

People Advisory Services News

On November 2015, two orders of the Ministry of Finance of Ukraine, that concern taxation of individual personal income came into force: effective 6 November 2015 – Order #841 “On approval of the form of the Report on the use of funds granted for a business trip or on account, and its preparation procedure” (hereinafter – Order #841) and effective 17 November 2015 – Order #859 “On approval of the form of the personal income tax return and Instruction on how to fill it out” (hereinafter – Order #859). Below we will analyze the main changes to the respective reporting.

Order #841 brought the form and the way of filling the report on the use of funds granted for a business trip or on account in line with the current provisions of the tax law of Ukraine.

In particular, technical changes to the way of tax calculation arising from the excessively spent funds that were not returned by the deadline set for their return were introduced. Under these changes:

- ▶ It is regulatory fixed that the index according to p. 164.5 of art. 164 of the Tax Code of Ukraine should be used when calculating the unreturned sum
- ▶ The marginal tax rate applicable to an individual’s personal income was changed from 17 % to 20 % (which came into force 1 January 2015)

Moreover, Order #841 amended the form of the Report on the use of funds granted for a business trip or on account, namely, the field “Signature” was added to the section “Receipt”.

Order #859 amended the form of the personal income tax return (hereinafter – the tax return), and subsequently, the Instruction on how to fill it out.

One of the main changes in the amended tax return is the introduction of the military levy into it and its respective addendums. Also, in order to simplify the tax return form, the amount of addendums was reduced from seven to four. At the same time, a big scope of information, which used to be in the addendums, was transferred directly to the tax return form:

- ▶ The clause “Information on the person authorized to fill the tax return form” was added. At the same time, the amount of information required previously was significantly reduced (previously – Addendum 1)
- ▶ The information on the exercise of the tax discount right was added (previously – Addendum 6)

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Order #859 also introduced the following changes:

- ▶ The scope of information on the personal movable and immovable property was slightly expanded. Meanwhile, Addendum 2 was removed
- ▶ Addendum F4 "On calculation of tax liabilities arising from the personal income tax and the military levy from the income received by a self-employed person" was developed. Now, this addendum includes not only income arising from private entrepreneurship, but also from independent professional activities

Moreover, some technical updates for simplification of the procedure of filling the tax return and bringing it in line with the provisions of the tax law of Ukraine were made.

Should you have any questions about any of the issues raised in this newsletter, please give us a call or send us an email and we will gladly consider your concerns promptly.

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