



# GMS Flash Alert



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## Ukraine - COVID-19: Relief for UST Taxpayers, Deadlines for Tax Returns and Payments

A new law in Ukraine is aimed at supporting individuals and businesses during the quarantine period, as it provides certain exemptions from tax in addition to other relief measures, such as an abatement in respect of specific penalties and interest, the temporary postponement of tax audits, and adjusted deadlines for tax return filings and tax payments.

Law No. 533-IX (*Draft Law No. 3220*), "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 the Coronavirus Disease (COVID-19)," ("the Law") came into force on 18 March 2020.<sup>1</sup>

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### WHY THIS MATTERS

The provisions contained in the Law are intended to help mitigate the economic and financial effects of the spread of COVID-19 in Ukraine and to provide relief to individuals, their employers, and the country's business enterprises as they come to grips with the changed situation in their daily lives, financial security, and business operations arising from the restrictions implemented to address the pandemic.

The amendments introduced by the Law should offer businesses opportunities to preserve their cash-flow, reduce anxiety about potential audits, and provide additional time to organise their tax affairs and meet their compliance obligations in this difficult period.

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### Abatement of Penalties and Interest for Tax Law Violations, Employers' Late Payment of Unified Social Tax

The Law exempts taxpayers from being assessed penalties and late payment interest for violations of the tax legislation that occur during 1 March to 31 May 2020, with any accrued but unpaid late payment interest for the period being subject to write-off.

However, penalties are still assessed if the violation is related to:

- the accrual, declaring, and payment of value-added tax (VAT), excise tax, or rent;
- the rules of accounting, production, and circulation of ethanol and fuel in excise warehouses which are applied on a general basis;
- the alienation of property held in tax lien without the consent of the controlling authority;
- the requirements for long-term life insurance contracts.

Additionally, employers are not subject to penalties or late payment interest for late payments of the Unified Social Tax (UST) or for the late submission of UST reports during the period of 1 March to 30 April 2020. The accrued but unpaid late payment interest for this period is subject to write-off.

## **Tax Relief: Non-residential Real Estate, UST, and Entrepreneurs**

The Law provides that the following relief measures are in effect from 1 March to April 30 2020:

- Non-residential real estate owned by individuals or legal entities is not subject to tax. The right to submit a tax return adjusting the tax amount is provided.
- Individual entrepreneurs, individuals involved in independent professional activities, and members of private farms are exempt from the calculation and payment of the UST for themselves.

## **Tax Audits: Revised Audit Schedule, Moratorium on Document Checks and Tax Inspections**

The Law also provides relief to taxpayers by postponing tax audits. Namely, the Law introduces a moratorium on documentary and actual tax inspections for the period from 18 March to 31 May 2020, except for audits of VAT refunds (Art. 78.1.8 of the Tax Code of Ukraine ), as well as a moratorium on documentary checks related to the proper assessment and payment of the UST for the period from 18 March to 18 May 2020. Taxpayers should take into account that the period of limitation (prescribed by Art. 102 of the TCU) is suspended for the same period.

Additionally, audits scheduled to begin during the 18 March to 31 May 2020 period per the 2020 schedule are postponed. The information about the updated tax audit schedule was announced on the State Tax Service of Ukraine's (STS) official website on 24 March 2020. Any tax audits that have already started are suspended until 31 May 2020.

Lastly, state authorities are prohibited from performing scheduled activities in the field of economic activity until 31 May 2020, even though there are exceptions for high-risk businesses enterprises, measures related to epidemic control, and requirements on State-regulated prices.

## **Tax Return Filing / Payment Deadlines for Individuals**

The Law also provides for the extension of the annual tax return filings for individuals until 1 July 2020. The deadline for payment of the tax owed, according to 2019 tax returns, was also extended until 1 October 2020.

## FOOTNOTE:

1 Про внесення змін до Податкового кодексу України та інших законів України щодо підтримки платників податків на період здійснення заходів, спрямованих на запо. Документ 533-IX, чинний, поточна редакція — Редакція від 02.04.2020, підстава - 540-IX.

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## KPMG LLP (U.S.) Is Hosting a Webcast on 30 April: “Employer Liquidity: Payroll Tax Deferrals & Employee Retention Credits”

30 April 2020, 2:00 PM (EDT, GMT -5)

KPMG LLP (KPMG) is pleased to invite you to a 60-minute webcast on the payroll tax deferral and employee retention credit. Professionals from the Compensation & Benefits group of the Washington National Tax practice as well as the Global Mobility Services and Accounting Methods & Credits Services practices will discuss:

- Key considerations and updates on payroll tax deferrals
- Recent guidance on the employee retention credit
- Implementation of these key provisions of the CARES Act
- Other related developments.

For more information and to register, click [here](#).

## Contact us

For additional information or assistance, please contact your local GMS or People Services professional or one of the following professionals with the KPMG International member firm in Ukraine:



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**The information contained in this newsletter was submitted by the KPMG International member firm in Ukraine.**

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