

MULTISERVICE PROVIDER



QUARTERLY REVIEW: Q1 2024

Significant legislative changes review



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01



MARTIAL LAW

New Mobilization Law. What to expect?

On April 16, 2024, the President of Ukraine Volodymyr Zelenskyi signed the final version of the sensational draft law No. 10449, which will enter into force one month after its publication.

Considering the speed of its adoption and signing by the President, the publication of the newly adopted law can be expected in the coming days. Therefore, to dismiss all the rumors let's learn what awaits us all in a month.

The text of the Mobilization Law signed by the President contains the following major changes:

- ✓ a mechanism for sending written demands to persons liable for service has been introduced. Now a written demand will be considered served even if the addressee has not actually received it by post;
- ✓ liability is introduced in the form of temporary deprivation of the right to drive vehicles for the breach of the military registration rules, e.g., for ignoring the requirements of the Territorial Center;
- ✓ besides, the procedure for mobilizing vehicles of both companies and individuals is changed dramatically. Now a vehicle of a company can be mobilized in accordance with the norms that will be determined by the Cabinet of Ministers of Ukraine according to the economy branches, and a vehicle of an individual can be mobilized only if the person owns two or more vehicles;
- ✓ the grounds for receiving deferments from mobilization have been significantly changed, for example, reserved employees will be entitled to a deferment only after they are entered on a special military register. The new Law also details the grounds for deferments, including, but not limited to, "for care". Postgraduate studies remain the ground for the deferment regardless of whether a student is studying on a budget-funded or commercial basis. At the same time, the grounds for the deferment will be checked through the Oberih system, which collects information from other registers, including on the composition of the family, children and other similar circumstances;

- ✔ an employer shall be obliged to independently arrange a deferment for reserved employees;
- ✔ all male citizens aged 18 to 60, as well as women with medical and pharmaceutical education, must visit the Territorial Center within 60 days from the effective date of the Law to update their data;
- ✔ since, according to the new Law, the category of “limitedly fit for military service” completely disappears, a new obligation is introduced to undergo compulsory medical examination and treatment in healthcare facilities by order of the Territorial Center;
- ✔ a fixed timeframe of military service during mobilization is introduced.

The above-mentioned changes are only a small part of the new Law, but they already make it clear that fundamental changes await us in terms of mobilization and ensuring the defense capability of the state.

It should be noted that this draft law obliges the Government to develop a number of subordinate legal acts, which will already regulate in detail the matters of mobilization, registration of deferments, reservations, functioning of the electronic account of conscripts and many other things.

The legislation is currently changing at a lightning speed, but if you want to adapt to this even faster, please contact EBS specialists for advice.



Foreign business trip of a reserved employee during the period of martial law

In order to carry out partner relations in foreign economic activity, a head of the company needs to go on a business trip abroad. The head is a reserved employee. Documents that need to be prepared:



The legislation defining the rules for crossing the border of Ukraine in wartime:

- 1) Rules for Crossing the State Border by Citizens of Ukraine, approved by Resolution of the Cabinet of Ministers of Ukraine No. 57 dated January 27, 19957 (hereinafter referred to as Rules No. 57);
- 2) The Law of Ukraine "On the Procedure for Leaving and Entering Ukraine by the Citizens of Ukraine";
- 3) The Law of Ukraine "On Mobilization Training and Mobilization" (including Article 23).

Under Clauses 2-14 of Rules 57, a man must provide the following documents to leave the country:

- ✓ a passport of a citizen of Ukraine for traveling abroad;
- ✓ an extract from the order of the Ministry of Economy of Ukraine on the reservation of a person liable for military service (currently, according to Annex 3 to the Procedure for the Reservation of Persons Liable for Military Service according to the List of Persons Liable for Military Service during the Period of Martial Law, approved by Resolution of the Cabinet of Ministers of Ukraine No. 76 dated January 27, 2023 (hereinafter referred to as Procedure No. 76);
- ✓ documents on the business trip of this person abroad.



However, the legislation of Ukraine does not oblige the State Border Service of Ukraine to maintain an exhaustive list of documents required for crossing the state border. Therefore, the decision on whether the documents provided are enough to exit the country will be made by the border guards themselves at the time of the exit.

The main document confirming the fact of being sent on a business trip will be a relevant order of the company. There is no standard form of the order for non-budgetary legal entities, so it can be drawn up in an arbitrary form, but in compliance with the rules of records management in Ukraine.

An invitation from a partner for negotiations, for example, is not listed as a document required for crossing the border, although if it is available, it will evidence the purpose of the business trip.

If an employee goes on a business trip abroad by his/her own car, he/she must have documents for this car.



On a business trip — by car. If an employee is leaving Ukraine by his/her own car, an employee must have:

- 1) a driver's license;
- 2) a vehicle registration certificate issued in the name of the driver or passenger;
- 3) an identification mark of Ukraine on a car (UA), which is not required if there is a UA designation on the license plate;
- 4) a contract of compulsory insurance of vehicle owners' civil liability "Green Card".

The car must have a state license plate containing Latin letters (a personalized license plate is valid only in the territory of Ukraine).

Business trip registration. To register a business trip, the following is required:

- ✓ an order on a business trip;
- ✓ a planned cost estimate (to provide the employee with an advance payment);
- ✓ an expense report of the employee (if necessary).

In accordance with the changes in the Tax Code of Ukraine, starting April 01, 2023, employees are required to submit an expense report not for every business trip, but in two cases only:

- 1) if there is taxable income, as determined under Subclause 170.9.1 of the Tax Code of Ukraine, for the purpose of calculating the tax amount;
- 2) if the taxpayer uses cash in excess of the amount of daily subsistence costs (including cash received using payment instruments).



The Tax Code of Ukraine determined the case when the expense report is not submitted:

If, during a business trip or performance of certain civil legal actions, the employee used payment instruments, including corporate (business) payment instruments or personal payment instruments or their details to make non-cash payments and/or to receive cash within the amount of the daily subsistence costs and in the absence of taxable income, the employee shall not prepare or submit the expense report.

However, the head of the company can independently (by order) establish a rule in his/her company that all employees must submit an expense report, as before, after returning from a business trip, without exceptions.

Documents that must be submitted after the business trip:

Documents confirming the expenses incurred during the business trip. Even if the employee does not submit an expense report, but has spent the company's funds or his/her own funds during the business trip (and demands their reimbursement), he/she must provide the original source documents on the expenses:

- 1) transport tickets to prove travel expenses;
- 2) hotel bills/receipts to prove accommodation expenses, etc.

If these documents are drawn up in a foreign language, at the request of the representative of the supervisory body, the employer/party sending on a business trip shall provide their translation at their own expense (Subclause 170.9.1 "a" of the Tax Code of Ukraine).

Daily subsistence costs are calculated:

- ✓ within the countries which the citizens of Ukraine may enter without a visa (entry permit), – under the order on a business trip and relevant source documents;
- ✓ in the countries to enter which the citizens of Ukraine are required to have a visa (entry permit), – under the order on a business trip, in the presence of documentary evidence of the person's stay on a business trip (border crossing marks of the border services, travel documents, accommodation bills, and/or any other documents confirming the person's actual stay on a business trip).

In the absence of the said supporting documents, the amount of daily subsistence costs shall be included in the taxpayer's taxable income.

In addition to the source documents that confirm the expenses incurred, payment documents are also needed to confirm that the employee has paid for services and goods (that is, spent corporate or own funds).

In the situation where, for example, the company itself books and pays for a hotel for an employee, the employee shall provide only an invoice or a receipt from the hotel to prove that he/she has used these services. The payment document is held by the company – it is a statement from the company's bank account.

In the situation where the employee pays for travel and accommodation himself/herself, payment documents are required to prove that the employee has made payment himself/herself (fiscal slips, receipts, a statement from the employee's bank account, etc.).

Both options are possible.

A business trip report is a document in an arbitrary form, where the employee reports to the manager who sent him/her on the business trip whether and how the purpose of the business trip has been achieved,

as well as about the progress and results of the duty assignment. If the manager himself/herself goes on a business trip, this document is not required.

An invitation from a partner abroad to come for negotiations, for example, or to participate in some other event (conference, meeting, etc.) will prove the official purpose of the business trip abroad.

Farmers will be compensated for the costs for demining agricultural lands

156,000 km² of Ukrainian territories remain likely contaminated and contaminated. They include, inter alia, agricultural lands.

The Ministry of Economy of Ukraine plans to clear 80% of contaminated land and make it safe for use within 10 years.

In the state budget of Ukraine for 2024, UAH 3 billion are allocated to reimburse the costs for humanitarian demining.



Resolution of the Cabinet of Ministers of Ukraine "On Approving the Procedure for the Utilization of Funds Allocated in the State Budget to Reimburse the Costs for Humanitarian Demining of Agricultural Lands" dated March 12, 2024 No. 284 (hereinafter referred to as the Resolution) is effective from March 16, 2024.

According to the Resolution, the state will compensate 80% of the cost of land demining to farmers working on their own or leased land. The price for demining services will be determined through an open tender in Prozorro. The compensation will be provided only once for one contaminated land plot.

The procedure for reimbursing the cost of services for demining agricultural lands is as follows:

- 1) by November 15, 2024, farmers shall submit an application through the State Agrarian Register, where the initial verification is carried out;
- 2) within 14 days, the Center for Humanitarian Demining shall additionally verify the documents submitted;
- 3) the expected cost of demining agricultural land plots is determined and the procurement of such services is carried out (seven days for holding a tender, and five days for signing a contract);
- 4) farmers are informed about the completed tender and the winning operator;
- 5) within five days after notification, the farmer shall transfer 20% of the cost of services to a special account opened for this purpose;
- 6) the Ministry of Economy of Ukraine shall transfer 80% of the cost of works to the special account;
- 7) the mine action operator starts demining the land plot after reserving the entire amount (the period between filing an application by the farmer and the start of operator's work shall not exceed 39 days);
- 8) the operator ends demining the land plot and sends the documents confirming the demining (certificate of completed works, certificate of inspection of cleared/demined land) to the Center;
- 9) the Center for Humanitarian Demining checks the documents sent and sends them to the bank;
- 10) the bank transfers funds for demining to the mine action operator.

The compensation program applies to confirmed contaminated areas in Kyiv, Chernihiv, Sumy, Kharkiv, Donetsk, Kherson, Mykolaiv, and Dnipropetrovsk regions.

At the same time, farmers under Ukrainian sanctions or ultimate owners of agricultural producers who are citizens of the aggressor country will not be able to claim compensation. Farmers who undergo liquidation or bankruptcy, as well as those who have a tax debt, will also not be able to receive compensation.

02



**TAX AND ACCOUNTING
OUTSOURCING**

Changes to the Tax Code of Ukraine (regarding excise duty, income tax and VAT)

Law of Ukraine No. 3553-IX dated January 16, 2024 "On Amending the Tax Code of Ukraine to Bring Certain Norms in Line with the Law of Ukraine "On the Customs Tariff of Ukraine" (Law No. 3553) was published in Holos Ukrainy on February 13, 2024. The changes introduced by Law No. 3553 have entered into force on March 1, 2024.



Major changes:

- 1) introduction of technical amendments to replace the concept of "fixed capital" with the concept of "fixed assets";
- 2) exclusion of the rate of 20%, which was applied to non-residents' income for the production and/or distribution of advertising, from the list of corporate income tax rates applied to non-residents' income, in connection with the exclusion of provisions on the taxation of such income from the Code. The relevant changes were made by Law of Ukraine No. 1525-IX dated June 03, 2021 "On Amending the Tax Code of Ukraine Regarding the Abolition of Taxation of Income Received by Non-Residents in the Form of Payment for Production and/or Distribution of Advertising, and the Improvement of the Procedure for VAT Taxation of Transactions on Supply of Electronic Services by Non-Residents to Individuals" and entered into force in July 2021;
- 3) replacement of the concept of "authorized fund" with the concept of "authorized capital";
- 4) bringing the terminology in line with the legislation on rehabilitation in the field of healthcare by replacing the words "rehabilitation institution" with the words "rehabilitation facility" for a clear and unambiguous interpretation of the legal norms.

Declaration of personal incomes in 2024 (for 2023)

On January 01, 2024, the campaign for individuals to declare their income earned in 2023 has begun.

Declaring income and paying taxes and duties on income earned is a personal contribution of every Ukrainian to the development of our state, its financial security and defense capability.

In accordance with the provisions of Section IV of the Tax Code of Ukraine (hereinafter referred to as the Tax Code of Ukraine), taxpayers are obliged to independently calculate the amount of personal income tax (hereinafter referred to as the tax) and military tax by submitting a tax return to the tax authority upon receipt of:

- ✓ certain types of income that are not subject to taxation upon payment, but are not exempt of tax (Subclause 168.1.3 of the Tax Code of Ukraine);
- ✓ income from a person who is not a tax agent (from other individuals (residents or non-residents)) (Subclause 168.2.1 of the Tax Code of Ukraine);
- ✓ foreign income (Subclause 170.11.1 of the Tax Code of Ukraine).





03

PAYROLL OUTSOURCING

Minimum salary, amounts of the unified social contribution (USC), social benefits from April 2024

The amount of the minimum salary and minimum subsistence level from April 2024 is UAH 8,000.00

- ✓ per month: from April 1, UAH 8,000;
- ✓ per hour: from April 1, UAH 48.

The influence of the minimum salary on sick leave and maternity benefits

Under Part 3 of Article 24, Part 2 of Article 26 of Law No. 1105, the amount of a temporary incapacity benefit (including care for a sick child or a sick family member), as well as maternity benefits per month shall not exceed the maximum value of the USC assessment base.

The maximum USC assessment base depends on the minimum salary: from April 1, 2024, it will be: $8,000 \times 15 = \text{UAH } 120,000$.

This should be taken into account by the employer, who will assess the amount of sick leave or maternity benefits at the main place of employment.

As for part-time employees, the restriction introduced in 2023 is still in effect for them:

- 1) the first five days of temporary disability are paid both at the main and concurrent places of employment;
- 2) starting from the 6th day of temporary disability and for the entire period of maternity leave, the benefits shall be paid only at the main place of employment.

Maternity benefits have a minimum amount.

Under Part 2 of Article 26 of Law No. 1105, the monthly amount of maternity benefit cannot be less than the amount of the benefit calculated on the basis of the minimum salary established at the time of the insured event.

If the qualifying period for the last year is not enough, sick leave and maternity benefits shall be assessed based on the minimum salary.

If the insured person has less than six months of the pensionable period during 12 months prior to the occurrence of the insured event:

- ✔ temporary disability benefits shall be calculated based on the salary accrued, on which insurance premiums are paid, but shall not exceed in monthly terms the minimum salary established by law in the month of the insured event;
- ✔ maternity benefits shall be calculated based on the salary accrued, on which insurance premiums are paid, but shall not exceed in monthly terms the double minimum salary established by law in the month of the insured event (Part 4 of Article 12 of Law No. 1105 and Part 2 of Article 19 of this Law).

Starting April 1, 2024, the following restrictions on sick leave and maternity benefits shall apply if the pensionable period of the insured person is less than six months

April – December 2024		
Type of payment	Minimum limit	Maximum limit
Sick leave benefits		262,81 (8000:30,44)
Maternity benefits	262,81 (8000:30,44)	525,62 2x(8000:30,44)

Minimum USC paid on the salary of employees from April 2024

Under Article 1 of the USC Law, the minimum contribution is the amount of the unified contribution calculated as the product of the minimum salary amount and the contribution rate established by law for the month the salary (income) is accrued for, and shall be paid on a monthly basis.

For full-time employees, it is necessary to pay at least the minimum USC at the rate of 22%.

If the employee is a part-time employee, 22% USC shall be charged on his/her actual salary.

When USC is charged on the salary of employees with disabilities, all employers shall apply a rate of 8.41% to the actual amount of the salary accrued.

When calculating salaries (income) for employees who work under an employment contract with non-fixed working hours, the USC rate established by Part 5 of Article 8 of the USC Law shall be applied to the determined assessment base regardless of its amount.

Starting April 1, 2024, the minimum USC shall be UAH 1,760 (8,000*22%).

The maximum USC assessment base from April 1 is UAH 120,000 (15 minimum salaries).

Form No. [1-PV] (quarterly)



Form № 1-ПВ (quarterly) shall be submitted according to the new template (for Q1 2024 and further on)

By Order of the State Statistics Service of Ukraine No. 128 dated March 30, 2023, a new form No. 1-ПВ (quarterly) "Labor Report" was approved.

The new form will come into effect starting with the report for Q1 2024. The deadline for submission remains unchanged, no later than on the 7th day of the month following the reporting period.

As before, this form shall be submitted by legal entities and separate subdivisions of legal entities in accordance with the approved methodology to the territorial body of the State Statistics Service of Ukraine.

Changes to the Procedure for Unified Reporting regarding Personal Income Tax, Military Tax and Unified Social Contribution

Order of the Ministry of Finance of Ukraine No. 720 dated December 26, 2023 (registered with the Ministry of Justice of Ukraine under No. 54/41399 on January 10, 2024) amended the Procedure for Tax Agents to Fill Out and Submit the Tax Calculation of the Amounts of Income Accrued (Paid) to Individual Taxpayers, Tax Withheld, and USC Accrued.

Order № 720, published in the Official Gazette on February 16, 2024, entered into force on February 16, 2024.

When reporting for Q2 2024, new income attributes shall be used:

- ✓ 210 (partial unemployment benefit);
- ✓ 211 (compensation for damaged real estate during the war);
- ✓ editorial corrections regarding income attributes – 111, 112, 156, 189, 193.

A legal entity is a tax agent in case of purchase of a car from an individual

When buying a car from an individual, the buying company pays the income to such an individual. The rules of taxation of such income are determined by the Tax Code of Ukraine.

Under Subclause 164.2.4 of the Tax Code of Ukraine, the total monthly (annual) taxable income of the taxpayer includes part of the income from transactions with the property, the amount of which is determined under the provisions of Articles 172 – 173 of the Tax Code of Ukraine.

Therefore, under Clause 173.2 of the Tax Code of Ukraine, income received by the payer from the sale (exchange) of the first passenger car during the reporting year shall be exempt of tax. However, income received from the following during the tax year:

- ✓ sale of the second car – is subject to 5% tax (Clause 167.2 of the Tax Code of Ukraine);
- ✓ sale of the third and subsequent cars – is subject to 18% tax (Clause 167.1 of the Tax Code of Ukraine).

It should be noted that in this case the status of the individual seller as a resident of Ukraine matters. If the individual is a non-resident, regardless of the order in which he/she sold the car, personal income tax rate will be 18% (Clause 173.6 of the Tax Code of Ukraine).

It should also be noted that a military tax of 1.5% is also generally withheld from the taxable income of individuals (Subclause 1.3, Clause 161, Subsection 10, Section XX of the Tax Code of Ukraine).

If the buyer is a legal entity or a self-employed person, such a person is a tax agent and, therefore, pursuant to Subclause 14.1.180 of the Tax Code of Ukraine, shall be obliged to assess, withhold and pay tax to the budget on behalf and at the expense of the individual on the income paid to such an individual, as well as keep tax records and submit tax reports.

Changes to the Procedure for Granting Maternity Leave



Resolution of the Cabinet of Ministers of Ukraine No. 356 dated March 29, 2024 amended the Procedure for Granting Maternity Leave

The procedure was brought in line with the Law "On Amending Certain Legislative Acts of Ukraine Regarding Regulation of Provision and Use of Leaves, as well as Other Matters" No. 3494-IX dated December 12, 2023. These changes are effective from April 3, 2024.

Changes to the Procedure were made in the part of confirming the right to maternity leave of the following persons:

- ☑ the child's father, who is not in a registered marriage with the child's mother, provided that they live together, run common household, have mutual rights and obligations, which is confirmed by the statement of the child's mother and the child's birth certificate in which the relevant information about the child's father is specified;
- ☑ grandmother or grandfather, or other adult relative of the child who actually cares for the child, whose mother (father) is a single mother (single father), based on the application of the child's single mother (single father).

When applying for leave, the above-mentioned persons shall present the following:

- 1) a document required for the state registration of a child's birth;
- 2) or a child's birth certificate, which contains relevant information about the child's father;
- 3) a certificate of registration of the place of residence;
- 4) and a statement of the child's mother that she and the child's father live together, run common household, have mutual rights and obligations.

The changes are effective from April 3, 2024 (the resolution was published in Uryadovy Courier on April 3, 2024).



04



HR CONSULTING

Outstaffing: with or without a business trip?

The company offers outstaffing services. Should business trips of such employees be duly documented if they work for another company?



Outstaffing service is an economic or civil law agreement, according to which the person providing the service (resident or non-resident) places one or more individuals at the disposal of another person (resident or non-resident) to perform the functions defined by this agreement (Subclause 14.1.183 of the Tax Code of Ukraine).

This definition is given in the Tax Code of Ukraine; therefore, it is used exclusively for the purpose of taxation, and not for the purpose of regulating labor relations.

The outstaffing agreement may provide for the conclusion of an employment agreement or an employment contract by the specified individuals with the person at whose disposal they are sent. However, this is not necessary because such employees usually remain employed by the employer providing outstaffing services. Therefore, it is the employer who assumes the obligations the employer must fulfill in accordance with the labor law and observe all the rights and guarantees provided for by the Ukrainian legislation for these employees.

Other outstaffing conditions (including the remuneration of the person providing the service) shall be determined by agreement of the parties.

You can often hear the name for such contractual relations, such as outstaffing. However, this term is not mentioned in the Law on Employment.

Such employers are described as "business entities that hire employees for their further work in Ukraine for other employers". The Law on Employment, as well as Procedure No. 400 created by the Cabinet of Ministers of Ukraine in furtherance thereof, do not regulate the performance of works under such contracts abroad (Part 1 of Article 36 of the Law on Employment).

If employees enter into employment contracts with a non-resident company, with the assistance of a Ukrainian company in such employment abroad, this is more like employment mediation services abroad (Article 38 of the Law on Employment).



There are no specific provisions in the legislation for such employees, when the non-resident company only “rents” them, they will have the same rights as the rest of the employees. Their labor will be paid for by the actual employer in the amount and manner determined by the employment or collective agreement, staff list, and the regulations on salaries at the resident company.

They also retain the rights provided for in the case of performing a duty assignment outside the workplace. This case falls under the definition of a “business trip” under Instruction №59. However, the definition under Instruction №59 applies only to employees of government bodies, enterprises, institutions and organizations that are fully or partially supported (financed) at the cost of budget funds. The rest of business entities shall define in their administrative document which trips will be considered a business trip. To form such a personal definition of a business trip, you can use the provisions of Instruction №59 as a reference.

Therefore, in order to send employees to work outside their usual place of work, it is necessary to document a business trip, during which they retain their position and salary (not lower than the average salary), payment for travel to the place of the business trip and back, payment for accommodation during the business trip and daily subsistence costs. That is, everything will take place and be formalized as in the case of a regular foreign business trip – but they will perform tasks assigned by a non-resident company on-site (within the scope of works specified in the contract with the resident company, employees must be informed about the exact works they will perform before the business trip; these works must correspond to their qualification and position).

It is quite possible that the non-resident company will cover (according to the contract with the resident company) part of the employees' subsistence costs: for example, they will pay for traveling, provide free meals and accommodation.

In this regard, we should note the following: reduction of the amount of daily subsistence costs upon provision of free meals to seconded employees is provided for by the legislation (namely, Instruction №59) only if they are civil servants or employees of government bodies, enterprises, institutions and organizations that are fully or partially supported (financed) at the cost of budget funds. For the rest of the cases, there is no such requirement (and no guaranteed amount of daily subsistence costs), and the amount of the daily subsistence costs is determined by the employer itself.

Non-taxable expenses are the employee's expenses specified in Subclause 170.9.1 of the Tax Code of Ukraine, where no free meals are provided. The employee must satisfy his/her personal needs himself/herself, and for this he is paid daily subsistence. Therefore, the cost of free meals (if the contract and the rest of the documents provided by the customer allow it to be personalized) will become an additional benefit to the employee in a non-monetary form.

As for travel and accommodation expenses, they are considered non-taxable, but only subject to their documentary confirmation, for example, if the travel and accommodation expenses were paid for by the employer or such expenses were reimbursed to the employee (or he/she spent the advance payment received for the business trip).





05

LEGAL CONSULTING

Registration of a public organization with or without the status of a legal entity: is it possible?

A public association can carry out activities with or without the status of a legal entity. Regardless of the chosen form of a public association, its members can carry out full-fledged activities.

A public association can carry out activities with or without the status of a legal entity — such a division is established by the Law of Ukraine “On Public Associations”.

Regardless of the chosen form of a public association, its members can carry out full-fledged activities (organize meetings, trainings, seminars, round tables, educational events, etc.; disseminate information about their activities and receive information from government and local authorities, etc.).

The definition of a legal entity under the Civil Code of Ukraine: a legal entity is an organization that has separate property, can acquire property and personal non-property rights and obligations on its own behalf, be a plaintiff and a defendant in court.

Thus, a public association with the status of a legal entity acquires all the features typical for any legal entity. A public association with the status of a legal entity, unlike a public association without this status, may:

- ✓ create separate units of the public organization;
- ✓ carry out business activities;
- ✓ be a party to civil relations;
- ✓ acquire property and non-property rights;
- ✓ have own registered symbols;
- ✓ receive financial support at the expense of funds from budgets of various levels;
- ✓ establish media etc.

At the same time, a public association with the status of a legal entity must keep financial documentation (reports).

If future members of the organization plan to conduct business activities, have a bank account, a seal, separate units, rent an office and hire employees, as well as raise funds for their activities, participate in grant programs, it is better to choose a public association with the status of a legal entity.

If they do not plan to carry out business activities, rent an office or hire employees, they should choose the type of a public organization without the status of a legal entity. Such an organization can fully cope with its main goal, i.e., to represent and protect interests of its members and other persons. It can also submit petitions and complaints, organize rallies and participate in the work of public councils. This type of organization has a simplified registration procedure, and does not need to submit tax reports to the fiscal bodies, keep financial documentation, etc.



A public association without the status of a legal entity is a collective subject of legal relations endowed with wide opportunities for the implementation of various ideas. It may freely disseminate information related to its own activities, including promoting its own objective (goals).

The legislation also grants the right to all public organizations to contact government and local bodies, their officers and officials with certain proposals (comments), statements (petitions), or complaints.

It is also important that they have the right to receive public information that is in the possession of power entities or its other controllers.

Diia City: military easings were cut

Resolution of the Cabinet of Ministers of Ukraine №163 dated February 13, 2024 defines the reporting rules for Diia City residents: residents must submit annual compliance reports and independent audit opinions for 2023 by June 1, 2024. Initial compliance reports will not be submitted in 2024.

Resolution of the Cabinet of Ministers of Ukraine №382 dated March 29, 2022, which introduced easings regarding the compliance with the criteria for being a Diia City resident, is no longer valid.

In 2024, Diia City residents who acquired this status before February 17, 2024 will not lose their Diia City resident status as a result of submitting a compliance report and/or an independent opinion, and are not required to submit an initial compliance report and/or an independent opinion.

We remind you that, according to the general requirements of Law of Ukraine "On Stimulating the Development of the Digital Economy in Ukraine" №1667-IX dated July 15, 2021 (Law No. 1667), an IT company can become a Diia City resident only when it complies with the five requirements listed in Article 5 of Law №1667.

Under Clause 1 of Article 13 of Law №1667, a legal entity with the status of a Diia City resident must comply with all the above-mentioned requirements during the entire period of residency. Upon failure to meet some of these requirements, the legal entity may be deprived of the status of a Diia City resident.

Easing 1. During the period of martial law and until the 1st day of the calendar month following the month of suspension or cancellation of martial law, the Ministry of Digital Transformation of Ukraine could not deprive the IT company of the status of a Diia City resident due to:

- 1) non-compliance of the Diia City resident with the requirements specified in Article 5 of Law №1667, which became known after the Diia City resident submitted a compliance report and/or an independent opinion;
- 2) violation of the deadline for submitting a compliance report and/or an independent opinion by a Diia City resident by more than 20 business days after the deadline established for the submission of relevant documents;

- 3) repeated consecutive violation of the deadlines for submitting by a Diia City resident a compliance report and/or an independent opinion to the competent body;
- 4) entry into force of a court decision establishing the fact that the Diia City resident does not meet the requirements specified in Article 5 of Law № 1667.

That is, practically from the beginning of the martial law and until February 17, 2024, the status of a Diia City resident could be revoked only for two reasons according to Article 9 of Law № 1667:

- 1) the Diia City resident itself submitted an application for the termination of the status of the Diia City resident;
- 2) the Diia City resident will not carry out permitted types of IT activities at all (that is, the Diia City resident will violate the requirements of Clause 1, Part 1, Article 5 of Law № 1667).

Easing 2. Under Resolution of the Cabinet of Ministers of Ukraine No. 382 dated March 29, 2022, IT companies were exempted from submitting IT reports, i.e., until January 1 of the calendar year following the year of the termination or cancellation of martial law, IT companies that are Diia City residents were not required to submit a compliance report (both initial and annual) and an independent opinion.



Changes from February 17, 2024. Resolution of the Cabinet of Ministers of Ukraine № 163 dated February 13, 2024 established new easings:

In 2024, Diia City residents who acquired this status before February 17, 2024:

- 1) do not lose the status of a Diia City resident as a result of submitting a compliance report and/or an independent opinion;
- 2) do not submit an initial compliance report and/or an independent opinion.

The grounds for losing the status of a Diia City resident have returned. The grounds are listed in Article 9 of Law № 1667.

The list of cases when it is allowed not to submit IT reporting has been reduced. This applies only in 2024 and only for IT companies who have had the status of a Diia City resident before February 17, 2024.

Ukraine and Japan agreed on the elimination of double taxation

On February 19, 2024, the Minister of Finance of Ukraine signed the Convention between the Government of Ukraine and the Government of Japan for the Elimination of Double Taxation with respect to Taxes on Income and the Prevention of Tax Evasion and Avoidance and the Protocol thereto.

The rules for the distribution between Ukraine and Japan of the right to tax certain types of income received by residents of one Contracting State from sources in the other Contracting State were established, including, but not limited to, the right of the country that is the source of income was limited as follows:

- ✓ taxation of dividends (5% – for dividends received by a company of the Contracting State that owns at least 25% of the capital of a company of another Contracting State that pays such dividends);
- ✓ taxation of interest (10% and 5% if the beneficial owner of the interest is a bank, an insurance company or a securities dealer, or a recognized pension fund, or if the interest is paid on debt claims arising from the sale of equipment or goods or the provision of services on credit);
- ✓ royalty (5 %).

The Convention defined the methods of the elimination of double taxation between Ukraine and Japan, and the states agreed to exchange tax information between their tax authorities.

It also outlined the procedure for mutual consultations, which will be carried out by the competent authorities in the event that a resident of Ukraine or Japan believes that as a result of the actions of one or both of the Contracting States, such resident is or will be subject to taxation that does not comply with the provisions of this Convention.

06

TRANSFER PRICING

The Report on Controlled Transactions and the Transfer Pricing Annex to the Tax Return were updated



The Report on Controlled Transactions and the Transfer Pricing Annex to the Tax Return were updated by Order of the Ministry of Finance of Ukraine No. 673 dated December 07, 2023 (as amended by Order No. 725 dated December 27, 2023):

- 1) the forms of the Report on Controlled Transactions and the Transfer Pricing Annex to the Corporate Income Tax Return were updated;
- 2) changes to the Procedure for Drawing up a Report on Controlled Transactions were approved.

The changes were made due to the fact that the current version of the forms of the Report on Controlled Transactions (hereinafter referred to as the Report on Controlled Transactions) and the Transfer Pricing Annex do not fully disclose the information necessary for the implementation of tax control regarding:

- ✓ related persons and confirmation of the grounds for classifying transactions as controlled;
- ✓ additions (changes) to the contract (agreement) and its terms;
- ✓ terms of supply of goods in accordance with the Incoterms rules;
- ✓ adjustable indicators and units of measurement of sale (purchase) of goods (works, services);
- ✓ amounts of funds actually received in the currency of the contract or amounts of credit in accordance with the terms of the contract in the currency of the contract, if the subject of the controlled transaction is a financial transaction;
- ✓ the exchange rate on the date of displaying the controlled transaction in accounting books.

Control over the compliance with the arm's length conditions of a controlled transaction has been improved regarding:

- 1) connection or lack of connection with a non-resident counterparty;
- 2) grounds for classifying transactions as controlled;
- 3) numbers and dates of additions (changes) to the contract (agreement);
- 4) a supply basis code according to the Incoterms rules;
- 5) amounts of funds actually received in the currency of the contract or amounts of credit in accordance with the terms of the contract in the currency of the contract, if the subject of the controlled transaction is a financial transaction;
- 6) the exchange rate on the date of displaying the controlled transaction in accounting books if the contract (agreement) is concluded in a currency other than the national currency of Ukraine.

Clarification of the Transfer Pricing Annex with the information regarding:

- ✓ numbers and dates of additions (changes) to the contract (agreement);
- ✓ goods supply basis according to the Incoterms rules;
- ✓ adjustable indicators and units of measurement of sale (purchase) of goods (works, services).

The changes have entered into force on February 6, 2024.

The updated form of the Country-by-Country Report of the International Group of Companies

The Ministry of Finance of Ukraine with their Order No. 709 dated December 21, 2023 (registered with the Ministry of Justice of Ukraine under No. 28/41373 on January 04, 2024):

- ✓ presented a new revision of the Country-by-Country Report of the International Group of Companies;

- ✓ approved changes to the Procedure for Filling out the Country-by-Country Report of the International Group of Companies.

This Order was amended by Order of the Ministry of Finance of Ukraine № 12 dated January 12, 2024.

The changes are made in order to bring the form and the Procedure into compliance with the provisions of Law of Ukraine “On Amending the Tax Code of Ukraine and Other Legislative Acts of Ukraine Regarding the Implementation of the International Standard of Automatic Exchange of Information on Financial Accounts” No. 2970-IX dated March 20, 2023 (Law No. 2970), which particularly:

- 1) provided definitions of the terms “CbC Multilateral Agreement”, “QCAA Agreement”, “a member of an international group of companies”;
- 2) revised definitions of the terms “parent company of an international group of companies”, “international group of companies”, “authorized member”;
- 3) determined that for the purposes of the Code, unless it expressly provides otherwise, international agreements containing provisions on the exchange of information for tax purposes shall include the Convention on Mutual Administrative Assistance in Tax Matters, the International Treaty of Ukraine on the Avoidance of Double Taxation and other international agreements on the exchange of information for tax purposes, the consent to the binding nature of which was granted by the Verkhovna Rada of Ukraine, as well as interdepartmental agreements concluded on their basis;
- 4) clarified the circumstances and conditions for submitting the Country-by-Country Report of the International Group of Companies (including, but not limited to, cases of non-performance of the QCAA Agreement and indicators of the minimum aggregate consolidated income of an international group of companies to which the taxpayer belongs);
- 5) updated the list of information that must be included in the Country-by-Country Report of the International Group of Companies for each jurisdiction (state, territory) in which a member of the relevant international group of companies is registered or in which an international group of companies carries out its activities, as well as for each member of such an international group of companies;

- 6) determined the grounds for the taxpayer to submit an updated Country-by-Country Report of the International Group of Companies (including, but not limited to, in the event that the supervisory body detects errors in the Country-by-Country Report of the International Group of Companies or receives a notice of such errors from the competent authority of another jurisdiction under the QCAA Agreement);
- 7) clarified reporting periods and deadlines for the first submission of the Country-by-Country Report of the International Group of Companies.

The report shall be submitted if the aggregate consolidated income of the IGC the taxpayer is a member of for the financial year preceding the reporting one, calculated in accordance with the accounting standards applied by the IGC parent company (in the absence of information – in accordance with the international standards on accounting), is equal to or exceeds the corresponding indicator of the minimum aggregate consolidated income, as determined by Subclause 39.4.10-2 of the Tax Code of Ukraine, and in the presence of one of the circumstances defined by Subclause 39.4.10 of the Tax Code of Ukraine:

- ✓ the taxpayer is the IGC parent company;
- ✓ the IGC parent company authorizes the taxpayer, which is a resident of Ukraine, to submit the Report to the supervisory body;
- ✓ in accordance with the requirements of the legislation of the jurisdiction of the tax residency of the IGC parent company, such IGC is not required to submit the Report;
- ✓ there is an effective international agreement between Ukraine and the corresponding foreign jurisdiction of the tax residency of the IGC parent company containing provisions on the exchange of information for tax purposes, but the relevant QCAA Agreement has not entered into force as of the end of the fiscal year for which, in accordance with Subclause 39.4.11 of Clause 39.4 of Article 39 of Section I of the Code, the Report on such IGC must be submitted;
- ✓ there is an effective international agreement between Ukraine and the relevant foreign jurisdiction of the tax residency of the IGC parent company containing provisions on the exchange of information for tax purposes, but there are facts of repeated breach of the relevant QCAA Agreement.

For the purposes of this subclause, repeated breach of the QCAA Agreement with respect to a foreign jurisdiction means that the foreign jurisdiction of the tax residency of the relevant IGC member has a valid QCAA Agreement with Ukraine, but has suspended the automatic exchange of Reports for reasons other than those consistent with the terms of such agreement, or otherwise, for a long time and consistently, does not automatically provide Ukraine with the Reports at its disposal on the IGCs with members in Ukraine.



For the purposes of submitting the Report, the following indicators of the minimum aggregate consolidated income of the IGC the taxpayer is a member of shall apply, which are equal to or exceed:

- 1) the equivalent of EUR 750 million – for the circumstances specified in the paragraph 2 of this clause;
- 2) the equivalent of EUR 750 million – for the circumstances specified in paragraphs 3 to 6 of this clause, but if the legislation of the foreign jurisdiction of the tax residency of the IGC parent company or an authorized member of the parent company (if appointed by the parent company) determines a different amount of the aggregate consolidated income of the IGC denominated in euro, which according to the legislation of such foreign jurisdiction is used for the purposes of submitting the Report (if such legislation exists), such other amount shall be considered the maximum amount for the circumstances of submitting the Report, as determined in paragraphs 3 to 6 of this clause.

The orders have been published in the Official Gazette on February 15, 2024. The updated form of the report is effective from February 15. Reports for the 2024 performance results shall be submitted using the new form.

07



FINANCIAL AUDIT

Harmonization of some National Accounting Regulations (Standards)

National Accounting Regulations (Standards) 1 “General Requirements for Financial Reporting”, 12 “Financial Investments”, 13 “Financial Instruments”, 29 “Financial Reporting by Segments” and 32 “Investment Property” were brought into compliance with the IFRS requirements. These changes are effective from January 3, 2024.

The Ministry of Finance of Ukraine with their Order No. 264 dated November 07, 2023 (registered with the Ministry of Justice of Ukraine under No. 2010/41066 on November 21, 2023) brought some National Accounting Regulations (Standards) into compliance with the national legislation and the IFRS requirements, namely:

- 1) 32 “Investment Property” — in terms of bringing the accounting of business operations related to the investment property into compliance with the IFRS requirements. Inter alia, certain definitions have been updated, namely:
 - ✓ Investment property shall mean real estate (land, structure, building (part of a building) or a combination thereof) held by an owner or a lessee under a finance lease for the purpose of receiving rental payments and/or increasing their equity, and not for use in the production and supply of goods, in the provision of services and for administrative purposes, or for sale in the ordinary course of business.
 - ✓ Operational property shall mean real estate (land, building, structure (part of a building) or a combination thereof) held by an owner or a lessee under a finance lease for the purpose of use in the production and supply of goods, in the provision of services and for administrative purposes.
 - ✓ Book value of an asset shall mean the value of an asset at which it is included in the balance sheet total.

For accounting purposes, the following shall not be considered investment property:

- ✔ Operational property, as well as real estate held for future use as operational real estate;
- ✔ Real estate held for sale in the ordinary course of business;
- ✔ Real estate under construction or renovation for the purpose of sale in the ordinary course of business;
- ✔ Real estate held for the purpose of future improvement and further use as operational property;
- ✔ Operational property expected to be disposed of;
- ✔ Real estate leased out to another business entity under a financial lease.

Investment property shall include, for example:

- ✔ a land plot held for long-term equity growth rather than for short-term sale in the ordinary course of business;
- ✔ a land plot held for future use, the purpose of use of which is not yet determined. If the company has not yet determined whether the land plot will be used as operational property or for sale in the short-term prospect in the ordinary course of business, such land plot shall be considered held to increase equity;
- ✔ a building owned by the company (or as a right to use a building maintained by the company) and leased out under one or more operating leases;
- ✔ a building that is not occupied but is held for lease under one or more operating leases.

If the fair value of the part of the facility that belongs to the investment property cannot be measured reliably, all the real estate this part belongs to shall be accounted for as fixed assets under the National Accounting Regulation (Standard) 7 "Fixed Assets".

- 2) "General Requirements for Financial Reporting", 12 "Financial Investments" and 13 "Financial Instruments" – in terms of information disclosure by the investor on the operations of contributing funds to the authorized capital of companies.

Thus, the National Accounting Regulation (Standard) 12 stipulates that the investor of a joint, subsidiary and associated company shall disclose information about the amount, term and conditions of its obligations to make contributions to the authorized capitals of business entities. And the National Accounting Regulation (Standard) 13 stipulates that the investor shall disclose information about the amount, term and conditions of its obligations to make contributions to the authorized capitals of business entities.

The National Accounting Regulation (Standard) 1 clarifies that in the notes to the financial statements investors shall provide (disclose) the list of business entities, investors' own share in their authorized capital, and the amount of outstanding contributions to those authorized capitals. The List of Additional Items of Financial Reporting (Annex 3) was also supplemented with the item "Outstanding contributions to the authorized capital of other enterprises", line code 1036.

- 3) 29 "Financial Reporting by Segments". In Clause 2 of this National Accounting Regulation (Standard), the words "companies that maintain simplified accounting of income and expenses in accordance with the tax legislation" are excluded.

Subsequently, Order No. 624 was slightly amended by the Order of the Ministry of Finance of Ukraine No. 659 dated November 27, 2023 "On Amending Certain National Accounting Regulations (Standards)".

Both orders have been published in the Official Gazette on January 3, 2024. Accordingly, their norms have come into effect on January 3.





08

IT CONSULTING

BAS product line

Novelties in version 2.1.25.5:

1) Regulated reporting

Income Tax Return:

- ✓ Under the Orders of the Ministry of Finance of Ukraine No. 302 dated June 07, 2023, No. 572 dated October 24, 2023, and No. 699 dated December 13, 2023, a new form of the regulated report "Income Tax Return" has been implemented.
- ✓ Indicators 4.1.5.2, 4.2.5.1-2 are added to Annex PI (Differences), which reflect the differences after the transition from the single tax under Clause 4(1) of Subsection 4 of the Transitional Provisions of the Tax Code of Ukraine.

Excise Tax Return

Under Order of the Ministry of Finance of Ukraine No. 414 dated July 28, 2023 (as amended by Order of the Ministry of Finance of Ukraine No. 444 dated August 18, 2023), a new form of the regulated report "Excise Tax Return" has been implemented.

Form No. 1-B

Under Order of the State Statistics Service of Ukraine No. 122 dated March 15, 2023, a new form of the regulated report "Form No. 1-Б. Report on Mutual Settlements with Non-Residents" has been implemented.

Labor Report

Under Order of the State Statistics Service of Ukraine No. 128 dated March 30, 2023, new forms of the regulated report "Labor Report" have been implemented.

2) Paktum.Kontragent service

Group editing

The feature to create group cards for counterparties has been added. The feature of opening cards immediately after creation or creating them in the background, updating data in existing cards, saving cards in a given group, transferring sets of cards between groups has been provided.

Extended data

The display of extended data about the counterparty, including information on NACE, founders and beneficiaries, the amount of the authorized fund, registration data, historical data from VAT and single tax registers, etc., has been implemented. The feature of displaying extended data on the main tab of the counterparty card has been added.

3) Accounting

Implemented display of extended data on the counterparty, including information on KVEDs, founders and beneficiaries, the size of the authorized capital, registration data, historical data from the VAT and single tax registers, etc. Added the ability to display extended data on the main tab of the counterparty card.

Chart of Accounts

In furtherance of Order of the Ministry of Finance of Ukraine No. 624 dated November 7, 2023, which added an additional balance sheet indicator 1036 "Outstanding contributions to the authorized capital of other companies", subaccounts 6854-7 were added to account for settlements for the acquisition of long-term financial investments accounted for by the equity method, and other financial investments in UAH and foreign currency.

4) Salary and personnel

Accounting for unused leaves

A new method of accounting for unspent annual leaves has been implemented, i.e. in proportion to calendar days.

Compensation for leaves earned before 2024

Under Resolution of the Cabinet of Ministers of Ukraine No. 957 dated September 08, 2023, a separate procedure for calculating the average salary for the purpose of compensations for leaves earned before 2024 has been established.

Setting up salary payment methods

Advanced features for setting up “inter-off cycle runs” salary payment methods have been added.



External reports:

- 1) external report “Balance Sheet (Standard No. 2), Statement of Financial Results (Standard No. 3), Statement of Cash Flows (Standard No. 4), Statement of Equity” dated April 08, 2024;
- 2) external report “Report of a Small Business Entity (Standard No. 25)” dated April 08, 2024;
- 3) external report “Simplified Report of a Small Business Entity (Standard No. 25)” dated April 08, 2024;
- 4) external report “Income Tax Return” dated April 11, 2024;
- 5) for BAS ERP 2.5, one release dated February 19, 2024 was released in Q1, and external reports were released later;
- 6) external reports are identical to the above.

For BAS ERP 2.5, one release dated February 19, 2024 was released in Q1, and external reports were released later. External reports are identical to the above.

Novelties in version 2.5.10.15:

- 1) Accounting

Chart of Accounts

In pursuance of Order of the Ministry of Finance of Ukraine No. 624 dated November 07, 2023, subaccounts 6854-7 of the national Chart of Accounts have been added.

2) Salary and personnel

Accounting for unused leaves

A new method of accounting for unused annual leaves has been implemented, i.e. in proportion to calendar days.

Compensation for leaves earned before 2024

Under Resolution of the Cabinet of Ministers of Ukraine No. 957 dated September 08, 2023, a separate procedure for calculating the average salary for the purpose of compensations for leaves earned before 2024 has been established.

Setting up salary payment methods

Advanced features for setting up up “off-cycle runs” salary payment methods have been added.

3) Regulated reporting

Income Tax Return:

Under the Orders of the Ministry of Finance of Ukraine No. 302 dated June 07, 2023, No. 572 dated October 24, 2023 and No. 699 dated December 13, 2023, a new form of the regulated report “Income Tax Declaration” has been implemented.

Form No. 1-B

Under Order of the State Statistics Service of Ukraine No. 122 dated March 15, 2023, a new form of the regulated report “Form No. 1-B Report on Mutual Settlements with Non-Residents” has been implemented.

Labor Report

Under Order of the State Statistics Service of Ukraine No. 128 dated March 30, 2023, new forms of the regulated report “Labor Report” have been implemented.

Novelties in BAS KUP version 2.1.34.4, BAS ERP version 2.1.34.4, BAS ERP version 2.5.11.6:

1) Accounting

Chart of Accounts

Under the Order of the Ministry of Finance No. 10 dated 10.01.2024, account 309 "Retail Revenue at Cash Desks CRM" of the National Chart of Accounts was renamed to 308 "Cash in National Currency for Transactions Conducted with the Use of Cash Registers".

Account 309 "Cash in Foreign Currency for Transactions Conducted with the Use of Cash Registers" has been added.

Under the Order of the Ministry of Finance No. 10 dated 10.01.2024, accounts 686 "Settlements on transfer operations", 706 "Interest income from financial services" and 707 "Commission income from financial payment services" were added to the national chart of accounts.

2) Salary and personnel

Accounting for resident organizations in Diia City

Under the State Tax Service's explanations, Diia City resident organizations apply additional unified social tax to the minimum base for all employees (including external part-time workers) and gig workers, including in the months of hiring or dismissal.

Payment of personal income tax and military duty for separate units

For organizations that keep records of separate divisions for personal income tax, it is now possible to specify separate details of payment documents for personal income tax and military duty for these divisions. If such details are specified, separate payment documents will be generated for them to pay taxes.

3) Regulated reporting

Balance sheet (standard No. 2)

Under the Order of the Ministry of Finance of Ukraine No. 624 dated 07.11.2023, a new form of the regulated report "Balance Sheet (Standard No. 2)" was implemented.

4) Data synchronization (for BAS ERP 2.5.11.6 only)

Exchange with BAS Retail

The ability to synchronize data with the "BAS Retail" configuration of version 2.2 has been added.

5) International financial accounting (for BAS ERP 2.5.11.6 only)

IFRS accounting model

An IFRS accounting model has been introduced.

New releases have been introduced for the BAS for Payroll and HR management configuration: release 3.0.2.9 dated February 20, 2024 and release 3.0.3.5 dated April 10, 2024.

Novelties in BAS for Payroll and HR management version 3.0.2.9:

1) Salary and personnel

Accounting for unused leaves

A new method of accounting for unused annual leaves has been implemented, i.e. in proportion to calendar days.

Compensation for leaves earned before 2024

Under Resolution of the Cabinet of Ministers of Ukraine No. 957 dated September 08, 2023, a separate procedure for calculating the average salary for the purpose of compensations for leaves earned before 2024 has been established.

Setting up salary payment methods

Advanced features for setting up "off-cycle runs" salary payment methods have been added.

2) Exchange with BAS Accounting, version 2.1

The ability to upload data on the accrual of estimated liabilities for the vacation reserve for the formation of accounting entries has been implemented.

3) Regulated reporting

Labor Report

Under Order of the State Statistics Service of Ukraine No. 128 dated March 30, 2023, new forms of the regulated report "Labor Report" have been implemented.

Novelties in BAS for Payroll and HR management version 3.0.3.5:

1) Salary and personnel

Military fee

Under the State Tax Service, if a tax agent accrues (provides) income in any non-monetary form, such income is subject to military duty using a natural coefficient.

Accounting for resident organizations in Diia City

Under the State Tax Service's explanations, Diia City resident organizations shall apply additional unified social tax to the minimum base for all employees (including external part-time workers) and gig workers, including in the months of hiring or dismissal.



A5: ERP

On March 11, 2024, an update of the Accounting and Tax Accounting subsystem (v.1.8.0) of the computer program A5.ERP, an information and analytical system of digital transformation of business processes for planning, accounting and resource management, was released. The update, includes new functionality, improvement of the existing functions and changes in legislation, namely:

- ✔ the general functionality for automatic definition of document attributes, which are analysts of the bookkeeping accounts selected in the document, when making accounting entries, has been added;
- ✔ the daily breakdown of deferred expenses has been added;
- ✔ the regulatory reporting Form No. 2. Statement of Financial Results (Statement of Comprehensive Income) has been uploaded;
- ✔ **changes have been made to the functionality of displaying the document hierarchy layout (structure), namely:**
 - 1) register "Document Hierarchy";
 - 2) changes to the Report "Structure of Related Documents", which is built based on the data of the register "Document Hierarchy".
- ✔ the attributes "Series", "Measurement range (from)" and "Measurement range (to)" have been added to the element "Price list" of the Inventory tab;
- ✔ a new constant has been created – to attribute targeted financing to deferred income (inventory);
- ✔ copying of records from the list of documents from the context menu by right-clicking for the elements "Issue of documents to be accounted for" and "Write-off/return of documents to be accounted for" has been added;
- ✔ in the "Administration" section, the "Numbering of directories" functionality has been introduced to configure auto-numbering for elements from the "Directories" tab, adding the ability to specify the attribute for which numbering shall be configured ("Intangible assets card" and "Other non-current tangible assets card", "Inventory");
- ✔ an attribute "Price including VAT" has been added to the constant "Settlements with customers"

- ✓ “Data register of series and serial numbers” has been added;
- ✓ The constant “Maintenance by serial numbers” has been added;
- ✓ “Bookkeeping account” and “Depreciation account” attributes have been added to the directory of the Groups of Intangible Assets;
- ✓ “Payment type code” and “Type” attributes have been added to the “Types of taxes and deductions” directory;
- ✓ **A new directory “Codes of payment types” has been created:**
 - 1) payment type code;
 - 2) name of the payment type code;
 - 3) carrying out mutual settlements for the repayment of tax debt (including fines, penalties) and/or deferred amounts of monetary liabilities or tax debt;
 - 4) payment of the amount of taxes, fees, payments, USC;
 - 5) payment of funds by a taxpayer who undergoes bankruptcy proceedings;
 - 6) payment of an administrative fine;
 - 7) advance contributions charged on dividends and equivalent payments;
 - 8) payment of monetary liabilities / USC amounts determined based on the results of a desk audit by units performing payments administration (individuals);
 - 9) payment of monetary liabilities determined based on the results of desk audits by units that administer payments (legal entities);
 - 10) payment of monetary liabilities determined based on the results of documentary/actual inspection by units that carry out control and verification measures;
 - 11) payment of monetary liabilities determined by the territorial bodies of the State Tax Service based on the results of work of divisions working with tax debt;
 - 12) payment of funds to repay tax debt/USCdebt/monetary liabilities;
 - 13) payment of overdue (deferred) amounts;
 - 14) payment of the amount due under a special subsoil use permit;
 - 15) payment of the excise tax calculated upon receipt of excise tax stamps;
 - 16) advance payments (prepayment) and cash collateral;

- 17) the amount of monetary liabilities determined by the customs authorities based on the results of documentary inspections and in connection with the failure to submit the customs declaration within the established period;
- 18) payment of funds towards repayment of the tax debt for customs duties;
- 19) payment of funds towards repayment of the tax debt for customs duties in international legal relations;
- 20) payment of funds by guarantors under the issued guarantees upon breach by the payer responsible for the payment of customs duties of the obligation to pay customs duties;
- 21) payment of a fine for the breach of customs rules.


On March 26, 2024, an update of the Personnel Management subsystem (v.1.38.0) of the computer program A5.ERP, an information and analytical system of digital transformation of business processes of planning, accounting and resource management, was release. The update includes includes new functionality, improvement of existing functions and changes in legislation, namely:

- ✓ the report "Addresses of Organizations" has been added. The report is designed to display (legal, physical, postal) addresses as of the specified date for the main organization and all subordinate organizations with the possibility of downloading the report in Excel format;
- ✓ control lists "Staff positions" and "Job directory" have been added, which allow you to find records of regular positions or records of the job directory for positions with incorrect data;
- ✓ the possibility to regulate the frequency of medical examinations has been added to the "Persons" card. In the directory "Periodicity (years)" in the medical examination card, "Date of the next medical examination" is filled in automatically, according to the periodicity;
- ✓ **The "Personnel Reports" shortcut on the "Personnel" desktop contains the following:**
 - 1) the control list "Personnel", which allows you to find records of appointments of employees to positions with incorrect data;
 - 2) the control list "Employees with two or more active appointments".

- ✓ The "Lists of Employees" form is located on the "Personnel" desktop. The list "Change of Credentials" is intended to form a list of existing employees of the selected organization who have changed personal credentials; it is listed in the alphabetical order by new last names;
- ✓ a new type "Retirement Age" has been added to the "Reminders" dashboard. The reminder forms a register of existing employees who reach retirement age in a given time interval;
- ✓ the functionality of working with the orders "On temporary transfer with payment according to the average", "End of payment according to the average", "On changes to the business trip", "On bonuses", "On working on weekends/holidays (group)", "On compensation for working on a day off" has been expanded;
- ✓ the possibility of mass approval of documents with one step in the "My Tasks" tab has been added;
- ✓ orders on appointment, concurrent work, transfers. When processing the order, while adding an entry to the employee's work record book, the code "Position Occupation Classifier" is filled in;
- ✓ a clause on payment to the internship supervisor has been added to the "Order on the internship";
- ✓ on the "Administration" desktop, the "Information on System Users" report has been added to the "Users" shortcut group. This allows you to create a report with a list of user accounts, their properties and specification of role groups;
- ✓ the possibility to upload photos in bulk has been added;
- ✓ the possibility to upload scanned copies of documents with a choice of document type has been added;
- ✓ the possibility to print an order with a barcode of the document's registration mark, and a QR code with the information about the key of the last approver with the signatory role.

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