



The end of the year is always quite active. December is the time when everyone is running round like a headless chicken and trying to succeed with all the unfulfilled.

That's why we have decided to briefly summarize the most important (in our opinion) **tax changes**, which were adopted in the end of 2020.

We will also be happy to provide more details and discuss how these innovations affect your business. This will definitely help you to plan your 2021 better.

### CFC rules

- the rules for taxation of undistributed profit of foreign companies, controlled by residents of Ukraine, will be in force from **01.01.2022**
- the report for 2022 can be submitted in 2024 with the report for 2023
- **list of stock exchanges**, listing in which is the basis for tax exemption according to CFC rules, has been published (except for NYSE, LSE and Euronext, Cyprus, Warsaw, Malta and 43 other stock exchanges are eligible)

### Tax-free liquidation of foreign companies

- the exemption from personal income tax is possible in case if the liquidation has started not earlier than 01.01.2020 and finished not later than 31.12.2021, as well as the company shall be established not later than 23.05.2020
- the received from the **nominee owner** liquidation mass can also be exempt from tax now

### Registration of non-residents

- non-residents, who run business activity in Ukraine via place of management, affiliate, office, etc. (permanent establishment), shall be registered as taxpayers not later than **01.04.2021**
- otherwise, non-residents can be a subject of a mandatory registration as a result of a tax audit, which can be appointed from **01.07.2021**
- from 01.01.2021 permanent establishments have to calculate corporate income tax only with the **direct method** of taxable income determination
- the procedure for **informing of non-residents about registration as taxpayers** is adopted (if the message cannot be delivered to a permanent establishment/authorized representative/non-resident, it should be sent to the competent public authority of the country, in which the non-resident is registered, with a request to deliver it over to the non-resident)

### Budget grants (relevant for startups, applying to USF)

- the financial result can be reduced by the amount of the budget grant and increased by the amount of expenses, spent on complying with terms for a grant obtaining
- a budget grant is not taxed and is not included in the taxable income of the personal income taxpayer and in the income of a person-entrepreneur
- in case of grant conditions violation, the budget grant is to be taxed

### Principal purpose test

- the rules of the principal purpose test will come into force from **01.01.2022** and are also significantly limited (to controlled transactions, transactions with non-residents from offshore lists, royalties to non-residents)

### Constructive dividends

- constructive dividend rules have **entered into force**
- dividends are the amount of excess or understatement in controlled transactions with certain non-residents and payments to non-resident shareholders in connection with a decrease in the authorized capital or their exit

In case of any questions – feel free to contact us! We will be happy to help!  
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