

# Year in review 2023

ARZINGER 20 YEARS

## Tax/ Deals and international taxation

### Legislative changes in 2023:

#### TAXATION OF BANKS' PROFIT



- An income tax rate of 50% was established for the purposes of taxation of banks' profits for 2023.
- For the purposes of banks' profit taxation (including the adjusted profit of banks' CFCs), the standard income tax rate has been increased from 18% to 25%. The new rate applies from 2024.

#### TAX AUDITS



The moratorium on tax audits has been lifted.

#### REPEAL OF BENEFITS



Some of the benefits introduced during martial law have been cancelled, namely:

- A privileged 2%-income tax regime has been cancelled.
- Benefits for some income taxpayers (1st and 2nd groups) have been cancelled.
- Fines for failure to use cash registers have been reinstated.
- Scheduled documentary tax audits have been reinstated, subject to some exceptions.

#### CRS



The requirements have been established for banks and other financial institutions to carry out proper due diligence of financial accounts and submit to the tax authorities information about financial accounts whose holders are tax residents of other jurisdictions treated as information exchange partners of Ukraine for the CRS purposes.

#### E-RESIDENCE



New rights and opportunities for foreigners have been introduced, namely:

- to register as a sole proprietor (that is, to receive a status of e-residents);
- to open bank accounts in Ukrainian banks and carry on business activity without staying in the territory of Ukraine.

The following tax rates will apply to income of e-residents:

- **5%** – within the statutory threshold: UAH 8,285,700 (for 2024);
- **15%** – in case of exceeding the threshold.

#### TAX BENEFITS FOR UAVS



- During the period of martial law, the importation of components for the repair of unmanned aerial vehicles (UAVs) is subject VAT and import duties exemption.
- Surveillance devices (digital monoculars and binoculars equipped with television cameras, rangefinders, and anti-drone guns intended for the Armed Forces of Ukraine and other armed forces are subject to VAT and import duties exemption.

#### EXEMPTION FROM PAYMENT OF LAND FEES AND REAL ESTATE TAX



- **Specific features of land tax (land tax and/or rent) for land plots that:**
  - are in conservation;
  - contaminated with explosive objects;
  - unsuitable for use due to the potential threat of their contamination by explosive objects;
- No land tax, rent tax or privileged single tax applicable to the qualified taxpayers (the 4th group) is charged on land plots contaminated with explosive objects.

### Expectations for 2024:



From January 1, 2024, the income tax rate for banks is increased from 18% to 25%.



The State Tax Service has approved a **list of taxpayers** that should undergo tax audits in 2024.



A **fine** for failure to submit a report on reportable accounts by a financial agent is set in the amount of 100 minimum wages established by law on January 1 of the reporting (tax) year.



A **fine** for violation by financial agents of the requirements regarding the storage of documents and information within a statutory period regarding financial accounts, is set in the amount of one minimum wage, established by law on January 1 of the reporting (tax) year.