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Ukraine lowers rate of tax on dividends



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The Parliament of Ukraine has decreased the personal income tax rate from 18% to 9% under certain conditions. It is expected that the law - adopted on 23rd March 2017 - will be applicable retroactively from 1 January 2017 for the following cases:

- dividends coming into Ukraine from foreign sources accrued on shares, investment certificates and corporate rights;
- dividends distributed by Ukrainian companies that are exempted from corporate income tax;

The above mentioned law will apply only to dividends received by individuals, not by legal entities.

The rate of 5% of personal Income tax on dividends paid by Ukrainian entities subject to the general terms of corporate income tax, as well as the military tax on individual income levied at a rate of 1.5% will remain applicable with no changes.

Additionally, all other passive income (e.g. interest on current or deposit bank account, deposits in credit unions and other interest, interest or discount income on registered savings certificates; income from mortgage securities; insurance claims and reimbursements etc.) will still be subject to tax at the rate of 18%.



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