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# COVID-19 SUPPORT MEASURES – UKRAINE

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The quarantine regime associated with spreading Covid-19 has been introduced throughout Ukraine until December 31, 2020.

From 1 August, 2020 till 31 December 2020, depending on the level of epidemic risk of spreading COVID-19, the region or individual administrative units of Ukraine are marked with green, yellow, orange or red level of danger of spreading Covid-19 and appropriate restrictive anti-epidemic measures are applied.

## **1. RELEASE OF LIABILITY AND PENALTIES**

### **1.1. COVID-19 AS A FORCE MAJEURE CIRCUMSTANCE**

On March 17, 2020, by amending the Law of Ukraine "On Chambers of Commerce and Industry of Ukraine" the list of circumstances that may be considered force majeure was supplemented, directly indicating such a circumstance quarantine introduced by the Cabinet of Ministers of Ukraine.

Despite the fore mentioned, the fact of quarantine will not automatically be considered force majeure, which allows not to fulfill its obligations under the contracts. The company referring to this circumstance must prove that the introduction of quarantine in Ukraine in its specific case meets certain criteria.

### **1.2. RELEASE OF PENALTIES**

Imposition of penalties are temporarily not applied for the following violations committed in the period from March 1, 2020 to the last calendar day of the month, which ends quarantine established by the Cabinet of Ministers of Ukraine throughout Ukraine in order to prevent the spread of COVID-19:

- late payment of the unified social tax;
- incomplete payment or late payment of the amount of the unified social tax simultaneously with the issuance of the amounts of payments for which the single contribution is accrued (advance payments);
- late submission of financial statements and tax reports provided by law to the tax authorities;
- violation of tax legislation. The penalty accrued for violations but not paid for this period is subject to write-off;
- late registration of tax invoices.

Release of penalties are not applied for the following violations of tax legislation:

- accrual, declaration and payment of VAT, excise, rent payments;
- violation of the requirements on accounting, production, circulation of ethyl alcohol, fuel, tobacco and alcohol;
- alienation of property that is in tax lien, without the consent of regulatory authorities;

- violation of the requirements for long-term life insurance contracts or insurance contracts within the framework of non-state pension provision, in particular supplementary pension insurance.

## **2. TAX MEASURES**

### **2.1. CORPORATE INCOME TAX**

In 2020, taxpayers are exempt from applying tax differences under certain provisions of the Tax Code of Ukraine on the amount of funds or value of goods provided free of charge to public associations, charitable organizations, relevant authorities, health care institutions in order to prevent the spread of COVID-19 in Ukraine. Law determines such goods and objects that can be given as charitable support.

### **2.2. PERSONAL INCOME TAX**

From April 2, 2020, personal income tax and military duty are not subject to income in the form of partial unemployment benefits for the period of quarantine established by the Cabinet of Ministers of Ukraine, which are provided by the employer in accordance with the Law of Ukraine "On Employment".

### **2.3. THE UNIFIED SOCIAL TAX**

For the period from March 1, 2020, natural persons being private entrepreneurs, persons engaged in independent professional activity (attorneys, auditors, accountants etc.), members of a farm are exempt from accrual and payment of the unified social tax for certain period.

For the time of quarantine, only natural persons-entrepreneurs are exempted from paying the unified social tax for themselves, but not for their employees. Accrual and payment of a single contribution for the later must be provided on a general basis.

### **2.4. VAT**

For the period from March 17, 2020 to the last calendar day of the month in which the quarantine established by the Cabinet of Ministers expires, the following transactions are exempt from VAT:

- importation into the customs territory of Ukraine of goods according to the special list approved by the Cabinet of Ministers of Ukraine;
- supply of goods within the customs territory of Ukraine according to the special list approved by the Cabinet of Ministers of Ukraine;
- goods necessary for the implementation of measures aimed to preventing the occurrence and spread, localization and elimination of outbreaks, epidemics and pandemics of COVID-19.

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## **2.5. LAND FEES AND REAL ESTATE TAX**

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Land tax and rent for land plots of state and communal property used in commercial activity shall not be accrued and paid within certain period of quarantine measures. Thus, there is a right to file a clarifying tax declaration to change the amount of tax.

Non-residential real estate owned by individuals or legal entities is not subject to tax on real estate other than land. Thus, there is a right to file a clarifying tax declaration to change the amount of tax.

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## **2.6. LOCAL TAXES**

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Powers of the local governments have been expanded in the area of administration of taxes and fees and are allowed to reduce the rates of the single tax, land tax, real estate tax, other than land, in respect of non-residential real estate owned by individuals or legal entities.

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## **2.7. FINANCIAL STATEMENTS**

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Legal entities, private entrepreneurs and natural persons are exempted from liability for late submission and disclosure of financial statements (including consolidated and audited reports). However, such statements shall be submitted and disclosed not later than within 90 calendar days from the day following the end of COVID-19 quarantine measures, but not later than on 31 December, 2020.

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## **2.8. TAX AUDIT**

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For the period from March 18, 2020 to the last calendar day of the month, in which the quarantine established by the Cabinet of Ministers of Ukraine ends a moratorium has been established on conducting documentary and factual tax inspections of legal entities and natural persons-private entrepreneurs.

However, the moratorium is not applied to documentary and factual tax audits on budget VAT refunds and factual audits on the requirements of legislation in the field of fuel, ethyl alcohol, alcoholic beverages and tobacco products.

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## **2.9. SUSPENSION OF THE PERIOD OF PRESCRIPTION**

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The period of prescription shall be suspended till the last calendar day of the month, in which the quarantine established by the Cabinet of Ministers ends, to the following tax matters:

- procedures for administrative appeals of the taxpayers' complaints (except for issues related to budget VAT refunds);
- consideration of complaints of payers of the unified social tax;
- provision of individual tax advice by the tax authorities in writing;
- provision of taxpayers' responses to requests from the tax authorities.

### **3. CORE LEGAL FRAMEWORK OF UKRAINE RELEVANT TO COVID-19**

Law No. 530-IX of March 17, 2020 "On Amendments to Certain Legislative Acts of Ukraine Aimed at Preventing the Occurrence and Spread of Coronavirus Disease (COVID-19)" – in effect from March 17, 2020;

Law No. 533-IX of March 17, 2020 "On Amendments to the Tax Code of Ukraine and Other Laws of Ukraine on Support of Taxpayers for the Period of Measures to Prevent the Occurrence and Spread of Coronavirus Disease (COVID-19)" - in effect from 18.03.2020;

Law No. 540-IX of 30.03.2020 "On Amendments to Certain Legislative Acts Aimed at Providing Additional Social and Economic Guarantees in Connection with the Spread of Coronavirus Disease (COVID-2019)" - in effect from 02.04.2020;

Law No. 591-IX of 13.05.2020 "On Amendments to the Tax Code of Ukraine and Other Laws of Ukraine Concerning Additional Support to Taxpayers for the Period of Measures Aimed at Preventing the Occurrence and Spread of Coronavirus Disease (COVID -19)" - in effect from 29.05.2020.