

Fiscal Responsible Tax Code of Economic Growth - 2020

billion UAH

| Initiatives that reduce budget revenues | | Compensatory initiatives | |
|---|-------------|--|--|
| <i>Tax Administration</i> | | | |
| | | Reducing the number of regulatory bodies (up to 35 thousand) | 1,1 |
| | | Lifting a ban on gambling business (licensing) | 2,5 |
| | | Encouraging a customer to receive a cashback check, fiscalization of pawnshops and bookmakers | 15-20* |
| <i>Income tax</i> | | | |
| Replacement of the profit tax with the tax on the withdrawn capital (NnVK), the rate of 20% | 20,0 – 44,0 | Plan to protect the national tax base from tax avoidance schemes (antiBEPS tools, including tax avoidance rule - GAAR, controlled foreign company rule - CFC) | 25* |
| <i>Value Added Tax</i> | | | |
| | | Increasing the base rate from 20% to 23% | 70,0 |
| | | Raising the reduced VAT rate from 7% to 9% | 2,2 |
| | | Cancellation of benefits - table 2 | from 1 to 5 billion (needs coordination) |
| <i>Personal Income Tax and ERU</i> | | | |
| Reduction of the base rate from 22% to 20% | 23,9 | Voluntary Disclosure Program - Capital Amnesty (in order to return the MIN 15% of the departed capital) | 0,2* |
| | | Restriction of reduced personal income tax rate for ICI, dividends to non-residents and non-payers of income tax - from 9% to 10% | no data |
| | | Increasing the base rate from 18% to 20% | 27,9 |
| <i>Excise tax</i> | | | |
| Cancel excise on cars and car bodies | 2,0 | Expansion of the list of excisable goods (contract with the EU) | 5,4 |
| <i>The tax on property and land</i> | | | |
| | | Cancellation of privileges and preferences for real estate and land tax - table 2 | from 1 to 7 billion (needs coordination) |
| | | Real Estate Tax Reform (from market value, but not lower than current rates) | no data |
| | | Revision of the land tax rate for agricultural land, an increase in the size of the land tax thresholds (0.8% of NDO minimum), EN 4 groups - 1.2% of NDO (for arable land), the turnover limit is 50 million per year. | 2,7 |
| <i>Single tax</i> | | | |
| | | Increase of the rate for the 3rd group - from 3/5% to 10/15% (with VAT / without VAT) | 25,5 |
| <i>Macroeconomic solutions</i> | | | |
| | | Budget costs cuts - table 1 | 68,4 |

| | | | |
|---------------|--------------------|------------------|----------------------|
| | | (except defense) | |
| Total: | 45,9 - 69,9 | | 252,9 - 262,9 |
| Balance: | | | |

* expert evaluation of developers, detailing in Excel table

Additional compensators are possible:

| | |
|--|-------|
| | |
| <i>Additional revenues from cannabis legalization for medical purposes</i> | + 2,5 |
| <i>Additional revenues from expanding the scope of the simplified system to specific types of services</i> | + 0,5 |

Table 1

Budget costs cuts *

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| Name of agency | Funding from the budget in 2018 | How much the costs are reduced | Reduced budget costs |
|---|---------------------------------|--------------------------------|----------------------|
| Office of the Verkhovna Rada of Ukraine | 1 724,3 | 20% | 344,9 |
| State Administration | 2 430,8 | 20% | 486,2 |
| Economic and Financial Department of the Secretariat of the Cabinet of Ministers of Ukraine | 1 746,2 | 20% | 349,2 |
| Economic and Financial Department of the Secretariat of the Cabinet of Ministers of Ukraine (national expenditures and loans) | 1 630,7 | 10% | 163,1 |
| General Prosecutor's Office of Ukraine | 7 162,2 | 20% | 1 432,4 |
| Ministry of Internal Affairs of Ukraine | 60 105,1 | 10% | 6 010,5 |
| Ministry of Energy and Coal Industry of Ukraine | 2 637,3 | 10% | 263,7 |
| Ministry of Economic Development and Trade of Ukraine | 5 662,7 | 10% | 566,3 |
| Ministry of Culture of Ukraine | 6 118,1 | 10% | 611,8 |
| Ministry of Education and Science of Ukraine | 22 111,6 | 10% | 2 211,2 |
| Ministry of Education and Science of Ukraine (national expenses and loans) | 63 686,2 | 10% | 6 368,6 |
| Ministry of Health of Ukraine | 22 314,9 | 10% | 2 231,5 |
| Ministry of Health of Ukraine (national expenses and loans) | 58 673,7 | 5% | 2 933,7 |
| Ministry of Ecology and Natural Resources of Ukraine | 4 706,9 | 10% | 470,7 |
| Ministry of Social Policy of Ukraine | 149 799 | 5% | 7 490,0 |
| Ministry of Regional Development, Construction and Housing and Communal Services of Ukraine | 3 158,8 | 10% | 315,9 |

| | | | |
|---|-----------|-----|-----------------|
| Ministry of Regional Development, Construction and Housing and Communal Services of Ukraine (national expenses and loans) | 7 537,5 | 10% | 753,8 |
| Ministry of Agrarian Policy and Food of Ukraine | 12 768,8 | 10% | 1 276,9 |
| State Road Agency of Ukraine | 6 414,3 | 10% | 641,4 |
| Ministry of Youth and Sports of Ukraine | 2 606 | 10% | 260,6 |
| Ministry of Finance of Ukraine | 14 409,9 | 10% | 1 441,0 |
| Ministry of Finance of Ukraine (national expenses and loans) | 296 670,4 | 10% | 29 667,0 |
| Ministry of Justice of Ukraine | 11 663,5 | 10% | 1 166,4 |
| Security Service of Ukraine | 7 991,1 | 5% | 399,6 |
| National Academy of Sciences of Ukraine | 3 758,6 | 10% | 375,9 |
| Department of State Guard of Ukraine | 1 033,3 | 20% | 206,6 |
| Total: | | | 68 438,9 |

* data of Addition No. 3 to the Law of Ukraine "About the state budget for 2018"