

Human Capital News

Ukrainian parliament keeps on changing the rules of individuals' taxation. Namely, starting from August 2014 the military levy is introduced and rules for personal passive income taxation are changed again.

Effective 1 August 2014, the new rules for personal passive income taxation came into force¹

As we have informed you earlier, effective 1 July 2014, new rules for personal passive income taxation came into force. We would like to remind you that introduction of the progressive tax rate of up to 25% was the main novelty of these rules. However, the changes lasted only during July and starting from 1 August 2014 the Law № 1588-VII took force and introduced the following rules to taxation of personal passive income:

Type of income	Rate	Tax payer	Tax return
Investment income	15/17%	Agent	Required
Royalty	15/17%	Agent	Not required
Interest ²	15%	Agent	Not required
Dividends	5%	Agent	Not required

Income received from outside of Ukraine will be subject to tax at 15/17% tax rates (except for the dividends, which will be taxed at 5%) and should always be declared in the tax payer's annual tax return.

¹ The Law of Ukraine "On introducing amendments to the Tax Code of Ukraine as well as to some other legal acts on the passive income" № 1588-VII dated 04.07.2014 (hereinafter the Law № 1588-VII)

² Banks will report only the amount of interest income accrued and taxes withheld without revealing the information on the tax payer and his/her bank accounts

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Effective 3rd August 2014 the military levy is introduced³

The Law № 1621-VII temporarily, till 1 January 2015, introduces the military levy for the needs of the Ukrainian army.

The levy will comprise a 1.5% charge from the Ukrainian salary and other similar compensations as well as from the gains in lotteries and gambles.

As of today the procedure of levy's application is not statutorily prescribed. We will continue to monitor the clarifications of the Ukrainian tax authorities in this respect and keep you updated.

If you wish to address us any questions in respect of this newsletter or to discuss how the new rules effect your personal compliance position, please give us a call or send an email and we will respond immediately.

³ The law of Ukraine "On introducing amendments to the Tax Code of Ukraine and some other legal acts of Ukraine" № 1621-VII dated 31.07.2014 (hereinafter – the Law № 1621-VII)



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