New and updated rules of taxation during martial law

Iryna Panfilova
Tax Manager
Baker Tilly, Ukraine
+380 (73) 337-82-17
irina.panfilova@bakertilly.ua
The list of amendments

1. Law of Ukraine "On protection of the interests of subjects of reporting and other documents filing during martial law or war" as of 03.03.2022 #2115-IX (entered into force on 07.03.2022)
2. Law of Ukraine "On amendments to the Tax Code of Ukraine and other legislative acts of Ukraine on the peculiarities of taxation and reporting during martial law" as of 03.03.2022 #2118-IX (entered into force on March 7, 2022)
4. Law of Ukraine “On amendments to the Tax Code of Ukraine and certain other legislative acts of Ukraine concerning the introduction of differentiated rent payments for natural gas extraction” as of 15.03.2022 #2139-IX
5. Law of Ukraine “On amendments to the Tax Code of Ukraine and other legislative acts of Ukraine concerning the improvement of legislation for the period of martial law” 2142-IX as of 24.03.2022 (entered into force on April 5, 2022)
6. Law of Ukraine “On amendments to the Tax Code of Ukraine and others legislative acts of Ukraine on the administration of certain taxes in the period of martial law” as of 01.04.2022 № 2173 IX
Submission of reports (except tax)

Postponement of the deadlines for submission of reports (except tax) the Law 2115

Individuals, individual persons - entrepreneurs, legal entities submit accounting, financial, settlements, audit reports and any other documents required to be submitted in accordance with applicable law in documentary and/or electronic form, within three months after termination of martial law or state of war.

Liabilities and inspections

- administrative and/or criminal liability for failure to submit or late submission of reports and/or documents shall not apply to individuals, individual persons - entrepreneurs, legal entities during the period of martial law or war, as well as within three months after its completion;

- any inspections of the timeliness and completeness of the submission of any reports or documents of a reporting nature by the authorized bodies shall not be carried out during martial law or state of war;

- persons who do not have the physical capacity within 3 months after the abolition of martial law to submit reports or documents in connection with the direct consequences of their participation in military activities, are exempted from administrative and/or criminal liability and shall submit reports or documents within one months from the date of completion of the consequences that made it impossible to submit the reports or documents.
Submission of tax reports

Possibility of tax reports submitting within six months after the termination of martial law in Ukraine
The Law 2118

The deadlines are not postponed, the taxpayers are given by the possibility to submit tax returns within 6 months after the end of martial law without the application of penalties if they were unable to fulfill their obligations on time.

sub-clause 69.1 of sub-section 10 of transitional provisions of the Tax Code of Ukraine:

In case the taxpayer does not have the possibility to fulfill his tax duty in a timely manner (!), in particular, in connection to the compliance with reporting deadlines, taxpayers are exempted from liability under the Tax Code of Ukraine with mandatory obligation to fulfill such duties within six months after termination of martial law in Ukraine.
Other liabilities of taxpayers

Possibility to fulfill other duties of taxpayers within 6 months after the end of martial law in Ukraine
The Law 2118

- compliance with the terms of payment of taxes and fees,
- submission of reports,
- registration in the relevant registers of tax or excise invoices, adjustment calculations,
- submission of electronic documents containing data on actual fuel residues and turnover of fuel or ethyl alcohol, etc.

Sub-clause 69.1 of sub-section 10 of transitional provisions of the Tax Code of Ukraine:

(!) In case the taxpayer does not have the possibility to fulfill his tax duty in a timely manner
Other liabilities of taxpayers

Questions about other possible violations of the Tax Code of Ukraine (except for timely submission of reports, payment of taxes and submission of electronic documents)

- In case the taxpayer does not have the possibility to fulfill his tax obligation in time, in particular…….. etc.?
- taxpayers shall be exempted from the liability provided for in the Tax Code of Ukraine with the obligatory fulfillment of such obligations within six months after the termination of martial law in Ukraine

Obligations of payers (Article 16 of the Tax Code of Ukraine), in particular:

to keep records of income and expenses in the prescribed manner, to prepare reports on the calculation and payment of taxes and fees.

(?) Should this mean an exemption in respect of liabilities on errors occurred in the tax reporting during martial law, or for self-correction of errors in tax reporting during martial law?
Tax audits

Desk tax audits of tax returns or adjustment calculations (if submitted), to which an application for the budgetary refund (VAT) has been submitted, the indicators of which are formed on the basis of tax invoices and/or adjustment calculations compiled and registered in the Unified Register of Tax Invoices and/or customs declarations, with the exception of goods (products) specified in sub-clauses 215.3.1, 215.3.2, 215.3.21 and 215.3.31 of clause 215.3 of the Tax Code of Ukraine.

Actual tax audits

(!) Penalties may be applied for violations detected during such inspections (except cases, specifically indicated in the law)

(!) The inspection report sent by the controlling body to the electronic cabinet is considered delivered to the taxpayer

Monitoring compliance with the requirements of the legislation on fixed prices, marginal prices and marginal levels of trade margins

Carried out by tax authorities by conducting factual inspections
Lost documents - special rules

Special rules for confirming the data specified in the tax reports for taxpayers operating in military activities zones and occupied territories

In case of loss and / or impossibility of taking out primary documents, the taxpayer submits to the controlling body in any form a notification of impossibility of taking out primary documents, signed by the head of the enterprise and the chief accountant indicating the circumstances leading to loss and / or impossibility of taking out primary documents, tax (reporting) periods, as well as the general list of primary documents (if possible with details).

The submitted notification is also a basis for saving: expenses, tax credit or negative VAT value.

Data and indicators of tax reporting of the taxpayer / tax agent for tax (reporting) periods stated in the notification cannot be questioned only on the basis of lack of primary documents.

After submission of the notification to the controlling body a moratorium on documentary inspections is applied in respect of the tax periods indicated in the notification.
Other inspections (except tax)

During martial law or state of war, any inspections of the timeliness and completeness of the submission of any reports or reporting documents shall not be carried out by the authorized bodies (Law 2115)

Scheduled and unscheduled measures of state supervision (control) and state market supervision for the period of martial law have been suspended

(Resolution of the Cabinet of Ministers as of March 13, 2022 N 303)

(!) EXCEPT: carrying out of unscheduled measures of state supervision (control) in certain areas, in particular, to prevent uncontrolled growth of prices for goods of significant social importance, solely on the basis of a decision of the central executive body that ensures the formation of state policy in this area, in case of the presence of a threat that has a significant negative impact on the rights, legitimate interests, human life and health, protection of the environment and security of the State.
Other questions regarding liabilities

**Statute of limitations period**
For taxpayers and controlling bodies, the time limits set by the tax legislation and other legislation, the control over the observance of which is entrusted to the controlling bodies, are suspended.

**Social security contribution**
Penalties for violations for the payment of social security contribution shall not apply/accrue, and accrued shall be canceled for the period of martial law and for three months after the termination of martial law.

**Registrar of settlements operations**
Penalties are not applied for violation of the order of settlement operations, except for penalties for violation of the order of settlements operations for excisable goods.

**Liabilities of State Tax Service**
Exemption from compensation for damage caused by illegal decisions, actions or inaction of regulatory authorities, if the damage was caused by the legal regime of martial law or state of emergency.
Corporate profit tax – voluntary provisioning

Transfer of goods for Armed Forces of Ukraine, for charitable purposes, free provision of services, provision of financial assistance

General rules sub-clause 140.5.9 of the Tax Code of Ukraine:

Pre-tax financial result shall be increased by the amount of funds or value of goods, works performed, services provided, voluntary transferred during the reporting (tax) year to non-profit organizations entered in the Register of non-profit institutions and organizations on the date of such transfer, transfer of goods, works, services (except for a non-profit organization that is an association of insurers, if the insurer's participation in such an association is a condition of such an insurer activities in accordance with the law, and non-profit organizations to which the provisions of sub-clause 140.5.14 of the Tax Code of Ukraine apply), that exceeds 4 percent of taxable income of the previous reporting year

Transitional provisions:

Sub-clause 69.6 of sub-section 10 of Section XX of the Tax Code of Ukraine, adjustments established by sub-clause 140.5.9 of the Tax Code of Ukraine shall not be made on the amounts or values of special personal protective equipment, technical means of surveillance, medicines and medical devices, personal hygiene products, foodstuffs, items of material support as well as other goods, works performed, services provided according to the list determined by the Cabinet of Ministers of Ukraine, which are voluntarily transferred to the Armed Forces of Ukraine, the National Guard of Ukraine, the Security Service of Ukraine, the Foreign Intelligence Service of Ukraine and others, including transferred to special accounts opened by the National Bank of Ukraine for fundraising.
Corporate profit tax – voluntary provisioning

Transfer to non-corporate profit tax payers and related parties
(no peculiarities at the time of martial law, general rules apply)

- General rules sub-clause 140.5.10 of the Tax Code of Ukraine:

The pre-tax financial result shall be increased by the amount of transferred non-refundable financial assistance (voluntary provided goods, works, services) to persons who are not corporate profit taxpayers (except individuals who are taxpayers of personal income tax), taxpayers who are related parties (if the recipient of financial assistance (voluntary provided goods, works, services) declared a negative value of the object of taxation for the tax (reporting) year preceding the year in which such non-refundable financial assistance (voluntary provided goods, works, services), provided that such assistance was included in the costs for determining the pre-tax financial result), and taxpayers who are taxed at a rate of 0 percent
Corporate profit tax – destruction of assets

**Destruction (damage) of inventories**

- There are no features at the time of martial law
- Tax accounting = accounting

**Destruction (damage) of fixed assets**

**The impact on taxation depends on accounting:**
- Impairment
- Writing-off

- **In case of impairment:** impairment costs are reversed for tax purposes by increasing the financial result (clause 138.1 of the Tax Code of Ukraine)

- **In case of writing-off (liquidation):** the costs for tax purposes include the balance value determined in accordance with the requirements of the Tax Code of Ukraine (clauses 138.1 and 138.2)
VAT – destruction of assets

**Destruction (damage) of inventories**

**Transitional provisions:**
Goods (including fixed assets) purchased with VAT, destroyed (lost) due to force majeure during martial law, state of emergency are not considered as used in non-taxable VAT transactions or as transactions that are not connected to economic activities.

Thus: reverse VAT in accordance with clause 198.5 of the Tax Code of Ukraine shall not be charged.

**Destruction (damage) of fixed assets**

**General provisions, clause 189.9 the Tax Code of Ukraine**

the fixed assets that are liquidated due the destruction as a result of force majeure is not subject VAT.

**Transitional provisions:**
Identical to goods (fixed assets according to the Tax Code of Ukraine is treated as goods)

Thus: reverse VAT in accordance with clauses 198.5 and 189.9 of the Tax Code of Ukraine shall not be charged.

(1) Important: correctly draw up primary and other supporting documents
Single tax 2% during martial law
General provisions

Clause 9 of Subsection 8 of the Transitional Provisions of the Tax Code of Ukraine (not Section XIV)
General rules

Temporarily, from April 1, 2022 until the termination of martial law or state of emergency on the territory of Ukraine, the provisions of Section XIV (general single tax rules) of the Tax Code of Ukraine shall be applied taking into account the following features:

- The single tax of the third group can be used by individuals - entrepreneurs and legal entities (no limit on the amount of income):
  - those that are already on the ST
  - new entities
  - entities on a general tax system

- Such persons shall not be subject to any restrictions on the number of persons in employment with them.

Clause 9 of Subsection 8 of the Transitional Provisions of the Tax Code of Ukraine defined certain peculiarities for third group of Single tax at 2%.

The Cabinet of Ministers has the right to determine the peculiarities of accrual and payment of the single tax (as for now additional features by the Cabinet of Ministers are not determined)
# Single tax 2% during martial law

## Limitations. Single tax 2% can not be used by:

### Business entities (legal entities and individual persons - entrepreneurs) that carry out:
- activities for gambling, lotteries (except for the distribution of lotteries), betting;
- foreign exchange;
- manufacture, export, import, sale of excisable goods (except retail sale of fuels and lubricants in containers up to 20 liters, imports of cars, car bodies, trailers and semi-trailers, motorcycles, vehicles designed to carry 10 people or more, vehicles for transportation of goods and activities of individuals related to the retail sale of beer, cider and table wines);
- mining, sale of minerals (except groundwater and surface water extraction by enterprises providing centralized water supply and sewerage services).

### Insurance (reinsurance) brokers, banks, credit unions, pawnshops, leasing companies, trust companies, insurance companies, funded pension institutions, investment funds and companies, other financial institutions specified by law; securities registrars;

### Representative offices, branches, offices and other separate subdivisions of a legal entity that is not a single tax payer;

### Individuals and legal entities - non-residents
### Single tax 2% during martial law

**Tax base**

<table>
<thead>
<tr>
<th><strong>Tax rate</strong></th>
<th><strong>Income for the Single Tax 3rd group (clause 292.1 Section XIV of the Tax Code of Ukraine)</strong></th>
</tr>
</thead>
<tbody>
<tr>
<td>2 % of income (transitional provisions of the Tax Code of Ukraine during martial law)</td>
<td>Income received during the tax (reporting) period in monetary form (cash and/or non-cash); tangible or intangible form specified in clause 292.3 of the Tax Code of Ukraine. (Article 292 of the Tax Code of Ukraine defines other features of income determination)</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th><strong>Date of income</strong></th>
<th><strong>Date of receipt of funds to the single tax payer</strong> in monetary form (cash or non-cash) form, date of signing by the single tax payer of the act of acceptance-transfer of goods (works, services) received free of charge</th>
</tr>
</thead>
</table>
Single tax 2% during martial law

Transitional transactions for legal entities

Prepayment received before Single tax 2% opted – actual provision during Single tax 2% (clause 292.6 Tax Code of Ukraine)

Actual provision during Single tax 2% - prepayment received on general tax system (clause 41 sub-section 4 Tax Code of Ukraine)

The value of goods (works, services) sold during the reporting period, for which prepayment was received (advances) in the period of payment of other taxes and fees, shall be included in the amount of income of the ST payer on the date of shipment of goods (works, services).

The pre-tax financial result of the tax (reporting) period shall be increased by the amount of income received as payment for goods (works, services) shipped (provided) during simplified taxation system usage. The provisions of this sub-clause do not apply to taxpayers who were taxpayers of the fourth group.
Single tax 2% during martial law

Transitional transactions for legal entities

Actual provision on general tax system – payment received on Single tax 2% (п. 292.11 ПКУ)

Prepayment received on Single tax 2% - actual provision on general tax system

The income of the ST payer does not include:

the amount of funds received as payment for goods (works, services) sold during the period of payment of other taxes and fees established by Tax Code of Ukraine, the value of which was included in the income of a legal entity when calculating corporate income tax or total taxable income of an individual entrepreneur

There are no corrections

(!) in order to avoid double taxation should be considered, among other things, transitional transactions before the Single tax 2% would be opted
Single tax 2% during martial law

Reporting and payment of Single tax 2%

**Reporting period - month**

ST payers of 3rd group, who use the features of taxation established by this paragraph, submit a tax return within the time limits set for the monthly tax (reporting) period, except:

- Individuals, in the case of determining the social security contribution, submit reports for the reporting period - December as a tax return of the single taxpayer for the IV quarter of the tax year, which calculates the obligations of single tax payers cumulatively;

- ST payers of 3rd group, who use the features of taxation, which are required to determine the total minimum tax liability of taxpayers, submit reports for the reporting period - December as a tax return of the single taxpayer for the IV quarter of the tax (reporting) year, which calculates liabilities of single taxpayers, cumulative total, total minimum tax liability

**Payment of Single tax 2%**

- Within 10 calendar days following the last day of the relevant deadline for submission of the ST payer's declaration
Single tax 2% during martial law

Transition to the Single Tax and return to the general tax system

Opting the Single Tax

General form for the ST shall be submitted

The date of obtainment of the status of ST payers of 3rd group:

- from April 1, 2022 - if the application is submitted by April 1, 2022;
- from the day following the submission of such application - in the case of submission of the application starting from April 1, 2022.

Voluntary:

Termination of usage of the special regime - the first day of the month following the month in which the decision was made

Automatic:

After the termination of martial law, a single taxpayer of the third group, who on the day of the termination of martial law, used the features of taxation, from the first day of the month following the month of the termination of martial law, lose the right to use tax features and are automatically considered to apply the tax system on which such taxpayers were before the special regime were opted

Returning the general tax system
Single tax 2% during martial law

ST payers of 3rd group, who use the features of taxation, established by the Tax Code of Ukraine:

- are exempted from the obligation to charge and pay VAT on transactions for the supply of goods, works and services, the place of supply of which is located in the customs territory of Ukraine, and when importing goods into the customs territory of Ukraine (except goods from Russia)
- are exempt from filing VAT returns
- their registration as a VAT is suspended.

- The rights and obligations established by Section V (VAT) and subsection 2 of section XX of the Tax Code of Ukraine are suspended (including the formation of a VAT credit)
- Transactions carried out by a ST payers of 3rd group, which uses the features of taxation, are considered as not to be subject to VAT
- the calculation of indicators defined by Article 2001 of the Tax Code of Ukraine is suspended
- The amount of VAT on received tax invoices / adjustments for tax invoices, the date of occurrence of the VAT liabilities for which falls (accounted for) for the period during which the taxpayer applied the simplified taxation system, is not taken into account in the calculation of the indicator.

Suspension of VAT payer registration (clause 9.5)

By suspension of registration by a VAT payer it is understood...
Single tax 2% during martial law
VAT for Single tax 2%

For the date of the return on general tax system

Not later than the last day of the reporting period in which the registration was renewed by the VAT payer, **VAT is charged** on the value of goods, services, non-current assets used (supplied, sold) during the period of usage of the features of taxation and purchased / manufactured with VAT before the usage of the features of taxation. Consolidated tax invoice shall be registered no later than the last day of the first reporting period after the end of martial law, state of emergency.

- for goods / services - based on the cost of purchasing such goods, services.
- for non-current assets - based on the balance value as of the beginning of the reporting (tax) period during which such transactions are carried out.
Single tax 2% during martial law

Corporate profit tax

Submission of corporate profit tax return

Submit a tax return on corporate profit tax cumulatively from the beginning of such a calendar year.

In this case, the results of activities for periods of payment of the single tax at the rate of 2 percent are not taken into account when determining the object of taxation of corporate income tax.

Corporate profit taxpayers (including taxpayers whose annual income from any activity for the previous annual reporting period does not exceed UAH 40 million) who:

- decided to move to a simplified system of taxation with special features of taxation;
- or refused to use the special features of taxation.

How to determine the financial result by cumulative total excluding certain periods in that year according to the financial statements.

The amount of annual income for the purposes of Article 39 of subparagraph 134.1.1 and paragraph 137.5 of the TCU is calculated for the entire reporting year, including the period.
Single tax 2% during martial law

Corporate profit tax

Overpayment of profit tax

Advance payments of profit tax on dividends

Negative value of the object of taxation

Interest that exceed the amount of the limit specified in paragraph 140.2 of Article 140 of the TCU, which increased the pre-tax financial result that remained unaccounted for the reduction of the pre-tax financial result.

Can be taken into account after recovery of the corporate profit tax payment
VAT - general issues

Submission of reports, registration of tax invoices for the period of martial law

- In case the taxpayer does not have the possibility to fulfill his tax duty in a timely manner, in particular, in connection to the compliance with reporting deadlines, submission of reports, register of tax invoices and/or adjustments for tax invoices, taxpayers are exempted from liability under the Tax Code of Ukraine with mandatory obligation to fulfill such duties within six months after termination of martial law in Ukraine.

Clause 69.1 of sub-section 10 of transitional provisions of the Tax Code of Ukraine

- For transactions for the purchase of goods / services for which suppliers have not registered tax invoice and / or adjustments to them in the Registrar of tax invoices, include to the VAT credit of the reporting period the amount of VAT paid (accrued) as part of the value of purchased goods / services based on available to the payer primary (settlement) documents drawn up (received) by the taxpayer for transactions for the purchase of goods / services in accordance with the Law of Ukraine "On Accounting and Financial Reporting in Ukraine".

- Within six months after the termination of martial law, payers are required to ensure the registration of tax invoice and / or adjustments to them.

- (!) the tax credit declared during martial law on the basis of primary (settlement) documents is subject to obligatory specification (adjustment) taking into account the data of tax invoice and / or adjustments to them registered in Registrar of tax invoices.

Clause 38² of sub-section 2 of transitional provisions of the Tax Code of Ukraine
VAT liabilities and VAT credit, which as of February 24 and until the end of martial law are not confirmed by tax invoices and adjustments to them in Registrar of tax invoices shall be reflected in the tax VAT returns on the basis of available primary (settlement) documents

for accounting of such transactions should be created separate sub-account

Within six months after the termination of martial law, VAT payers are required to ensure the registration tax invoices and adjustments to them

It is necessary to fill the table 1.1 "Information on the included amounts of VAT, specified in tax invoices not registered in Registrar of tax invoices on the date of filing the VAT return, to the amount of VAT liabilities for the reporting (tax) period" of Annex D1 to the VAT return (hereinafter - Table 1.1). In the future, the data in this table will facilitate the registration of tax invoices and adjustment in Registrar of tax invoices

Within six months after the termination of martial law, taxpayers are required to specify the amount of VAT credit included on the basis of primary documents in accordance with the registered tax invoices and adjustment
VAT – Absence of reverse VAT (transition provisions)

For the period of martial law are not considered as used in non-taxable VAT transactions or as transactions that are not connected to economic activities (i.e., VAT under clause 198.5 of the Tax Code of Ukraine is not charged), goods (including fixed assets):

- purchased with VAT, destroyed (lost) due to force majeure during martial law, state of emergency.
- purchased with VAT, transferred to state or communal ownership, including in favor of voluntary formations of territorial communities, as well as provided for the benefit of other persons for the needs of defense of Ukraine during martial law, state of emergency.

(!) Important: correctly draw up primary and other supporting documents
VAT – transactions that is not considered as supply (transitional provisions)

For the period of martial law, the operations of free (without any monetary, material or other types of compensation) transfer / provision of goods and services to the Armed Forces of Ukraine, the National Guard of Ukraine, the Security Service of Ukraine, the Foreign Intelligence Service of Ukraine, the State Border Guard Service of Ukraine, etc. is not considered as a supply of goods and services.

- except in cases when such transactions for the supply of goods and services are taxed at VAT zero rate
- the provisions of paragraph 198.5 of the Tax Code of Ukraine do not apply to such transactions.
VAT – exempted transactions

Temporarily, for the period of martial law, following transactions on importation into the customs territory of Ukraine and supply in the customs territory of Ukraine are exempt from VAT:

- Special personal protective equipment (according to a certain list)
- Medicines and medical devices according to a certain list
- Defense goods according to a certain list
VAT – exempted transactions

Temporarily, from April 1, 2022 for the period of martial law on the territory of Ukraine:

**Shall be exempted from VAT - import of goods into the customs territory of Ukraine** under the customs regime of import by business entities registered as single tax payers of the first, second and third groups, except for individuals and legal entities who have chosen the single tax rate specified in sub-clause 1 of clause 293.3 of the Tax Code of Ukraine (3% and VAT)

**Shall be exempted from VAT - excise tax transactions on the import of individuals into the customs territory of Ukraine** cars, trailers and semi-trailers, motorcycles, vehicles designed to carry 10 people or more, vehicles for the carriage of goods in customs import regime

Exemption from taxation does not apply to transactions on import into the customs territory of Ukraine of goods originating in Russia
VAT on air tickets 7%

Law on Amendments to the Tax Code of Ukraine and Certain Other Legislative Acts of Ukraine Concerning the Introduction of Differentiated Rent Payments for Natural Gas Extraction #2139 as of March 15, 2022

- In addition to issues related to the rent for gas production, the Law also stipulates that:
  - Temporarily, until December 31, 2024, transactions for the provision of air transport services for domestic transportation of passengers and luggage (codes 51.10.11 and 51.10.12 of the State Classification of Products and Services DK 016: 2010) are subject to value added tax at a rate of 7 percent;
As a result of 2022, a tax discount of no more than 16% of income

The income of individuals shall not include

Other rules on the absence of taxation of charitable assistance (clause 170.7 of the Tax Code of Ukraine)

the amount of funds or the value of property transferred by the taxpayer in the form of donations or charitable contributions to non-profit organizations

the amount (value) of charitable assistance paid (provided) by philanthropists, including philanthropists - individuals, international charitable organizations for the benefit of combatants, employees of enterprises, institutions, organizations involved in defense, individuals, living on the territory of the military activities or left such territory

targeted or non-targeted charitable assistance provided to a taxpayer who has suffered as a result of armed aggression of the russian federation during the legal regime of martial law, state of emergency (such assistance is distributed according to a special procedure)

(!) Important: primary documents must confirm the facts and transactions for which benefits are provided (including the status of persons)
The amount of reimbursement of the cost of the fuel spent on the provision of transportation services for the needs of the Armed Forces of Ukraine and territorial defense units is not included in the taxable income of individuals who provide such services.
Income received from the sale of an individual's own agricultural products in favor of a tax agent is taxed by the tax agent at the time of their accrual (payment) and is reflected by him in the tax calculation with the total amount.

Temporarily, starting from April 1, 2022 and during martial law, the provisions of sub-clause 165.1.24 of clause 165.1 of the Tax Code of Ukraine shall be applied with the following features:

Income received from the sale by the taxpayer in favor of the tax agent of its own agricultural products grown, fattened, caught, harvested, manufactured, produced, processed and / or processed directly by an individual, are finally taxed by the tax agent at the time of their accrual (payment),

tax agents in the tax calculation, reflect the total amount of accrued (paid) in the reporting tax period income received by individuals from the sale in favor of the tax agent of their own agricultural products and the total amount of tax withheld from them. At the same time, the tax calculation shall not include information on the amount of a separate payment, the amount of tax accrued on it, as well as information on an individual - taxpayer who received income from the sale in favor of a tax agent of its own agricultural products.
Fuel: features

Transactions (until the termination of martial law) for the supply of goods for refueling or transport of state institutions and units, which are maintained at the expense of the state budget, for the defense of Ukraine, public safety and state interests.

Temporarily, for the period of martial law, state of emergency, transactions on import into the customs territory of Ukraine and supply of gasoline, heavy distillates, liquefied gas, oil and crude petroleum products derived from bituminous rocks (minerals).

It should also be considered!

The amount of negative value determined for the relevant reporting (tax) period in accordance with clause 200.1 of the Tax Code of Ukraine, which includes the amount of tax liability for transactions taxable at the rate specified in the first paragraph is not subject to budget reimbursement. Amounts of this negative value are included to the VAT credit of the next reporting (tax) period.
Excise tax liability shall not be charged on excisable goods in case/that:

- forcible alienation or confiscation for the needs of the state in accordance with the Law of Ukraine "On transfer, forcibly alienation or confiscation of property under martial law or state of emergency", the value of which, in the future, will not be reimbursed to the taxpayer;

- transferred to the Armed Forces of Ukraine, voluntary formations of territorial communities, the National Guard of Ukraine, the Security Service of Ukraine, the Foreign Intelligence Service of Ukraine, the State Border Guard Service of Ukraine, the Ministry of Internal Affairs of Ukraine and other organizations specified in the Code, without prior or subsequent reimbursement
Other taxes

Land tax

From March 1, 2022 to December 31 of the year following the year in which was terminated the martial law and/or a state of emergency shall not be accrued or paid for land plots located in the territories where military activities take/took place or territories that were temporarily occupied, as well as for land plots identified by regional military administrations as littered with explosives and/or fortifications.

Environmental tax

From March 1, 2022 to December 31 of the year following the year in which was terminated the martial law and/or a state of emergency shall not be accrued or paid for taxable items, located in the territories where military activities take/took place or territories that were temporarily occupied.

Minimum tax liability

For 2022 and 2023 tax (reporting) years shall not be accrued and paid for land located in the territories where military activities take/took place, or in the territories that were temporarily occupied by the armed forces of the Russian Federation, and/or land, identified by regional military administrations as littered with explosives.

The list of territories where military activities take/took place, or territories that were temporarily occupied by the armed forces of the Russian Federation, determined by the Cabinet of Ministers of Ukraine.
**Immovable property tax**

**Residential real estate**

For 2022 and 2023 tax (reporting) years shall not be accrued and paid for real estate located in the territories where military activities take/took place, or in the territories that were temporarily occupied and real estate that became uninhabitable as a result of aggression of the armed forces of the Russian Federation.

**Nonresidential real estate**

From March 1, 2022 to December 31 of the year following the year in which was terminated the martial law and/or a state of emergency shall not be accrued or paid for the real estate, located in the territories where military activities take/took place or territories that were temporarily occupied.

Taxpayers - legal entities within six calendar months after the date of termination martial law have the right to submit an adjustment for the tax return, which reflects changes in tax liability for real estate tax for the tax period.

---

The list of territories where military activities take/took place, or territories that were temporarily occupied by the armed forces of the Russian Federation, determined by the Cabinet of Ministers of Ukraine.

The order of determination of the real estate as that became uninhabitable as a result of aggression of the armed forces of the Russian Federation, determined by the Cabinet of Ministers of Ukraine.
Contacts

Tatiana Stretovych, Head of Tax and Legal Department
T.: +380 (73) 337-82-07; e-mail: tatiana.stretovych@bakertilly.ua

Irina Panfilova, Tax manager
Тел.: +380 (73) 337-82-17; e-mail: irina.panfilova@bakertilly.ua
Contact us:

GLOBAL OFFICE
New Bridge Street House 30-34
London, EC4V 6BJ
United Kingdom
T: + 44 (0) 20 3882 2000
F: + 44 (0) 20 3725 9890

CENTRAL OFFICE
28 Fizkultury St.,
Kyiv, 03150
Ukraine
T: + 380 (44) 284 18 65
F: + 380 (44) 284 18 66

SOUTH OFFICE
39/1 Uspenska St.,
Odesa, 65014
Ukraine
T: + 380 (48) 734 71 83
F: + 380 (48) 734 71 83

EAST OFFICE
160 Soborniy Ave.,
Zaporizhzhya, 69005
Ukraine
T: + 380 (61) 220 23 82
F: + 380 (61) 220 23 82

ACCOUNTING SERVICES
36 D E.Konovaltsa St.,
Kyiv, 01133
Ukraine
T: + 380 (44) 237 78 07
F: + 380 (44) 237 78 06

Baker Tilly Ukraine LLP trading as Baker Tilly is a member of the global network of Baker Tilly International Ltd., the members of which are separate and independent legal entities.