of Ukraine voted for the adoption of a Draft Law "[On amendments to the Tax Code of Ukraine and other legislative acts of Ukraine in relation to the revision of certain tax benefits](#)" № 7418 dated 30 May 2022 (hereinafter - the "Draft Law"). Currently, the Draft Law has been submitted to the Head of the Parliament of Ukraine for signature.

The Draft Law amends and supplements the special taxation rules for the period of the martial law in Ukraine to provide conditions for the proper functioning of the economy, as well as proper filling of the budget revenue due to the receipt of customs duties.

Our analysis is based on the Draft Law No. 7418 dated 30 May 2022 and the provisions of the adopted Law may differ from the Draft Law, thus, would require revision.

Below we outline key changes that are expected to be introduced to the tax and customs legislation by the respective Draft Law.

i. Single tax (hereinafter - "ST")

- ▶ It is expected to exclude the business entities that import particular transport from the list of taxpayers who cannot change their taxation regime for a simplified one (i.e. the ST-payers of the third group with peculiarities prescribed by para. 9 of subsection 8 of section XX «Transitional Provisions» of the TCU).

ii. VAT/Excise tax

- ▶ It is expected to abolish VAT exemption for transactions on customs import regime for ST payers of first-third groups (including ST-payers of the third group with peculiarities prescribed by para. 9 of subsection 8 of section XX «Transitional Provisions» of the TCU).
- ▶ It is expected to abolish since 1 July 2022 the VAT, excise tax exemption for transactions on import of certain transport under the customs import regime by individuals.

iii. Customs duty

- ▶ It is expected to abolish since 1 July 2022 the customs duty exemption, that was applied since 1 April 2022 in relation to the following transactions:
 - import of certain goods by the companies
 - import of certain transport under the customs import regime by individuals.

iv. Customs controls and clearance of goods

- ▶ It is expected to abolish the simplified procedure to declare goods under the customs import regime by filing a preliminary customs declaration for ST payers of first - third groups.

v. Compulsory state pension insurance tax

- ▶ It is expected to clarify that enterprises, institutions and organizations, and individuals who acquire ownership of passenger cars equipped exclusively with electric motors (one or more) and require the first state registration in Ukraine by the territorial bodies of the Ministry of Internal Affairs of Ukraine, are not subject to the Compulsory state pension insurance tax

We go on following the news and keep you posted on any important developments.

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