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## ***Newsletter***

***Ukraine is continuing the way of reforms***

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**Drafted by:** Accace TOB

*Dear accace client,*

*Let us take the opportunity and inform you that reforms introduced by the new government in Ukraine are continuing.*

*Please find the list of some important provisions related to all Ukrainian companies below:*

## ***01 The Parliament has simplified the customs clearance of transit cargo container***

The Ukrainian Parliament has amended the Law of Ukraine "On the goods transit".

This Law stipulates that the declaration of transit goods which are transported by sea and river transport according to the requirements of Ukrainian legislation, is carried out by presentation of the BILL of Lading and the cargo customs declaration to the customs authorities. The goods (except an excisable goods), which are moved en route by sea and river transportation in containers and remained within a single checkpoint or customs control zone seaport in storage, customs declaration is not handed in.

In general, innovations are aimed for implementing the system of the transshipment to the Ukrainian container ports.

## ***02 The Government has now set out the term for converting VAT refunds due into the State Bonds***

Procedure of issuing VAT bonds will be as follows:

- § The bonds will cover all VAT refunds claimed prior to 1 May 2010. The refund must have been confirmed by the tax authorities by this date and included in the inventory register maintained by the tax authorities;
- § Maturity period of VAT bonds is 5 years;
- § VAT bonds will be redeemed twice a year in the amount of 10% of the bonds' nominal value;
- § Interest is 5,5% p.a.;
- § By 25 June 2010 companies should submit to the local tax authorities an application for acquisition of the bonds;
- § The procedure is voluntary.

## ***03 The Law on the taxation of dividends has become effective***

The regulation from the World Tax Code is valid in Ukraine, under which the parent company with 20 or more percent assets of other (a subsidiary) company, maintains a separate records of dividends, which were received from subsidiary companies, and does not include them in gross income.

Domestic companies, which are controlling over residents and nonresidents (except offshore) and are receiving from them dividends, should not include the amount of dividends in gross income.

## ***04 New Order for confirming the benefits of VAT on transactions within the EU projects has become effective***

The procedure for confirming the benefits of exemption of value added tax payers for operations for the supply of goods and services, place of delivery which is located on the customs territory of Ukraine is carried out under the project (programs) to aid the European Union, ongoing in the framework of projects (programs) EU external assistance.

The provisions of the Order are not applied to performers, subcontractors' projects (programs) - non-residents, as well as residents - performers, subcontractors' projects (programs) EU external assistance, if the beneficiary will not be Ukraine, or those which are operated outside the borders of Ukraine.

## ***05 Other Provisions***

Considering the fact that the reform of tax, financial, commercial and administrative law in Ukraine is continuing, please note that companies registered in Ukraine will hardly avoid numerous scheduled / unscheduled inspections by state authorities and the possible application of sanctions.

Therefore, our corporate services department has developed a plan of preventive measures to avoid unwanted negative consequences in business of our clients such as:

- § legal opinions and trainings according actions with state authorities in the course of inspections;
- § preventive inquiries to the Tax authorities;
- § annual confirmation to The State Register.

In case you're interested in further details concerning the above mentioned important provisions or in accace services mentioned above, feel free to contact us.

Your accace team.