

Explanations to the customers of CREDIT AGRICOLE BANK

on taxation of interest income on bank deposits, current account balances

1 August 2014 is the effective date of the Law of Ukraine “On Amendments to the Tax Code of Ukraine” dd. 04.07.2014 № 1588 – VII (**hereinafter the Law**), pursuant to which personal income tax at the rate of **15%** will be levied on **interest income** of private individuals.

The tax is withheld from the interest accrued on the balances of the current, card, deposit accounts of **private individuals and private individual entrepreneurs** (regardless of the chosen taxation scheme).

According to the Law the interest accrued on the balances of the current/card accounts to which **only salary, student allowance, pension and social benefits** are entered is **exempt from taxation**. In order to apply the abovementioned benefit **starting from 01 August 2014** the customers of PJSC “CREDIT AGRICOLE BANK” (hereinafter referred to as the Bank) **should adhere to the targeted use of the current (card accounts)**, which were opened for entry of salary, student allowances, pensions and social benefits, **and notify the Bank about entry of other funds (different from those exempt from taxation) to such current (card) accounts**.

The Law provides for the recalculation of tax in case of premature termination of the Deposit Agreement and due to this recalculation of interest income at a lowered interest rate.

The Bank will act as a tax agent, who will **monthly** calculate, withhold and transfer personal income tax from the interest **accrued** on the current or savings bank accounts. **The bank secrecy** relating to the owner of such income (the Bank customer) **is effectively preserved**.

Tax on interest income accrued on current or savings (deposit) bank accounts, savings (deposit) certificates for the period **from 1 July 2014 till 01 August 2014** (until the Law came into force) **is annulled and is not paid to the budget**. Information on the amounts of such income and tax is not specified by the tax agent in the tax calculation and is not included to the annual tax declaration by the tax payers. Private individuals who received interest income during the abovementioned period are exempt from declaring and paying tax on such income.

The law came into force on 1 August 2014.

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