

Voluntary Report – Voluntary - Public Distribution

Date: May 27,2020

Report Number: UP2020-0028

Report Name: Change of Taxation Regime for Oilseeds in Ukraine Approved

Country: Ukraine

Post: Kyiv

Report Category: Agricultural Situation, Agriculture in the News, Oilseeds and Products

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Report Highlights:

Export VAT refunds for soybeans and rapeseed have been officially reestablished for all exporters. This should foster lower soybean crush numbers for marketing year (MY) 2020/21.

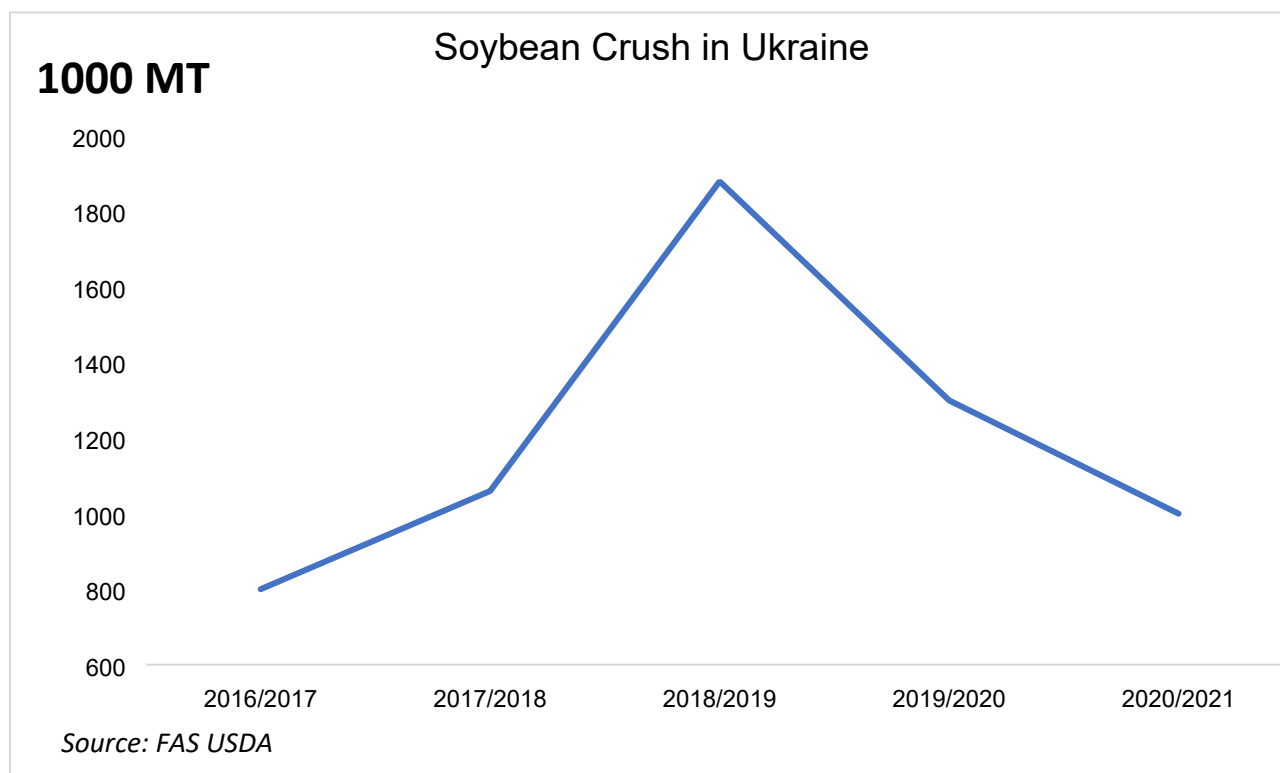
At the end of May 2020, the President of Ukraine signed an amendment to the tax code ([draft law in Ukrainian](#)) into law. This amendment reestablishes the ability for entities to claim value added tax (VAT) reimbursements for soybeans and rapeseed upon export.

Previously the ability to claim a VAT refund (normally at the rate of 20 percent) was reserved solely to an agricultural producer handling its oilseeds exports directly. Therefore, the previous tax code put traders (because they did not produce) and small agricultural producers (because they did not handle their own exports) in a disadvantaged position. On the other hand, oilseed crushers that had the ability to export their own soybean products (both oil and meal) and claim a VAT refund, had the upper hand.

SOYBEAN EXPORT IMPACT

The law allowing for VAT reimbursement for soybean producer/exporters was enacted in September 2018. The apparent advantage for soybean crushers is confirmed by a hike of soybean processing for MY2018/19 and the slight increase in MY2019/20 (please refer to Soybean Crush graph below).

The newly adopted amendment will likely foster decreased crush numbers for soybeans for MY2020/21 compared to the previous MY as discussed in the Policy section of our [Annual Oilseeds Report](#).



RAPESEED EXPORT IMPACT

The law restricting rapeseed export VAT reimbursement to only producer/exporters was implemented in January 2020. Prior to that date, all rapeseed exporters were eligible for VAT reimbursement. Since most of the rapeseed crop for MY 2019/20 was exported prior to the January 2020 enactment date, all exporters, regardless of whether they produced the crop or not, were able to claim VAT reimbursement for the last campaign. Therefore, the law enacted in January 2020 had virtually no impact on Ukrainian rapeseed exports in MY2019/20. This new amendment voids the restriction enacted in January 2020 and reinstates the eligibility for VAT reimbursement to all exporters. Rapeseed crush numbers will likely remain relatively unchanged.

Attachments:

No Attachments.