

Report name	Issued recommendations	Execution status
Systemic report "How business can seek execution of court decisions in Ukraine"	<p>To amend internal regulations and to take appropriate organizational steps in order to indicate a responsible department with functions of:</p> <ul style="list-style-type: none"> <li>(1) monitoring court decisions to be executed,</li> <li>(2) monitoring the process of such decisions execution and</li> <li>(3) preparation of regular public reports on the implementation, as well as on problematic issues creating obstacles to proper court decisions execution.</li> </ul> <p>State Tax Service of Ukraine State Customs Service</p>	Not started - new recommendation
	<p>To adjust the administrative practice, when applying certain legislation, with regard to the case-law on similar issues. This should provide not only for formal monitoring, but also for a real change in the law application practice of a state body. In particular, to amend the regulations related to the administrative appeal procedure and to oblige the authorities to add a brief overview of the relevant court practice in the text of each decision made as a result of the administrative appeal procedure and/or to make the decision in line with the court practice or to provide relevant reasoning for deviations from it. The criterion for changing law application practice may be a significant change in the results of court proceedings (up to the rate of decision-making to satisfy the claim of business entities to the state body no more than 40% in the respective categories of cases) or a significant reduction in the total number of lawsuits (mutatis mutandis/in other conditions being equal).</p> <p>State Tax Service of Ukraine State Customs Service</p>	Not started - new recommendation
	<p>To amend the Procedure for organizing the work of State Tax Service of Ukraine authorities during preparation and support of cases in courts, approved with the State Tax Service of Ukraine Order dated 17.10.2019 No. 124, and/or other applicable regulations, according to which:</p> <ul style="list-style-type: none"> <li>• to ensure the possibility of making a decision on appealing/not appealing against a court decision within the appeal/cassation appeal terms;</li> <li>• to set criteria for simplifying a decision on further judicial appeal ineffectiveness, in particular: when (1) the administrative court of first instance ruled in favor of the taxpayer, (2) such a decision was upheld by the court of appeal and (3) the dispute financial result is insignificant for the budget (for example, up to UAH 100,000) - the tax authority will recognize such a decision and will not appeal it in cassation, except when decisions are contrary to the practice of the Supreme Court/Supreme Court of Ukraine in similar cases.</li> </ul> <p>State Tax Service of Ukraine</p>	Not started - new recommendation
Systemic report "Administering taxes paid by business"	<p>The Ministry of Finance of Ukraine and the State Tax Service of Ukraine - to develop and submit for approval, while the Cabinet of Ministers of Ukraine - to approve (i) draft amendments to the Procedure for Maintaining the Unified Register of Tax Invoices, approved by the Cabinet of Ministers of Ukraine Resolution, dated December 29, 2010 No. 1246; or (ii) a separate legislative act governing practical implementation of the rule set forth in paragraph 13 of Clause 201.10 of Article 201 of the TCU. Such amendments should introduce procedure enabling taxpayers to approach tax authority with the statement/application that TI/AC lodged for registration was not processed in the due time and enclose relevant evidence thereto. Having reviewed such statement/application, tax authority should, within reasonable time, issue a conclusion, constituting ground for making corrections with the URTI (so that the date when TI was proved to have been lodged for registration would be specified as the date of its actual registration).</p> <p>Cabinet of Ministers of Ukraine State Tax Service of Ukraine Ministry of Finance</p>	In process
	<p>The Ministry of Finance of Ukraine and the State Tax Service of Ukraine - if necessary, to develop and submit to the Cabinet of Ministers of Ukraine, and the Cabinet of Ministers of Ukraine - to submit to the Verkhovna Rada of Ukraine the Draft law of Ukraine introducing amendments to paragraph 73 of subsection 2 of section XX "Transitional Provisions" of the TCU, by replacing in the first paragraph and in the second paragraph words and figures "prior to December 31, 2019" with words "prior to entry into force of the Law of Ukraine" On Introducing Amendments to the Tax Code Ukraine Aimed at Improving Tax Administration and Elimination of Technical and Logical Inconsistencies in Tax Legislation".</p> <p>Cabinet of Ministers of Ukraine State Tax Service of Ukraine Ministry of Finance</p>	Implemented

Report name	Issued recommendations	Execution status
	<p>To issue a new official explanation to withdraw the previous ones and advise taxpayers and tax authorities that the current wording of Article 120-1 of the TCU does not allow imposing penalties for breach of registration deadline or failure to register ACs containing negative VAT amount with the URTI since the basis for the penalty is a negative amount.</p> <p>State Tax Service of Ukraine Ministry of Finance</p>	In process
	<p>The Ministry of Finance of Ukraine and/or the State Tax Service of Ukraine - if necessary, to develop and submit to the Cabinet of Ministers of Ukraine, and the Cabinet of Ministers of Ukraine – to submit to the Verkhovna Rada of Ukraine the Draft law of Ukraine introducing amendments to Article 120-1 of the TCU providing that, while determining basis for imposing the fine, an absolute value (module) of the amount of VAT in the TI/AC shall be employed.</p> <p>Cabinet of Ministers of Ukraine State Tax Service of Ukraine Ministry of Finance</p>	In process
	<p>The Ministry of Finance of Ukraine and the State Tax Service of Ukraine - to develop and submit for the approval of the Cabinet of Ministers of Ukraine, while the Cabinet of Ministers of Ukraine – to submit to the Verkhovna Rada of Ukraine the Draft law of Ukraine introducing amendments to Article 120-1 of the TCU. Such amendments should provide that if taxpayer is subjected to penalty (financial sanction) foreseen by Article 123 of the TCU due to accrual by tax authority of VAT liabilities or reduction of the amount of VAT refund due under particular transaction related to supply of goods/services – penalties provided for in paragraph two of this paragraph and clause 120-1.1 of this Article shall not apply to such a taxpayer. Alternatively, amendments may be introduced to clause 201.10 of Article 201 of the TCU, where a special period for registration of TI / AC in case of accrual of VAT liability by tax authority could be specified, starting from the date when the respective VAT obligation acquires “agreed” status.</p> <p>Cabinet of Ministers of Ukraine State Tax Service of Ukraine Ministry of Finance</p>	In process
	<p>To undertake all required measures (including organizational and technical), which will ensure restoring SEA VAT indicators of those VAT payers whose registration had been annulled and subsequently renewed, without the need for the taxpayers to go to courts requesting restoration of such indicators. If it is necessary to implement foregoing recommendations - to develop and submit to the Cabinet of Ministers of Ukraine, while the Cabinet of Ministers of Ukraine – to approve draft amendments to the Procedure No.569 and/or other delegated legislative acts.</p> <p>Cabinet of Ministers of Ukraine State Tax Service of Ukraine Ministry of Finance</p>	Implemented
	<p>To undertake all required measures (including organizational and technical), which will ensure transferring SEA VAT indicators from one VAT payer to another in case of corporate reorganization, without the need for taxpayers to go to courts requesting transfer of such indicators. If it is necessary to implement foregoing recommendations - to develop and submit to the Cabinet of Ministers of Ukraine, while the Cabinet of Ministers of Ukraine – to approve draft amendments to the Procedure No.569 and/or other delegated legislative acts.</p> <p>Cabinet of Ministers of Ukraine State Tax Service of Ukraine Ministry of Finance</p>	In process
	<p>To undertake all required measures (including organizational and technical), which will ensure Saving SEA VAT indicators in case of closure and opening new e-account in the SEA VAT (except for certain cases when such indicators should not be saved, if such cases are clearly stipulated by the law). If it is necessary to implement foregoing recommendations - to develop and submit to the Cabinet of Ministers of Ukraine, while the Cabinet of Ministers of Ukraine – to approve draft amendments to the Procedure No.569 and/or other delegated legislative acts.</p> <p>Cabinet of Ministers of Ukraine State Tax Service of Ukraine Ministry of Finance</p>	In process

Report name	Issued recommendations	Execution status
	<p>To undertake all required measures (including organizational and technical), which will ensure Implementing court decisions obliging STS/SFS (their regional bodies) to adjust the registration limit and/or other indicators of VAT payers in the SEA. The STS should be able to promptly correct indicators in the SEA manually, based on an internal document (order, the working group conclusion, etc.) issued by respective officials. The implementation of court decisions should be ensured within a reasonable time-limit upon their entry into force (within the period not exceeding 1 month), provided that the court decision was sent by the court to the STS/SFS (its regional authority) or handed over to their representative.</p> <p>If it is necessary to implement foregoing recommendations - to develop and submit to the Cabinet of Ministers of Ukraine, while the Cabinet of Ministers of Ukraine - to approve draft amendments to the Procedure No.569 and/or other delegated legislative acts.</p> <p>Cabinet of Ministers of Ukraine State Tax Service of Ukraine Ministry of Finance</p>	In process
	<p>To undertake all required measures (including organizational and technical), which will ensure implementation of court decisions obliging to release VAT payers' registration limits or funds on e-accounts in the SEA. Such court decisions should be implemented within a reasonable period of time upon their entry into force (not exceeding 10 calendar days), provided the court decision was sent to the STS/SFS (its regional authority) or handed over to its representative.</p> <p>If it is necessary to implement foregoing recommendations - to develop and submit to the Cabinet of Ministers of Ukraine, while the Cabinet of Ministers of Ukraine - to approve draft amendments to the Procedure No.569 and/or other delegated legislative acts.</p> <p>Cabinet of Ministers of Ukraine State Tax Service of Ukraine Ministry of Finance</p>	In process
	<p>To issue a letter of explanation binding for all regional tax authorities (or other similar document, such as methodological guidelines, internal procedure of the STS, etc.), and/or, if necessary, to develop and submit for approval to the Cabinet of Ministers of Ukraine (while the Cabinet of Ministers of Ukraine - to approve) a package of amendments to the Procedure No. 1165 to refine and specify list of instances, when taxpayers should be qualified as those which match clause 8 of taxpayers' risk criteria set forth in Annex 1 to the Procedure No.1165 (in particular, it should be specified that this clause can be used only in case of signs of sham business transactions in regard of which a taxpayer issued TIs/ACs to buyers - VAT payers, thus enabling the latter to form a VAT tax credit at the expense of probably "sham" VAT or transfer an allegedly "sham" VAT to third parties)</p> <p>Cabinet of Ministers of Ukraine State Tax Service of Ukraine Ministry of Finance</p>	In process
	<p>To issue a letter of explanation binding for all regional tax authorities (or other similar document, such as methodological guidelines, internal procedure of the STS, etc.), and/or, if necessary, to develop and submit for approval to the Cabinet of Ministers of Ukraine (while the Cabinet of Ministers of Ukraine - to approve) a package of amendments to the Procedure No. 1165 to Establish minimal standards of substantiation (justification) of decisions evidencing adherence of a taxpayer to risk criteria. It should be clearly stated that such decisions must include at least the following information: - exact sources of tax information used; - what business transactions are risky, with indication of names of counterparties and their Tax IDs; types of business transactions; codes of types of goods or services; - reference to specific signs evidencing risky nature of such business transactions.</p> <p>Cabinet of Ministers of Ukraine State Tax Service of Ukraine Ministry of Finance</p>	In process
	<p>To issue a letter of explanation binding for all regional tax authorities (or other similar document, such as methodological guidelines, internal procedure of the STS, etc.), and/or, if necessary, to develop and submit for approval to the Cabinet of Ministers of Ukraine (while the Cabinet of Ministers of Ukraine - to approve) a package of amendments to the Procedure No. 1165 to determine that decisions of regional level commissions on adherence to risk criteria and on rejection of taxpayers' data tables can be appealed by taxpayers with the STS in accordance with Article 56 of the TCU, and such appeals should be considered under the Procedure No.916, unless a special procedure of their consideration is established by law.</p> <p>Cabinet of Ministers of Ukraine State Tax Service of Ukraine Ministry of Finance</p>	In process

Report name	Issued recommendations	Execution status
	<p>To develop and submit to the Cabinet of Ministers of Ukraine, while the Cabinet of Ministers of Ukraine - to submit to the Verkhovna Rada of Ukraine the Draft Law of Ukraine introducing amendments to Clause 56.23 of Article 56 of the TCU to directly foresee the possibility of appeal of decisions on adherence with risk criteria and on rejection of taxpayers' data tables in accordance with the procedure set forth in that Clause. After introduction of such amendments to the TCU, - the Procedure No. 1165 should be amended accordingly.</p> <p>Cabinet of Ministers of Ukraine State Tax Service of Ukraine Ministry of Finance</p>	In process
	<p>To develop and submit for approval to the Cabinet of Ministers of Ukraine, while the Cabinet of Ministers of Ukraine - to approve draft amendments to the Procedure No. 1165 and/or Procedure No. 1246, which would introduce a deadline within which suspended TI/AC must be registered with the URTI in accordance with the court decision. Such a term should be reasonable (to allow the STS to ensure its strict following) and should not exceed 15 calendar days from the date when the court decision enters into force. After such amendments entered into force, all episodes of missing the specified deadline shall be the basis for carrying out official internal investigations by the STS and bringing guilty persons to liability.</p> <p>Cabinet of Ministers of Ukraine State Tax Service of Ukraine Ministry of Finance</p>	In process
	<p>To develop and submit to the Cabinet of Ministers of Ukraine, while the Cabinet of Ministers of Ukraine - to submit to the Verkhovna Rada of Ukraine the Draft Law of Ukraine introducing amendments to the TCU, which will vest the taxpayer with the right to receive from the State Budget of Ukraine interests at a rate equal to 120% of the discount rate of the NBU, established at the time of accrual of interests, for the entire period during which such a taxpayer was unlawfully deprived of a right to form VAT tax credit or reduce its VAT tax liabilities, and to have the amount of its registration limit in the SEA VAT increased accordingly, due to illicit refusal to register suspended TI/AC with the URTI. Interests should be accrued from the date of entry into force of the decision of the relevant Commission on refusal in registration of TI/AC till the day when TI/AC is actually registered with the URTI on the basis of a court decision.</p> <p>Cabinet of Ministers of Ukraine State Tax Service of Ukraine Ministry of Finance</p>	In process
	<p>To prepare a summary of court practice of the ACC/SC in this category of cases, which would describe legal and factual reasons why regional level commissions' decisions on refusal to register suspended TIs/ACs are usually recognized by courts as unlawful and cancelled.</p> <p>State Tax Service of Ukraine</p>	In process
	<p>To develop and publish the Action Plan to address widespread (systemic) grounds for which numerous illegal decisions are made by regional level commissions subsequently cancelled by courts. Such action plan may include: 18.1. measures aimed at improving regional and central level commissions effectiveness (more substantiated reasoning of decisions, etc.); 18.2. measures aimed at improving the quality of representation of tax authorities in courts in such cases; 18.3. initiating amendments to legislative provisions, which are vague, inconsistent, or ambiguous.</p> <p>State Tax Service of Ukraine</p>	In process
	<p>Revoke the SFS's letter dated November 29, 2019, No. 35/99-99-11-04-04-18, the letter of the Ministry of Finance dated November 8, 2017, No.11310-09-10/30469 and other similar explanatory and informational documents denying principle of "indisputability" of the VAT tax credit confirmed by TIs/ACs registered with the URTI during the period of SMKOR's functioning.</p> <p>Issue a new explanatory letter - and introduce amendments to respective sources of secondary legislation and internal rules and regulations of the STS (including the Procedure No. 543 or a more recent equivalent) - to expressly acknowledge that the taxpayer's VAT tax credit confirmed by the TI/AC registered with the URTI during the period of the SMKOR's functioning cannot be reduced based on tax audit's findings.</p> <p>State Tax Service of Ukraine Ministry of Finance</p>	In process
	<p>To develop and submit to the Cabinet of Ministers of Ukraine, while the Cabinet of Ministers of Ukraine - to submit to the Verkhovna Rada of Ukraine the Draft Law of Ukraine on introducing amendments to the TCU, which would establish that the amount of VAT tax credit confirmed by TIs/ACs registered with the URTI during the period of validity of para 201.16 of the TCU - cannot be reduced by tax authority based on tax audit findings, with exceptions directly stipulated by the TCU (which, if stipulated, may include the case of discovering a criminal offence committed by persons involved in the preparation, registration or receipt of such TI/ACs, as well as the preparation of primary documents confirming business transactions to which such TI/ACs relate).</p> <p>Cabinet of Ministers of Ukraine State Tax Service of Ukraine Ministry of Finance</p>	In process

Report name	Issued recommendations	Execution status
	<p>To complete filling the Temporary Register of Applications for VAT Amounts Refund submitted prior to February 1, 2016 in whose regard as at 1 January 2017 the VAT has not been refunded;</p> <p>To ensure including expenditures necessary to refund foregoing amounts of VAT to the draft State Budget of Ukraine for 2021 (and, if necessary - in the subsequent years) to be submitted to the Cabinet of Ministers of Ukraine (while the Cabinet of Ministers of Ukraine - to ensure preservation of such expenditures in the version of the draft State Budget of Ukraine submitted to the Verkhovna Rada of Ukraine).</p> <p>Cabinet of Ministers of Ukraine State Tax Service of Ukraine Ministry of Finance</p>	Not started
	<p>To ensure adjustment of technical settings of ITS "Tax Block" (and other automated systems) to ensure that information on amounts of VAT refund agreed by results of adjudication is entered into with the VAT Refund Register immediately after entry into force of the relevant court decision, regardless of the cassation process (except cases where the court of cassation by its ruling suspended the effect or enforcement of the court decision).</p> <p>State Tax Service of Ukraine Ministry of Finance</p>	In process
	<p>To develop amendments to the USC Law (as well as Instruction No.449 and Procedure No. 435 in the respective part), aimed at ensuring practical possibility of writing off arrears amount under the unified social contribution, as well as penalties and fines accrued on it, to individual entrepreneurs who, as at the date of the Law No.592 entry into force included information about themselves in the USR and made an entry on activity termination (i.e. took separate actions established by paragraph 9-15 of Section VIII "Final and Transitional Provisions" of the USC Law, but as at the date of Law No.592 entry into force have pending arrears under the USC emerged in the period from January 1, 2017, to the date of registration of their activity termination).</p> <p>State Tax Service of Ukraine Ministry of Finance</p>	Implemented
	<p>To develop amendments to the USC Law (as well as Instruction No.449 and Procedure No. 435 in the respective part), aimed at abolition of legal grounds for accrual by the tax authority of the single contribution for June-August 2020 to persons who used the mechanism established by the paragraph 9-15 of Section VIII "Final and Transitional Provisions" of the USC Law, and received a positive decision on full or partial write-off regarding the USC arrears, accrued since January 1, 2017, as well as the relevant fines and penalties</p> <p>State Tax Service of Ukraine Ministry of Finance</p>	Implemented
	<p>To develop amendments to the USC Law (as well as Instruction No.449 and Procedure No. 435 in the respective part), aimed at establishing legal consequences of delaying by the supervisory authority the time for issuing notices for payment of debt (arrears) as well as decisions on penalties and accrual of fines for non-payment (non-transfer) or late payment (late transfer) of a unified social contribution</p> <p>State Tax Service of Ukraine Ministry of Finance</p>	In process
	<p>To develop amendments to the USC Law (as well as Instruction No.449 and Procedure No. 435 in the respective part), aimed at establishing legal consequences of delaying by the supervisory authority the time for issuing notices for payment of debt (arrears) as well as decisions on penalties and accrual of fines for non-payment (non-transfer) or late payment (late transfer) of a unified social contribution</p> <p>State Tax Service of Ukraine Ministry of Finance</p>	Not started
	<p>To conduct a comprehensive awareness campaign about provisions of the Law No.592 for business entities that were established and registered before July 1, 2004, but information about which was not included in the USR.</p> <p>State Tax Service of Ukraine</p>	Implemented
	<p>To adjust USC arrears amounts accrued from April 14, 2014, to February 13, 2020, to taxpayers registered with tax authorities located in the territory of the ATO/JFO</p> <p>State Tax Service of Ukraine</p>	In process
	<p>To ensure consistence of the procedure for reviewing appeals of business entities against TNDs on PIT and related notices for payment of debt (arrears) under the USC through simultaneous review of such appeals materials and sound administrative appeal outcomes in this part</p> <p>State Tax Service of Ukraine</p>	Not started

Report name	Issued recommendations	Execution status
	<p>To develop draft amendments to the TCU aimed at clarifying rules governing application of top (maximum) single tax rate (paragraph 293.7 of Article 293 of the TCU). State Tax Service of Ukraine Ministry of Finance</p>	In process
	<p>To develop draft amendments to the TCU aimed at clarifying rules governing single tax payer’s re-registration during the calendar year by an individual entrepreneur, who, as at the beginning of the calendar year, had an ongoing registration (i.e. did not submit a separate application for transition to a simplified taxation scheme) and during this year: voluntarily switched to payment of other taxes and fees, but attempts to return to a simplified taxation system; registered termination of business activity, after which re-registered as an entrepreneur and attempts to qualify for the simplified taxation system. Ministry of Finance State Tax Service of Ukraine</p>	Not started
	<p>To develop draft amendments to the TCU aimed at cancelling liability in the form of loss of the right to enjoy the simplified taxation system in case of receiving income corresponding to the SIC codes contained in the USR, but not reflected in the Register of Single Tax Payers (clause 7 of sub-paragraph 298.2.3 of paragraph 298.2 of Article 298 of the TCU). State Tax Service of Ukraine Ministry of Finance</p>	In process
	<p>To conduct awareness (information) campaign among single taxpayers to advise them on the substance of legislative provisions governing scope of their liability for breaching the rules of staying on the simplified taxation system. State Tax Service of Ukraine</p>	In process
	<p>The State Tax Service of Ukraine - to issue a letter of explanation on the transactions having no reasonable economic reason (no business purpose): i. provide detailed explanations about criteria employed for identifying transactions having no reasonable economic reason (business purpose); ii. provide examples demonstrating tax authority’s approach employed while proving the lack of a reasonable economic reason (business purpose) in certain commercial transactions. The Ministry of Finance of Ukraine - issue a letter of explanation or a generalized tax consultation clarifying methodology of application of the TCU’s provisions on the foregoing matters. State Tax Service of Ukraine Ministry of Finance</p>	Not started
	<p>The State Tax Service of Ukraine - to issue a letter of explanation on the CPT’s advances while paying dividends: i. Confirm correctness of employing CPT’s real object of taxation for Q4 of the reporting year; ii. Dismiss usage of “anticipated” object of taxation to be received by dividing the object of taxation for the whole year by 12 and multiplying by 3 (as provided for by existing letters of the SFS). The Ministry of Finance of Ukraine - issue a letter of explanation or a generalized tax consultation clarifying methodology of application of the TCU’s provisions on the foregoing matters. State Tax Service of Ukraine Ministry of Finance</p>	In process
	<p>The State Tax Service of Ukraine - to issue a letter of explanation on the recordation of exchange rate differences under liabilities expressed in foreign currencies: i. set out clear criteria for determining whether non-resident companies are a subsidiary, associate, or a joint venture, a branch, a representative office or other division of companies - borrowers, ii. provide a list of criteria (non-exhaustive) proving that the obligation owed to non-residents under loan agreements was such that prepayment thereof was not planned and improbable in the near future. The Ministry of Finance of Ukraine - issue a letter of explanation or a generalized tax consultation clarifying methodology of application of the TCU’s provisions on the foregoing matters. State Tax Service of Ukraine Ministry of Finance</p>	Implemented

Report name	Issued recommendations	Execution status
	<p>The State Tax Service of Ukraine – to issue a letter of explanation on the debt-to-equity swap and increase of a debtor entity’s own capital at the expense of additional contributions: i. confirm that entities applying IFRS in their activities may recognize their liabilities settled if the creditor (who is not a related party) has forgiven the existing debt; ii. at the same time, however, make a reservation that: a. corresponding obligation’s reduction will affect the entity’s income only if the creditor is a third party and not the owner (participant, shareholder) of the respective debtor in such obligation; and that b. size of an owner's share, as well as claims received in exchange (to seek refund, payment of dividends, etc.) do not matter when applying this criterion.</p> <p>The Ministry of Finance of Ukraine – issue a letter of explanation or a generalized tax consultation clarifying methodology of application of the TCU’s provisions on the foregoing matters.</p> <p>State Tax Service of Ukraine Ministry of Finance</p>	Implemented
	<p>To bring to the knowledge of the local tax authorities customary court practice, according to which the grounds for seizure of property, foreseen by Article 94.2.8 of the TCU, is the taxpayer’s refusal to take an inventory at all rather than a refusal to take it in the presence of tax officials</p> <p>State Tax Service of Ukraine</p>	In process
	<p>To ensure disclosure of information on the results of control and audit measures in a unified data format, as well as to enable the user to work effectively with the disclosed data, particularly, perform a “smart” search, group data and compare them.</p> <p>State Tax Service of Ukraine</p>	In process
	<p>Enable taxpayers, representatives of the Business Ombudsman Council, the Ministry of Finance of Ukraine, as well as local controlling authorities and other authorities to participate in consideration of complaint’s materials by teleconference or videoconference. For this purpose:</p> <p>The Ministry of Finance of Ukraine – to ensure introduction of appropriate amendments to the Procedure for Registration and Filing Complaints by Taxpayers and Their Consideration by Tax Authorities, approved by the Order of the Ministry of Finance of Ukraine dated October 21, 2015 No. 916.</p> <p>The State Tax Service of Ukraine – to implement the relevant technical capability.</p> <p>State Tax Service of Ukraine Ministry of Finance</p>	In process
	<p>To secure co-operation with key public authorities, whose representatives are worth being engaged in consideration of materials of taxpayers’ complaints within the administrative appeal (such as, the Ministry of Finance of Ukraine, the NBU, the State Geological Cadastre; this list is non-exhaustive).</p> <p>State Tax Service of Ukraine</p>	In process
	<p>To publish decisions of the STS adopted following consideration of taxpayers’ complaints on its official website. Publication should be in the form of the registry and subject to compliance with data confidentiality and protection requirements. The registry must contain information on subsequent appeal of the corresponding decision in court (if any) and its results.</p> <p>State Tax Service of Ukraine</p>	In process
	<p>To introduce a system enabling monitoring and systematization of results of tax disputes’ consideration within administrative and judicial proceedings; as well as bringing them to the attention of other STS departments to unify approaches to both tax administration and employing case law while considering taxpayer’s complaints.</p> <p>State Tax Service of Ukraine</p>	Not started
	<p>Cease the practice of explaining important matters related to really controversial issues in tax legislation by publishing answers to FAQs in the PIR. FAQs in the PIR (which is an informational resource not intended for generating new legal positions) should relate only to indisputable matters, or to those regarding which GTCs were already issued, or those regarding which well-established and unambiguous practice of the Supreme Court has been formed. As for other controversial issues, issuance of GTCs should be initiated.</p> <p>State Tax Service of Ukraine</p>	In process

Report name	Issued recommendations	Execution status
	<p>To ensure systematization (sorting) of sets of published data by subject, keywords, popularity of sets among users, etc on its website, as well as to enable performing of a “smart” search among data sets. All data must be published in a single format;</p> <p>To ensure publication of comprehensive data on results of control and audit measures - i.e. in addition to already published information on audits, whose results have been reconciled, to publish data on audits, whose results have not been reconciled. To provide the ability to sort data by departments, so that users have access to information on selected types of audits;</p> <p>To ensure publication of comprehensive information on the outcomes of administrative appeal; in particular, to add information on the amount of additional charges for all types of TNDs, as well as information on TNDs (the number and additionally accrued amounts) by oblast;</p> <p>To streamline publication of information on results of judicial consideration in a format enabling to effectively process such information. Supplement the data with information on the main categories of cases under consideration, as well as on the manner in which cases are considered by particular judicial authorities;</p> <p>To ensure regular publication of the following data on the results of SEA VAT and SMKOR work: (1) Regarding SEA VAT: - Information on the suspended registration limit amount in SEA VAT (through arrest or otherwise); - Information on the registration limit amount, which was written off (reset to zero) in SEA VAT (to be broken down by grounds). (2) Regarding registration of tax invoices and adjustment calculations (TIs/ACs): - The number of TIs/ACs submitted for registration with the URTI, their respective amounts, the number of VAT payers, who submitted them for registration; - The number of TIs/ACs whose registration is suspended, their corresponding amounts, the number of VAT payers, whose TIs/ACs registration has been suspended (including risk criteria based on which they were suspended); - The number of TIs/ACs against which the decision of the Commission for TI/AC registration suspension in the URTI on TIs/ACs registration was made, the corresponding TIs/ACs amounts, the number of payers for which such decisions were made. The data should be broken down by regional and central commissions. - The number of TIs/ACs against which the decision of Commission for TI/AC registration suspension in the URTI on refusal to register TIs/ACs was made, the corresponding TIs/ACs amounts, the number of payers for whom such decisions were made. The data should be broken down by regional and central level commissions. - The number of TIs/ACs registered pursuant to court decision, the corresponding TIs/ACs amount, the number of payers, court decisions, including, which out of them were: □ registered with the URTI (TI/AC number, amount, number of taxpayers, number of court decisions); □ not registered with the URTI (number of TI/AC, amount, number of taxpayers, number of court decisions) (to be broken down by reasons for which they are not registered). - The number of TIs/ACs whose registration was denied by the court, corresponding TIs amounts, number of taxpayers, court decisions. (3) Regarding inclusion of taxpayers in the risky list: - The number of taxpayers for whom decisions (including new ones made in the reporting period) on compliance with their risk criteria remain valid (to be broken down by regional commissions, reporting periods); - The number of taxpayers for whom a decision on non-compliance with their risk criteria was made (to be broken down by regional commissions, periods) (including court decisions). (4) Regarding taking taxpayers' data tables into account: - The number of taxpayers' data tables taken into account and taxpayers for whom such tables were taken into account (to be broken down by regional level commissions, reporting periods, UCGFEA/SCGS incoming and outgoing codes). (5) The number of taxpayers' data tables not taken into account and the number of taxpayers for whom such tables are not taken into account (to be broken down by regional level commissions, reporting periods, UCGFEA/SCGS incoming and outgoing codes).</p> <p>State Tax Service of Ukraine</p>	In process
Systemic report “Big challenges for small business”	<p>To ensure that in case of tax invoice suspension or inclusion of a taxpayer in the list of risky taxpayers the respective entrepreneur receives information about the actual reasons/ circumstances that led to such a decision. Such information should allow the taxpayer to understand which documents to submit or how to adjust his activity to achieve tax invoice registration or exclusion from the list of risky taxpayers.</p> <p>State Tax Service of Ukraine</p>	In process
	<p>To take organizational steps to ensure mandatory and prompt execution of court decisions by the subordinates and to bring them to disciplinary liability in case of delays.</p> <p>State Tax Service of Ukraine State Customs Service</p>	Not started
Systemic report "Business focus on labor-related issues"	<p>To develop and submit for respective approval the procedure for interaction between the SLS, the Labor commissions under local governance, and the SFS, when carrying out the state supervision in the labor relations sphere.</p> <p>State Tax Service of Ukraine State Labor Service</p>	In process



Report name	Issued recommendations	Execution status
Systemic report "Abuse of powers by the law enforcement authorities in their relations with business"	To amend Section 2.5 of the Methodological Recommendations Regarding Procedure of Cooperation between Divisions of the State Fiscal Service while organizing, carrying out and implementing materials of audit of taxpayers, approved by the Order of the SFS of Ukraine No.22, dated 31 July 2014, to ensure that materials of tax audit can be transferred to the investigatory units for financial investigations (i.e., tax police) only after final acknowledgement of the tax liability under the framework of administrative and/or judicial procedure (in case taxpayer sought judicial assistance - from the date when court decision entered into force). State Tax Service of Ukraine	<b>Implemented</b> — comments: The BOC's recommendation has been implemented via adoption of the SFS' Order dated 18 July 2016 No.633 "On amending the SFS's order dated 31 July 2014 No.22"
Systemic report "Problems with administering business taxes in Ukraine"	To eliminate the requirement of depositing the balance of VAT accounts with operational cash from the Tax Code due to its' non-compliance with the best international practices and harmful effect for the day-today activities of the taxpayers. Thus, VAT electronic administration shall cease to be employed as a tool for replenishing state budget through cash advances and start performing its core administrative function. State Tax Service of Ukraine Ministry of Finance	<b>Recommendation is no longer relevant</b> — comments: Respective amendments were proposed by the BOC during the discussion of amendments to the Tax Code of Ukraine in December 2015. However, the proposals were not approved by the Ministry of Finance.
	To ensure proper technical functioning and maintenance of the VAT electronic administration system. Manual control and unauthorized intrusion into the system, resulting, inter alia, in a questionable "losses" of VAT invoices, refusals to register VAT invoices due to "state 9", etc., shall be eliminated. Same approach shall be employed in relation to those instances, when the records in the VAT return and the VAT administration system do not reconcile. This can be achieved, inter alia, by introducing personal disciplinary, administrative and financial liability of the officials of the tax authorities. In addition, the Tax Code shall be amended to provide for financial liability of third-party entities providing technical maintenance and support of the electronic administration system (for instance, sanctions shall be imposed if the taxpayer is unable to register VAT returns due to inaccessibility of the system or its' failure). State Tax Service of Ukraine	<b>In process</b> — comments: Implementation of the Law No.1797 dated 21 December 2016 "On Amendments to the Tax Code of Ukraine to Improve the Investment Climate in Ukraine" is still in process of its' eventual implementation. It is aimed at simplifying tax administration and is an important part of the reform of the SFS. This is a joint work of the VR deputies, experts and business representatives dating back to the last year.
	To ensure that the local tax authorities are trained and prepared to effectively support the taxpayers with all kinds of issues arising in connection with the implementation of VAT electronic administration. Besides, the State Fiscal Service shall promptly collect information about typical problems arising in connection with the VAT electronic administration followed by the practice of issuing formal clarifications. State Tax Service of Ukraine	<b>In process</b> — comments: This recommendation has been discussed many times during the meetings between the BOC and the SFS. Although, the SFS provides taxpayers with explanations of the most typical problems, the territorial tax authorities are usually not ready to effectively support taxpayers for all types of issues arising from the functioning of the electronic system of VAT administration.
	To ensure stability of respective laws and regulations, once the deficiencies in the VAT electronic administration functioning are eliminated, so that they will remain unchanged (or significantly unchanged) for a significant time. If the sense of predictability is achieved, it would enable the taxpayers to plan their activities accordingly and significantly decrease administrative expenses covering the cost of adjustment to the new rules and regulations. Ministry of Finance State Tax Service of Ukraine	<b>Implemented</b>
	To implement a transparent, informative and user-friendly interface of the electronic record system aimed at providing taxpayers with the information on the status of their VAT accounts. This could be implemented via a single electronic office of the taxpayer. Such electronic office shall provide comprehensive information to the taxpayer, so that the taxpayer could reconcile the information in the electronic administration system with the records of the VAT reports. It shall be ensured that the records made in the system cannot be changed manually. Besides, it shall also not only indicate the threshold amount calculated according to the prescribed formula, but also clearly itemize the algorithm of formation of the computed elements of the formula. State Tax Service of Ukraine	<b>Implemented</b> — comments: In 2017, the SFS and the State Treasury of Ukraine implemented the transparent, informative and user-friendly interface of the electronic record system aimed at providing taxpayers with the information on the status of their VAT accounts. Such electronic office provides comprehensive information to the taxpayer, so that the taxpayer is now enabled, albeit not to the full extent, to reconcile the information in the electronic administration system with the records of the VAT reports.

Report name	Issued recommendations	Execution status
	<p>To make enforceable in practice, the mechanism to return the excessive balance on the taxpayer's VAT account. In particular, there shall be no delays in communication between the tax authorities and the State Treasury regarding return of such excessive balance upon the taxpayer's request. This can be achieved, inter alia, by introducing personal disciplinary, administrative and financial liability of the officials of the tax authorities (for instance, in case of their failure to timely provide the State Treasury departments with the necessary information). State Tax Service of Ukraine</p>	<p><b>Implemented</b> — comments: See the Law No.1797 dated 21 December 2016 "On Amendments to the Tax Code of Ukraine to Improve the Investment Climate in Ukraine".</p>
	<p>The Tax Code shall provide for an effective procedure of administrative appeal (please see Section "Administrative appeal" for details) whereby the supervising tax authorities will monitor compliance by the lower-level tax authorities with all VAT refund procedures. State Tax Service of Ukraine</p>	<p><b>In process</b> — comments: On October 21, 2015, the Ministry of Finance has issued the Order No.916 "On approval of the procedure for registration and filing of complaints by taxpayers and their review by the controlling bodies".In particular, in accordance with the Order No.916, the review of the complaint materials in a closed meeting takes place with the participation of the authorized representative of the BOC; the BOC has the opportunity to file its own objections.However, the administrative appeal procedure needs further improvement.</p>
	<p>To amend the Resolution of the CMU No.39 dated 17 January 2011, as well as Joint Order of the State Fiscal Service of Ukraine and the State Treasury of Ukraine No.68/23 dated 3 February 2011, to clearly state that the state treasury departments shall promptly pay to the taxpayer the VAT refund confirmed by a valid court ruling and with no further confirmation from the tax authorities. State Tax Service of Ukraine</p>	<p><b>Implemented</b> — comments: The Law No. 1797 of 21.12.2016 provides for the introduction of an automatic VAT refund register. This is a new transparent approach to VAT refunds. However, for the purpose of the corresponding payment, it is necessary that the tax authorities in the field make relevant information about the court decision "in force" to the Tax Bloc.</p>
	<p>To amend the Tax Code to set out a clear procedure for calculation and payment of penalties imposed for late VAT refund. It shall be clearly stated in the Tax Code that the amount of penalty shall be paid to the taxpayer irrespective of the fact of its' receipt of reconciled VAT refund. Ministry of Finance State Tax Service of Ukraine</p>	<p><b>Recommendation is no longer relevant</b> — comments: The relevant amendments were proposed by the BOC during the discussion of amendments to the Tax Code of Ukraine in October-December 2016. However, the proposals were not approved by the working group at the Ministry of Finance.</p>

Report name	Issued recommendations	Execution status
	<p>It could be expedient to officially recognize the VAT refund amounts due to businesses as internal state debt. Such state debt shall be subject to restructuring according to mechanisms amicably agreed in negotiations between the tax authorities and businesses. The selection of the mechanisms should be flexible enough to allow restructuring with the account of specifics of particular case and business.</p> <p>Ministry of Finance State Tax Service of Ukraine</p>	<p><b>Recommendation is no longer relevant</b> — comments: The launch of the automated registry of VAT refund is foreseen by the Law No.1797 dated 21 December 2016. On 17 January 2018, the CMU adopted a draft law governing VAT refund to tax payers that filed their refund applications prior to 1 February 2016, though failed to be refunded from the state budget. Additionally, the draft law governs the issue of the VAT refund claimed for recovery before February 1, 2016, but denied by the SFS as of 1 January 2017 (the taxpayers were not entitled for budget refund) and in respect of which the court decision to grant budgetary refund to the tax payer has become effective. Thus, the draft law will ensure fair conditions for the tax payers during the period of referring to the provisions of the Tax Code on the matters of VAT refund from the state budget according to applications registered within the Temporary Registry and on applications in terms of which the administrative and court proceedings have been completed.</p>
	<p>To revise the Procedure of Taxpayers' Record Keeping to significantly narrow down the scope of discretionary power currently vested with the tax authorities. In particular, the following amendments are worth being considered: the grounds for launching verification of the tax payers' location by the tax authorities shall be limited to include only limited and specific number of instances to be directly envisaged in the legislation (for instance, during a tax audit of a taxpayer deemed to be in violation of its duties); if the information on the taxpayer's location is properly confirmed through the State Registrar, this should be regarded as the sufficient proof for tax authorities; moreover, in this case tax authorities shall not be entitled to carry out such verification for certain reasonable period of time (for instance, one year).</p> <p>Ministry of Finance State Tax Service of Ukraine</p>	<p><b>Implemented</b> — comments: Commencing March 2016, the fiscal authorities are no longer entitled to issue the form 18-OPP (notice on the absence of legal entity at its location). Respective provisions have been excluded from the Procedure for Taxpayer Registration pursuant to the Order of the Ministry of Finance No.375 dated 18 March 2016.</p>
	<p>To ensure proper and effective control over regulatory practices employed by the local tax authorities, especially when they did not comply with the procedures, envisaged by the Procedure of Taxpayers' Record Keeping. Strict compliance therewith shall be ensured through personal liability of the officials of the tax authorities for malpractice.</p> <p>State Tax Service of Ukraine</p>	<p><b>In process</b> — comments: Local control agencies are vested with servicing functions only; whereas the control is transferred to the MD SFS. The procedure for holding liable remains difficult to apply, enabling the officials to evade disciplinary liability.</p>
	<p>To perform tax audit procedures in strict compliance with the established "audit tests" (i.e., clear guidance on "what and how" shall be audited). Such tests are expected to be developed as part of the deregulation process currently implemented by the Ministry of Economic Development and Trade of Ukraine. The practice of guidance by internal regulations issued by the State Fiscal Service which are not available to public shall be eliminated.</p> <p>State Tax Service of Ukraine</p>	<p><b>Not started</b></p>
	<p>To apply and interpret tax laws and regulations with the due regard being given to common court practice shall be communicated by the State Fiscal Service of Ukraine to the tax authorities of all levels. The practice when, despite existence of similar cases (or even regarding the same taxpayer) the tax authorities continue embarking upon questionable argumentation which have been routinely assessed by courts in the taxpayer's favour, shall be eliminated.</p> <p>State Tax Service of Ukraine</p>	<p><b>In process</b></p>
	<p>The administrative appeal procedures available to the taxpayers willing to challenge the results of the tax audits shall be effective and time-efficient, rather than formalistic as it often appears to be (please see Section "Administrative appeal" for details). While appointing and performing the tax audit, the tax authorities shall strictly comply with the procedures prescribed by the law, and the supervising authorities shall ensure such compliance in an effective manner. The Tax Code shall be amended to specify particular sanctions to be imposed on the officials of the tax authorities for procedural and other violations during appointment and performance of the tax audit. Such sanctions shall be personalized and variable (from reprimand to dismissal and fine) depending on the degree of violation by the particular official.</p> <p>Ministry of Finance State Tax Service of Ukraine</p>	<p><b>In process</b> — comments: Although this recommendation has been discussed repeatedly, the extent of its' practical implementation remains quite limited.</p>

Report name	Issued recommendations	Execution status
	<p>Instances of abuse of power by the tax authorities in launching criminal proceeding based on the results of the tax audit or against the taxpayer's officials shall be eliminated. Prevention of fraud and malpractice in the course of launching and performing of tax criminal investigations could be guaranteed by "checks and balances" system and personalized liability of the tax authorities' officials. The BOC will address these issues in its systemic report for the forth quarter of 2015 on abuses of criminal procedural law by law-enforcement agencies. State Tax Service of Ukraine</p>	<p><b>In process</b> — comments: In 2016, the Methodological Recommendations were amended respectively. The number of criminal proceedings has generally decreased. Only in rare cases the criminal proceedings are initiated before the administrative appeal procedure completed.</p>
	<p>To implement a systemic risk-based approach to conducting unscheduled tax audits. Such approach shall ensure comprehensive evaluation of the particular taxpayer and the necessity of subjecting its activities to unscheduled tax audit to the contrary of the current approach whereby the tax authorities are empowered to launch unscheduled tax audit even if a single (and often casual) criterion pops out. State Tax Service of Ukraine</p>	<p><b>In process</b> — comments: Pursuant to Article 78 of the Tax Code of Ukraine the unscheduled documentary tax audit shall be appointed if at least one of the grounds specified in the article is applicable. There is a positive dynamics, however, - the number of unscheduled tax audits somewhat reduced. At the same time, it appears that the risk-oriented system is virtually never employed in practice. At present, the issue of including the taxpayers to the plan of audits became rather significant. According to the Tax Code, the plan shall be issued for the entire year. However, since February 2018, the SFS began to make massive changes to the plan of audits in violation of direct provision of the Tax Code.</p>
	<p>To disclose to the general public statistics on the administrative appeal procedure on a regular basis (for instance, on a quarterly basis). Such information shall include, inter alia, information regarding the total number of complaints, the results (positive and negative) of administrative consideration of complaints at each appeal level, etc. State Tax Service of Ukraine</p>	<p><b>In process</b> — comments: The statistics is disclosed to public on the SFS web-site, but its form and information content shall be improved.</p>
	<p>To guarantee the transparency and objectivity of the administrative appeal procedure by mandatory involvement of experts to be engaged in consideration of the taxpayers' complaints. Such experts shall be independent from the State Fiscal Service and the Ministry of Finance. Involvement of experts shall be mandatory irrespective of the amount of additional tax liabilities charged and fines and penalties imposed. State Tax Service of Ukraine</p>	<p><b>Implemented</b> — comments: On 21 October 2015, the Order No.916 "On approval of the procedure for registration and filing of complaints by taxpayers and their review by the controlling bodies" was adopted. In particular, according to the Order No.916, the consideration of the complaint materials may take place with the participation of the BOC's and Minfin's authorized representatives; the BOC is entitled to submit its own objections. Yet, the administrative appeal procedure needs further improvement.</p>
	<p>To increase the timing for administrative appeal by the taxpayer, while the timing available to the tax authority for providing feedback to the appeal shall be decreased. This timing could be fixed at traditional 30 calendar days for both parties. Ministry of Finance State Tax Service of Ukraine</p>	<p>Recommendation is no longer relevant</p>
	<p>To ensure that the principle of interpreting ambiguous provisions of the Tax Code in favour of the taxpayer shall be consistently complied with by the tax authorities at all levels. An effective "checks and balances" system and introduction of personalized liability for the malpractice committed by the officials of the tax authorities shall be used as tools to achieve this. State Tax Service of Ukraine</p>	<p><b>In process</b> — comments: The BOC and the SFS discussed this recommendation during the number of meetings. However, its' practical application is still very limited. Both the SFS and the local tax authorities apply, as a rule, fiscal approach to the interpretation of the provisions of the Tax Code. Therefore, in practice this principle almost never applies. The exception is the established position of the Supreme Court or the official position of the Ministry of Finance.</p>

Report name	Issued recommendations	Execution status
Systemic report "problems with cross-border trading in Ukraine"	<p>To forbid the tax authorities to found their conclusions (formalized in the act of the tax audit) on internal biased information, which is not available to the taxpayer and the public. Further, the tax authorities cannot be motivated by informal internal instructions regarding the fines and penalties to be collected from the taxpayers. State Tax Service of Ukraine</p>	<p><b>In process</b> — comments: The BOC and the SFS discussed this recommendation during the number of meetings. However, its' practical application is still very limited.</p>
	<p>The decisions of the tax authorities to appeal in the court of law shall be subject to "second-eye review" (for instance, by the supervising tax authority) from the perspective of expediency and legal feasibility. Such approach appears to be timely given the recent changes in the procedural law whereby the court fee relief enjoyed earlier by the tax authorities was further discontinued. State Tax Service of Ukraine</p>	<p><b>In process</b> — comments: The BOC and the SFS discussed this recommendation during the number of meetings. However, its' practical application is still very limited due to a large number of current disputes (around 100,000). At the same time since the 2016, all appeals to the Supreme Court are subject to the SFS's prior approval.</p>
	<p>To adopt amendments to the Customs Code to implement post-clearance control procedures. The main idea is to transfer control from the customs declaration stage to the stage after the release of goods for free circulation. State Tax Service of Ukraine</p>	<p><b>In process</b> — comments: The CMU has submitted to the VRU the Draft Law "On amendments to the Customs Code of Ukraine (regarding certain issues of the implementation of Chapter 5 of Section IV of the Association Agreement between Ukraine, on the one hand, and the European Union, on the other hand)", registered on 29 December 2017, No.7473, which, in particular, provides for the introduction of a new form of control - post-clearance control.</p>
	<p>To update the list of cases when the customs authorities may have concerns regarding the accuracy of declared customs value (DCV). In case the customs officer requires additional consultations regarding the customs value of goods, the information source has to be single and clear. In case the customs officer has doubts, he must justify causes of these doubts based on documental evidence. State Tax Service of Ukraine</p>	<p><b>Recommendation is no longer relevant</b></p>
	<p>To reduce the number of inspections during customs control and clearance of goods in the national system of customs standards; strengthen the role of risk management and post-audit control. State Tax Service of Ukraine</p>	<p><b>In process</b></p>
	<p>To provide regular training for customs officers in order to improve their capacity for customs valuation. It is critical that Customs officials develop an in-depth understanding of the methods of goods valuation and be able to apply official recommendations and clarifications from the World Customs Organization. State Tax Service of Ukraine</p>	<p><b>Recommendation is no longer relevant</b> — comments: Improvement of the qualification of SFS customs officers is carried out in accordance with the Guideline on professional development of the SFS officials (seminars, trainings, training courses, lectures, round tables, practical classes).</p>
	<p>To reload the post clearance control system in Ukraine and provide effective coordination, planning, implementation and execution of the procedure according to Arts. 345-354 of the Customs Code, put in place the appropriate database, audit schedule, tracking system, and so on. State Tax Service of Ukraine</p>	<p><b>In process</b></p>