

**Stepanyuk A.V.**

*Student;*

**Galynska O.M.**

*PhD, Associate Professor of the Department of Foreign Languages  
for Business and International Communication,  
National University of Food Technologies*

## **PERSONAL INCOME TAX IN UKRAINE**

At present taxes in Ukraine are divided into two groups: *nation-wide taxes* and *local taxes* levied in accordance with the Tax Code of Ukraine (acts from 1 January 2011). National taxes such as Corporate Income Tax (CIT), Value-Added Tax (VAT), Personal Income Tax (PIT), Customs Duties, and Excise Taxes form the largest share of budget revenues. Local authorities also collect revenues through a number of local taxes, such as Real Estate Tax, Levies for conducting certain types of business, Parking Tax, Recreation Tax, and other taxes.

In Ukraine individuals are subject to PIT, regardless of whether they are tax residents or not. Individuals – tax residents of Ukraine are taxed on their worldwide income, while tax non-residents are taxed on their Ukraine-sourced income only.

According to the Ukrainian law, an individual can be considered as a tax resident of Ukraine if he/she meets the Ukrainian tax residency criteria, which are as follows:

- An individual is considered a Ukrainian tax resident if he/she has a domicile in Ukraine;
- If the individual also has a domicile in another country, the individual is deemed to be resident of Ukraine provided he/she has a permanent place of residence in Ukraine;
- If the individual does not have a permanent place of residence in any country but he/she stays in Ukraine in excess of 182 days during a tax (calendar) year.

Personal income tax generally is computed as:

$$\text{PIT} = \text{tax rate} \times \text{taxable income} [1]$$

Tax rates may vary by type or characteristics of the taxpayer.

In Ukraine personal income tax rates in 2014 are 0%, 1%, 5%, 15%, 17%, 30%.

- 15%. It is the standard tax rate. This rate usually applies to monthly income up to a threshold of 10 minimum wages per month (in 2014, UAH 12,180).

- 17%.
  - employment income exceeds 10 times the minimum monthly income;
  - sale of immovable assets by a non-residence;
  - inheritance tax when the recipient is non-resident.
- 30%. This rate applies to income from:
  - prizes and winnings of residents;
  - income from prizes and winnings of non-residents originating from Ukraine.
- 5%. This rate applies to income from:
  - the sale of more than one object of real estate property during a calendar year;
  - in the event of inheritance by the heirs other than the testator's family members of the first degree of kindred.
- 1%. This rate applies to income received by a taxpayer from the first sale of a house, an apartment or a room not more than once, during a reporting year if the total area of the object exceeds 100 square meters.
- 0%. This rate applies:
  - to inheritance from the heirs who are the family members of the first degree of kindred;
  - to income received by a taxpayer from the sale of a house, an apartment or a room not more than once during a reporting year, if the total surface area of the house, apartment or room does not exceed 100 square meters [2].

A resident taxpayer may claim a deduction from annual taxable income for a limited amount of documented expenses incurred in the reporting year for:

- Secondary professional or higher education of the taxpayer and his family members;
- Donations or charitable contributions to non-profit organizations;
- Cost of paid services with regard to medical treatment of the taxpayer or a member of his family of the first degree of kindred.

Tax laws in most countries are extremely complex, and tax burden falls differently on different groups in each country and sub-national unit.

For example, in Belgium the personal tax rate is 50%, Bulgaria – 10%, Canada – 29%, China – 45%, Germany – 45%, Guatemala – 7%, Kuwait – 0%, Mongolia – 10%, Russia – 13% [2].

Personal income tax rate in Ukraine averaged 15.18% from 2004 until 2014, reaching the highest rate 17% in 2011 and the lowest 13% in

2005. Personal income tax rate in Ukraine is reported by the State Fiscal Service of Ukraine [3].

**References:**

1. Personal income tax (PIT) [Electronic resource]. – Mode of access: <http://dtkk.com.ua>

2. Your Business in Ukraine [Electronic resource]. – Mode of access: <http://www.kpmg.com/global/en/services/tax/tax-tools-and-resources/pages/individual-income-tax-rates-table>

3. Державна фіскальна служба України. Офіційний портал [Електронний ресурс]. – Режим доступу: <http://sfs.gov.ua/nk>