



Pharmaceutical Sector

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Volumes of pharmaceuticals and medical products the transactions with which are exempt from VAT during ATO are approved

The Resolution of the Cabinet of Ministers of Ukraine (hereafter - "CMU") No. 544-p of 27 May 2015 (hereafter - "Resolution") has become publicly available on the CMU's official web-site.

The Resolution approves the volumes of pharmaceuticals and medical products designated for use by health care institutions and by participants of anti-terrorist operation (hereafter - "ATO") the transactions with which (import into the customs territory of Ukraine and supply on the customs territory of Ukraine) are exempt from value added tax (hereafter - "Volumes").

This refers to pharmaceuticals allowed for production and use in Ukraine and included into the State Register of Pharmaceuticals, and to medical products on the CMU list,¹ which are used for providing medical treatment to individuals who experienced wounds, contusion or other harm to health during ATO period and/or during the period when the martial law was introduced.

The Volumes contain five names of the pharmaceuticals and eight names of the medical products, their measurement unit, quantity, registration certificate number (for pharmaceuticals) and code under Ukrainian Classificatory of Goods in Foreign Economic Activity (for medical products).

To remind, the provision of the Tax Code of Ukraine (hereafter - "TCU") that foresees exemption from value added tax (hereafter - "VAT") for the mentioned category of pharmaceuticals and medical products (item 3 of paragraph 32 of subsection 2 of Section XX "Transitional Provisions" of the

¹ The list of medical products the transactions with which (supply on the customs territory of Ukraine and import into the customs territory of Ukraine) are subject to 7% value added tax is approved by the CMU Resolution No. 410 of 3 September 2014.

TCU) took force on 23 July 2014 according to the Law of Ukraine No. 1561-VII of 1 July 2014 (hereafter – “Law”).

At the same time, before now practical application of mentioned exemption was not possible since the volumes of appropriate pharmaceuticals and medical products were not approved by the CMU.

Besides, it is worth noting that the Law also introduced VAT exemption for similar transactions with pharmaceuticals and medical products without state registration and permits for their import into the customs territory of Ukraine, according to the list and in the volumes approved by the CMU (item 4 of paragraph 32 of subsection 2 of section XX “Transitional Provisions” of the TCU). As of today the said list and volumes have not been approved by the CMU, and due to this exemption cannot be used in practice.

We will continue to monitor developments and will be happy to discuss with you any questions you may have.



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