

The Government approved VAT installment procedure for import of equipment for own production needs

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The Government approved the VAT installment procedure for import of the equipment for own production needs. The resolution was approved for practical implementation of relevant provisions of Ukraine's Tax Code that allowed payment of VAT by installment regarding equipment classified under certain tariff codes of Ukraine's nomenclature.

Payment by installments may be provided by 1 January 2020 for the period not exceeding 24 calendar months under the taxpayer's application. The first VAT installment is to be payable during customs clearance of the equipment and the balance - monthly by equal installments. Interest, fine and penalties envisaged by the Tax Code, are not applied. Granting of an installment payment is subject to a decision of the customs office taken under approval of a commission set up by the head of the customs office. If VAT amount exceeds UAH 1M the decision should be agreed with the head of the State Fiscal Service.

To be eligible for installment payments the taxpayer must provide to customs the guarantees under Chapter X of the Customs Code of Ukraine or a bank guarantee. The resolution does not contain procedure of granting guarantees by mortgaging the equipment (as envisaged by the Tax Code).

In accordance with the Resolution of the Cabinet of Ministers of Ukraine "On Approval of VAT Installment Payment and Securing Payments upon Import into Ukraine of Equipment for own production needs" No. 85 dated 7 February 2018.

We will continue monitoring the developments and will inform you of further significant changes.

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