

Tax & Legal News

President of Ukraine declares strengthening anti-BEPS legislation and intention to join CRS-jurisdictions

On 28 April 2016 the President of Ukraine signed the Decree calling for development of legislative changes for counteracting base erosion and profit shifting (BEPS) in Ukraine and tax-transparency measures.

Strengthening anti-BEPS legislation

By the Decree the President established a working group for elaboration of legislation aimed at counteracting BEPS practices in Ukraine to be led by the Chairman of the Parliament's Committee for the Tax and Customs Policy. It is expected that representatives of non-governmental organizations, including professional associations, will join the working group.

To remind, BEPS refers to tax planning that makes use of gaps in the interaction of different tax systems to artificially reduce taxable income or shift profits to low-tax jurisdictions. Please follow this *link* for more details.

By 10 June 2016 the working group should, following OECD anti-BEPS initiatives, elaborate draft amendments to the Ukrainian laws to:

- ▶ improve transfer pricing control rules and anti-BEPS measures;
- ▶ introduce controlled foreign companies rules;
- ▶ counteract aggressive tax planning activities;
- ▶ liberalize currency control legislation of Ukraine.

Contacts at EY

Vladimir Kotenko
тел.: +380 (44) 490 3006
Vladimir.Kotenko@ua.ey.com

Igor Chufarov
+380 (44) 492 8231
Igor.Chufarov@ua.ey.com

Olga Gorbanovskaya
Tel: +380 (44) 490 3022
Olga.Gorbanovskaya@ua.ey.com

Albert Sych
+380 (44) 499 2011
Albert.Sych@ua.ey.com

Automatic exchange of financial account information

According to the President's Decree, the Government should promptly take necessary steps in order for Ukraine to join automatic exchange of the financial account information with other jurisdictions based on the OECD common reporting standard (CRS).

To remind, Ukraine is a party to the Convention on Mutual Administrative Assistance in Tax Matters, which implies three types of information exchange, i.e. exchange upon request, automatic and spontaneous exchange of information.

Automatic exchange entails regular exchange of financial account

information about the residents of participating jurisdictions between the competent authorities of such jurisdictions.

Financial account information includes name of the bank account holder as well as information about income gained from bank deposits, dividends and capital gains etc.

The interested countries have to enter into bilateral or multilateral competent authorities agreements for implementing automatic information exchange.

We will continue to monitor amendments and inform you of developments in tax legislation.

EY | Assurance | Tax | Transactions | Advisory

About EY

EY is a global leader in assurance, tax, transaction and advisory services. The insights and quality services we deliver help build trust and confidence in the capital markets and in economies the world over. We develop outstanding leaders who team to deliver on our promises to all of our stakeholders. In so doing, we play a critical role in building a better working world for our people, for our clients and for our communities.

EY works together with companies across the CIS and assists them in realizing their business goals. 4,500 professionals work at 20 CIS offices (in Moscow, St. Petersburg, Novosibirsk, Ekaterinburg, Kazan, Krasnodar, Togliatti, Vladivostok, Yuzhno-Sakhalinsk, Rostov-on-Don, Almaty, Astana, Atyrau, Bishkek, Baku, Kyiv, Tashkent, Tbilisi, Yerevan, and Minsk).

EY refers to the global organization, and may refer to one or more, of the member firms of Ernst & Young Global Limited, each of which is a separate legal entity. Ernst & Young Global Limited, a UK company limited by guarantee, does not provide services to clients. For more information about our organization, please visit ey.com.



This material has been prepared for general informational purposes only and is not intended to be relied upon as accounting, tax, or other professional advice. Please refer to your advisors for specific advice.

© 2016 Ernst & Young LLC

All Rights Reserved.

Contacts

Kyiv
+380 (44) 490 3000