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News Flash

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**Overview of the latest changes in
Ukrainian legislation**

Deregulation of economic activity

The President of Ukraine signed the Law № 191-VIII «On Amendments to Certain Legislative Acts of Ukraine on Simplification of the Business Practices (deregulation),» which was adopted by the Verkhovna Rada of Ukraine on February 12 this year.

The main purpose of this Law is to deregulate economic activity, bring the legislation in certain fields in line with the EU legislation that will allow Ukraine to improve its position in the World Bank's Doing Business rank.

The Law simplifies the process of opening and maintaining economic activity, reduces licensing and conciliation procedures and the influence of public authorities on business entities, increases investors' rights protection, improves funding mechanism for the activities of the State Registration Service.

The Law concerns the interests of the central and local executive bodies responsible for licensing, and may have a positive impact on the regional development, reduce the risks of corruption offenses; it will have a positive impact on the labor market, since aims to expand freedom of entrepreneurial activity.

The implementation of the Law will ensure adaptation of the Ukrainian legislation regulating the administrative procedure (administrative services) associated with business entities' obtaining the right to perform certain types of economic activities to EU legislation, as well as basic Ukrainian legislation regulating relations in the licensing field.

The provided by Law reduction of functions and optimization of procedures for administrative regulation of economic activity will contribute towards creating more favorable conditions for doing business in Ukraine and increase the level of business entities' protection.

Thus, it will reduce the number of functions and improve the procedures for administrative regulation of the economy, introduce transparent and uniform rules for all economic entities and conditions to improve their protection.

Additional import duty

New import duty was introduced and came into force in Ukraine; it will be valid for 12 months till

March 2016. The rate of additional import charge will be determined depending on the class of goods according to the Ukrainian Classification of Commodities for Foreign Economic Activity, in particular:

- 10% - for the goods classified in such product groups as coffee, meat, dairy products, sugar;
- 15% - for the goods classified in commodity groups as metals, ceramics, clothing, ships, weapons.

Moreover, any goods sent (imported) by citizens to the territory of Ukraine and which are subject to taxation, will be charged with additional import tax in the amount 10%.

Tax authorities say that the base of VAT for the goods imported into the territory of Ukraine, shall be the contract value, but not lower than the customs value of the goods, taking into account the customs and excise duty and excise taxes, which are payable and included into the price of goods. Since the additional import tax included to the list of special duties, when charging VAT the additional import duties shall be included to the tax basis.

Recovery of funds from taxpayers' accounts

Till July 1, 2015, the funds from the bank accounts of taxpayers are recovered by the decision of the head of the supervisory authority without reference to court. The amount of such debt shall be over 5 million UAH and the state has no obligations to repay this taxpayer such overpaid or paid by mistake his/her monetary obligations.

To meet these requirements till July 1, 2015 the banks should accept and maintain the cash letters (orders) to collect the tax debt, issued on the basis of the decision of the head of the State Fiscal Service of Ukraine. The details of payment of such collection order shall contain the issue date and number of the decision of the head of the Fiscal Service. There is no necessity to submit to the bank the very decision on the basis of which the collection order is made.

Amended procedure for stay of foreigners in Ukraine

On March 31, 2015 the Cabinet of Ministers of Ukraine amended the Procedure for stay of foreign citizens in Ukraine №163 which came into effect from April 7, 2015.

In particular, the issue related to the timing of temporary stay of foreigners was resolved by establishing the methods of observation.

In practice this means that now foreigners who legally entered Ukraine can stay temporarily in its territory:

- within validity period of visa;
- not more than 90 days within 180 days if the foreigners who entered Ukraine are citizens of the states with visa-free entry procedures, unless otherwise provided by the international treaties of Ukraine. The deadline for such stay shall be defined based on the procedure set by the Ministry of Internal Affairs;
- within the visa period but not more than 90 days within 180 days if visa was issued before September 11, 2011.

If the requirements related to the length of stay in Ukraine are violated when entering Ukraine the Ukraine State Border Service will refuse them crossing the state border, and if the stay period is violated when leaving Ukraine the violators will be brought to administrative liability.

Amended procedure to obtain evidence from the State Register

The Ministry of Justice of Ukraine by its Resolution of 31.03.2015 No 466/5 approved the procedure for providing information from the Unified State Register of Legal Entities and Individuals-Entrepreneurs. Now one can request information from the Unified Register in electronic form:

1. in the format of database or other format according to the agreement between the technical manager and credit reference bureau or bank;

2. asking state registrar through the registration portal in the form of extract and certificate certified by his electronic signature;
3. through software of the Unified State Register via the official website of the Unified State Register in the form of:
 - statement about legal entity;
 - Extract and certificate;
 - access to the information from the Unified State Register

Statement about legal entity, extract and certificate shall be provided upon request of any person and legal entity.

Inquiry to obtain statement, extract and certificate shall be submitted regardless the storage place of registration files of the legal entities and physical persons - entrepreneurs.

Verification of legal entity's civil legal status and capacity

Civil legal capacity and efficiency of legal entity on whose behalf the authorized body and/or the official acts shall be inspected by the notary officer based on the statutory documents being confirmed by the information of the relevant state registers and documents which verify the powers of authorities and / or officials. The notary officer verifies whether the material action being implemented, meets its legal status and capacity.

If notary officer has doubts about the submitted documents he may request from the legal entity, the state registrar, state tax authorities and other agencies, institutions and individuals additional information or documents.

Additional data to identify the entity applied to perform notary action also can be obtained from this entity or from other sources if such information is public (open) according to the Law of Ukraine "On prevention of legalization (laundering) of proceeds of crime or terrorist financing".

Verification of powers of the legal entity's representative and validity of his/her Power of

Attorney shall be carried out in the manner specified in chapter 4 of section I of this Procedure for taking notary actions by notary officers of Ukraine.

If on behalf of legal entity operates collegial body, the notary officer shall be provided with the document which stipulates the powers of the body and distribution of responsibilities among its members.

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Accace offices are located in Czech Republic, Hungary, Romania, Slovakia, Poland, Ukraine and Germany. Locations in other European countries and globally are covered via Accace's trusted partners network.

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