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Tax and Legal Newsletter

Ministry of Justice of Ukraine registered Ministry of Finance's order on new form of Report on Controlled Transactions

Taxpayers should have functional and economic analysis done in order to fill in all the columns of the new Report on Controlled Transactions (the Report) template.

The Order of the Ministry of Finance of Ukraine dated 18 January 2016 No.8 "Regarding the adoption of the form and the Procedure of preparation of the Report on Controlled Transactions" (state registry number 187/28317) (the Order), enacts the renewed form of the Report on Controlled transactions. The order was sent for registration on 20 January and registered on 4 February 2016 and will come into force on the date of its official publication.

By information on the website of official bulletin Visnyk of Ukraine, the Order will be published on 4 March 2016 in issue No 16.

What's New?

The actual numerical value of the profit-loss indicator (PLI) (new entry in Annex to the Report regarding information about the controlled transactions).

In case the taxpayer applies resale price, cost plus or TNMM, column 22 should contain information on what PLI was calculated under one of these methods, and column 23 should have its calculated numerical value.

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New possibilities to group controlled transactions

The Report gives taxpayers the opportunity to group information regarding several controlled transactions, if:

- Resale price, cost plus, TNMM or profit split was applied for analysis
- Data on the group of these transactions has the same information in terms of: name of transaction, type, description, UKT ZED code, service code according to Classification of foreign economic activity services, side of transaction, country of origin, Incoterms, transfer pricing method and PLI.

With that, within column 5, UKT ZED code, is possible to be disclosed to the level of goods sub-heading (6 symbols).

It is worth mentioning that the alternative grouping method will require the taxpayer to calculate actual profit-loss indicator value separately for each of these groups of transactions. That approach may turn out to be opposite to the chosen grouping methodology applied in transfer pricing documentation.

At the same time, the general grouping approach remains unchanged from previous periods.

Total value of transactions

The sum in column 20, Total value of transactions, is disclosed net of any indirect taxes (whereas previously it was disclosed only net of VAT).

Excluded Columns

The following columns were deleted: Code according to State classification of goods and services, Source of information on regular price, Exchange rate. In turn, the final data on value of transactions is to be filled in accordance with bookkeeping data.

Other changes

Columns on transactions with related parties-residents of Ukraine were excluded, filling procedure was changed accordingly, and procedures on some columns contain more precise information, as regard to the previous version.

We will continue monitoring developments and will inform you of further changes in tax legislation.



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