

Obligatory disclosure of information on beneficiaries

On October 14, 2014 the Verkhovna Rada of Ukraine adopted the Law of Ukraine "On amendments to some legislative acts of Ukraine concerning the definition of final beneficiaries of legal persons and public figures" №1701-VII (hereinafter - the Law), which came into force on 25.11.2014.

In accordance with the Law when implementing state registration of legal entity the founder (-s) or authorized person is obliged to provide the state registrar with the documents specified by the Law and include to the registration card the following:

- information on the ownership structure of shareholders-legal entities which allows to identify the physical persons who owns of significant share of these legal entities;
- information on the final beneficiary (-ies) of the legal entity including the final beneficiary (-ies) of its founder if the founder is a legal entity.

The above information should contain the following data: family name, name, patronymic (if any), country of citizenship, type and number of passport, place of residence, registration number of taxpayer (if any).

According to the legislation **the final beneficiary of the legal entity** is an individual who regardless of formal ownership is able to exercise a decisive influence over the management or operations of the company, directly or through third parties, carried out in particular through realization of right of ownership or use of all assets or their significant share, right of decisive influence to the composition, voting results, and any juristic actions which enable to determine the conditions of economic activity, to give obligatory instructions or serve as the governing body, or that has the ability to influence through direct or indirect (through another natural or legal person) ownership alone or together with related individuals and / or legal entities of legal entity's share in the amount 25 or more percent of the share capital or voting rights in a legal entity. In addition to the above, physical person who is an agent, nominal owner or intermediary cannot be final beneficiary of legal entity.

Substantial shareholding is a direct or indirect ownership of 10% or more of the charter capital, 10 and more percent of shares or voting rights, direct or indirect influence on it.

The Laws also provides that **legal entities are obliged to disclose information about change of final beneficiaries and/or major shareholders**, including final beneficiaries and/or holders of "substantial participation" if founder is a legal entity submitting a completed application form.

The legal entities registered before this Law came into effect (25.11.2014), shall disclose to the state registrar information on its final beneficiary (beneficiaries), including the final beneficiary (beneficiaries) of their founder, if the founder is a legal entity **within six months (26.05.2015) from the day the Law enters into force.**

In addition, current legislation establishes **administrative responsibility** for the violation of the foregoing provisions, namely: head of the legal entity is

fined from UAH 5100,000 to UAH 8500,00 (as of 15.12.2014 approximately EUR 260-433).

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