



Ukraine

This guide covers only the taxation of digital services. If you sell goods, this guide does not apply.

From January 1, 2022, new rules regarding VAT taxation in the provision of digital products/services to individuals by non-resident enterprises are in force in Ukraine.

VAT Standard rate

The standard VAT rate in Ukraine in 2023 is 20%.

Threshold

Ukrainian legislation provides that non-residents should register as VAT payers in Ukraine if all of the following conditions are met:

- The foreign provider does not have a permanent presence in Ukraine;
- The non-resident provides digital products/services to individuals or private entrepreneurs (not VAT payers) in the customs territory of Ukraine;
- The sum of all the services provided for the year 2021 exceeds the amount equivalent to UAH 1,000,000.

Pieces of evidence

In order to establish the actual location of an individual – the recipient of services, the following information is taken into account:

If digital products/services are provided by means of fixed communication, the actual location of the natural person – recipient of services is considered to be the country of establishment of the fixed communication line (location of the telecommunications provider whose services were used by the recipient in the process of receiving digital services);

If digital products/services are provided by means of mobile (mobile) communications – the actual location of the individual – the recipient of services is the country identified by the mobile country code of the SIM card used when receiving such services;

If digital products/services are provided by means of communication other than those specified in this paragraph, including using an access card, the actual location of the individual – the recipient of services is considered to be the country in which such other means of communication are located or to which the card is sent access for its

use (including the location of the device, determined by its IP address, which was used by the recipient of the digital service).

Additional evidence for determining the location of an individual – the recipient of services, one of which is used simultaneously with one of the information specified in subparagraphs “a” – “c” of this paragraph, are:

Billing address of the natural person – recipient of services;
Bank details, in particular, the location of the bank account used to pay for digital services;
Other commercially sensitive information.

E-services list

Digital services – services provided via the Internet, automatically, with the help of information technology and mainly without human intervention, including by installing a special application or application on smartphones, tablets, television receivers, or other digital devices. These services include, but are not limited to:

Supply of digital copies, provision of access to images, texts, and information, including, but not limited to, subscription to digital newspapers, magazines, and books, provision of access and/or download of photographs, graphics, and video materials;

Providing access to databases, including the use of search engines and directory services on the Internet;

Supply of digital copies (digital information) and/or provision of access to audiovisual works, video and audio education on order, games, including the supply of services for participation in such games, supply of services for access to television programs (channels) or their packages, except for access to television programs simultaneously with their broadcast through a television network;

Providing access to information, commercial, entertainment digital resources, and other similar resources, in particular, but not exclusively, hosted on platforms for public access to information or video materials;

Supply of distance learning services on the Internet, the conduct and provision of which does not require human participation, including by providing access to virtual classrooms, educational resources in which students complete tasks online, and grades are set automatically, without human intervention (or with minimal involvement);

Provision of a cloud service in terms of providing computing resources, storage resources, or digital communication systems using cloud computing technologies;

Supply of software and updates to it, including digital copies, providing access to them, as well as remote maintenance of software and digital equipment;

Provision of PR services on the Internet, mobile applications, and other digital resources, and provision of advertising space, including by placing banner advertising messages on websites, web pages, or web portals. The list is not exhaustive.

Registration procedure

An application for registration as a taxpayer is submitted to the central executive body in digital form through a special portal. In addition to the application, it is necessary to provide an extract from the trade register and a tax certificate from the country's incorporation.

The application for registration as a taxpayer shall contain information on registration in the incorporation country, identification data of a non-resident, data of his representative, e-mail address, the reason for registration, information on exceeding the threshold, as well as the foreign currency (euro or US dollar) in which the foreign company/person will pay tax.

VAT returns filing

The only reporting that must be filed is a simplified VAT return (also submitted digitally) which files within 40 days after the end of each quarter. A special simplified declaration form has been created for non-residents providing digital services.

VAT payment

The amount of tax is payable within 30 days after the deadline for filing the VAT return. Taxpayer must calculate their tax obligations and pay the respective tax in USD or EUR. The non-resident will have the payment requisites and the forms of declaration the via tax portal.

There is no restriction concerning the account from which the taxes must be paid, so non-residents are free to pay taxes straight from their foreign bank accounts.

Penalty

As of 2023, the fine for refusing to register is UAH 195,000.



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