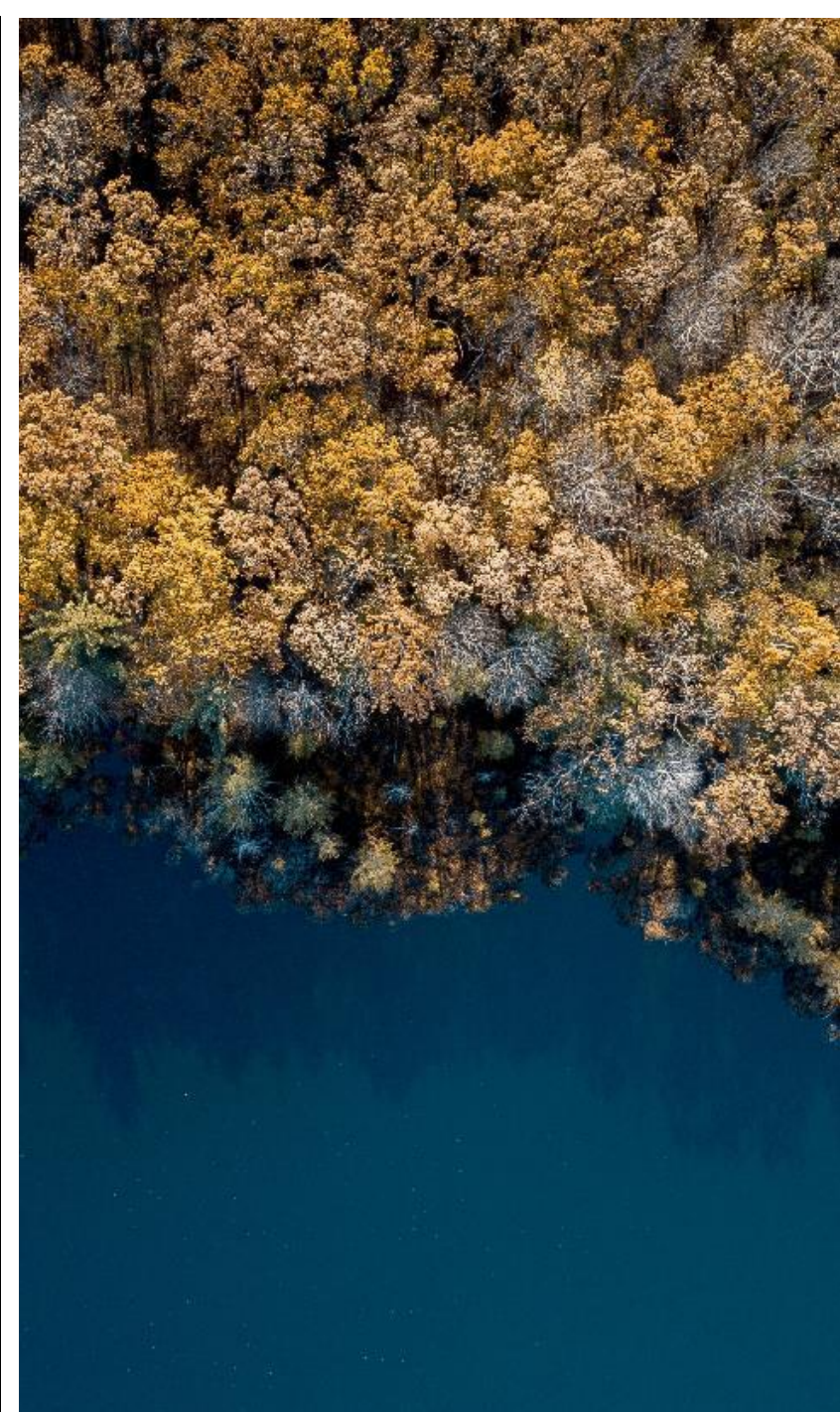




Transfer Pricing main issues



Controlled operations



Cost criteria



the amount of **annual income of the taxpayer** from any activity, determined by the accounting rules, for the relevant tax (reporting) year exceeds

150
Mio UAH
without
VAT

the volume of business transactions (net of indirect taxes) **with each counterparty**, determined by the accounting rules for the relevant tax (reporting) year, exceeds

10
Mio UAH
Without
VAT

The volume of business transactions of the taxpayer is calculated at prices that meet the arm's length principle



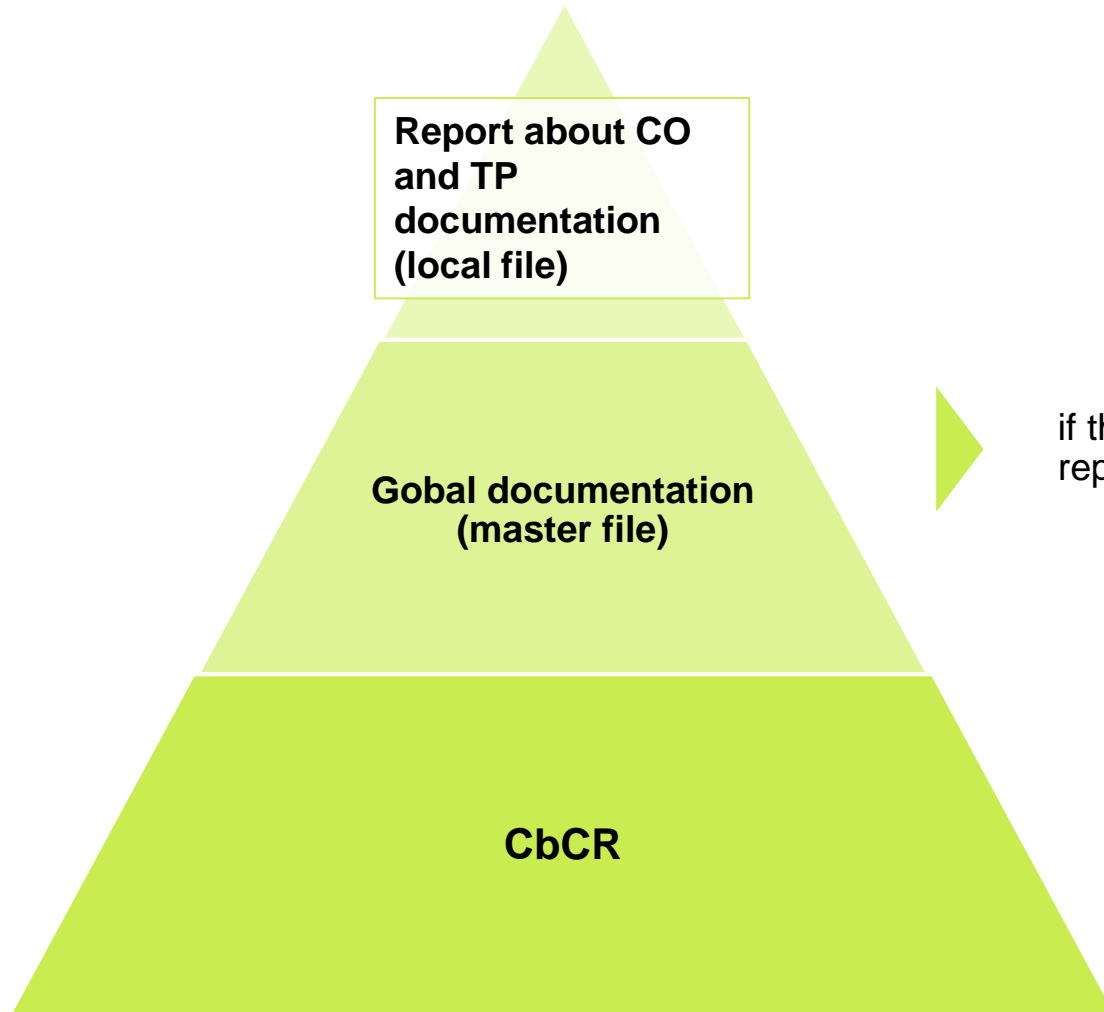
Controlled operations

Key criterion: the impact of transactions on the object of income tax

1. Business transactions with related parties - non-residents
2. Foreign economic transactions for the sale and / or purchase of goods and / or services through non-resident commission agents
3. Business transactions with non-residents registered in “low-tax jurisdictions” according to the Cabinet of Ministers of Ukraine List (List 1)
4. Business transactions with non-residents who do not pay income tax (corporate tax) and / or are not tax residents of the state in which they are registered as legal entities according to the List of the Cabinet of Ministers of Ukraine (List 2)
5. Transactions through a "nominal intermediary“
6. Operations of permanent establishments



Three levels of reporting



if the aggregate consolidated income for the financial year preceding the reporting year is **equal to or exceeds the equivalent of EUR 50 million**

Taxpayers, with aggregate consolidated income **equal to or greater than the equivalent of € 750 million** in the year preceding the reporting year and in certain additional circumstances.