

# PETERKA PARTNERS

THE CEE LAW FIRM

## FOREIGN SUPPLIERS OF E-SERVICES TO REGISTER AS VAT PAYERS IN UKRAINE

On 3 June 2021, the Parliament of Ukraine introduced new regulations on **supplies of e-services** (the bill is soon to be signed by the President). According to it, **provided that certain requirements are met, foreign companies have to register as VAT payers in Ukraine** and pay the tax locally.

**Services covered: E-SERVICES, volume of which within the previous calendar year exceeded UAH 1 mln. (currently, around EUR 30 k)**

**E-services** – those supplied via internet mostly without human interaction, also including via installation of certain apps on electronic devices, namely:

- ✓ access to e-books, songs, audiobooks, videos, games, TV programs etc.;
- ✓ access to databases, inclusive of internet search engines and catalogues;
- ✓ access to content placed within common access platforms;
- ✓ remote learning via internet without communication between students and teachers;
- ✓ cloud services;
- ✓ supplies of software and updates to it, remote maintenance of software and electronic equipment;
- ✓ advertising services via internet, mobile apps and other e-resources.

**Suppliers covered: B2C suppliers**

**What shall suppliers of e-services do?**

- ✓ Register as VAT payers with UA tax authority till 31 of March of the calendar year following the year in which the UAH 1 mln. threshold was exceeded;
- ✓ File quarterly VAT returns to UA tax authorities (online filing to be available);
- ✓ Accrue and pay VAT on a quarterly basis (tax payable in EUR or USD).

**Tax rate:** 20%

**Tax base:** price of e-services

**VAT-able event:** last day of the calendar quarter in which payment(s) for e-services were made

**The above requirements apply from 2022 (supplies for 2021 shall be taken into account).**

**Failure to register can lead to a fine of around EUR 5 k, additional VAT accruals and fines/penalties applied to them (e.g., fine can be up to 50%)**

Please let us know if you would like to receive more details on the matter. We would be happy to provide you with clarifications necessary and respective legal assistance.



Kind Regards,

**Galyna Melnyk**

Tax Advisor, Deputy Director for Ukraine  
[melnyk@peterkapartners.ua](mailto:melnyk@peterkapartners.ua)