

# NEWSLETTER

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## **ADVERTISING LAW**

### **Peculiarities of beer advertising as alcohol beverage**

On 1 July 2015, the Law of Ukraine in relation to changes in the Tax Code of Ukraine came into force placing beer under the category of alcohol beverages. Accordingly, there is a need to consider certain requirements and limitations of the current legislation of Ukraine in the area of beer advertising.

Under the current legislation on advertising, it is forbidden to advertise alcohol beverages, trademarks, service marks and other objects of intellectual property under which the alcohol beverages are produced:

- on the radio and television from 6 am till 23 pm;
- on the first and last pages of newspapers, on the magazines covers and other periodicals, in all periodicals for children and youth, on pages dedicated to children and youth of all periodicals;
- in all printed media (except for specialized media);
- by internal advertising means;
- by external advertising means;
- by way of promotional measures (except for special exhibitions of alcohol beverages).

Also, it is forbidden to distribute or sell any goods under trademarks, service marks and other objects of intellectual property under which the alcohol beverages are produced. That is, for example, prohibition of beer brand advertising on umbrellas, refrigerators, furniture in cafes, etc.

It is allowed to sponsor television and radio broadcasts, theatrical, concert, sports and other events under trademarks and service marks under which the alcohol beverages are produced.

Under the laws of Ukraine, the advertisers of alcohol beverages shall address not less than 5% of funds, which were used for advertising distribution of alcohol beverages in Ukraine, for manufacturing and distribution of social advertising on damage caused by alcohol abuse.

## **CURRENCY LEGISLATION**

### **Improvement of bank currency transactions**

On 4 July 2015, the National Bank of Ukraine published its Resolution No. 427 dated 3 July 2015 which deals with improvement of bank currency transactions.

The Resolution clarifies performance of currency transactions of those bank clients which have tax debt due to change of the procedure for crediting of advance payments on income tax under payment of dividends.

As of now the bank clients may not submit the certificate on absence of indebtedness issued by the State Fiscal Service, but instead submit the list from the State Fiscal Service on existence of debt due to change of the procedure for crediting of advance payments on income tax under payment of dividends.

### **Freelancers will work with foreign clients without contracts**

On 7 July 2015, the National Bank of Ukraine published its letter No. 2201012/46746, in which it clarified control over transactions of residents which export services to non-residents via Internet.

Thus, the National Bank of Ukraine allowed freelancers to work with foreign clients without conclusion of contracts. The servicing banks will no longer demand separate sealed agreements, because now the invoice on rendered services satisfies the requirements of currency regulations. Such invoice along with the document on payment shall be considered as confirmation of the contract relations.

Simplified procedure for freelance cooperation applies to freelance exchange (programmers, designers, copywriters, translators), direct sales (programmers, designers, copywriters, translators), application stores (programmers), stocks (photographs, illustrators, operators), trading platforms (masters, intermediaries in sales of goods 'Made in Ukraine'), advertising intermediaries (websites owners, bloggers).

## **DOING BUSINESS**

### **Loan agreements with European banks ratified**

On 15 July 2015, the Verkhovna Rada of Ukraine ratified several agreements on attraction of credit resources from European banks.

Thus, the MPs supported the bill on the attraction of a loan in the amount of EUR 500 million from the Kreditanstalt für Wiederaufbau (KfW) German banking group, which will be used for restoration and modernization of the Donbas infrastructure.

Moreover, the Verkhovna Rada ratified the loan agreement with the European Investment Bank in the amount of EUR 400 million. The obtained funds will be used for supporting small and medium enterprises.

In addition, the European Investment Bank will issue a loan to Ukraine for upgrading the Urengoy-Pomary-Uzhgorod gas pipeline. Ratification of this agreement will also allow to obtain a loan from the European Bank of Reconstruction and Development (EBRD) and thus extend the total amount of the project to EUR 355 million.

## **Moratorium on export of timber**

On 10 July 2015, the amendments to the Law regulating peculiarities of state regulation over the activities of businesses involved in timber sales and export came into force.

Pursuant to these amendments, Ukraine introduces a temporary 10-year moratorium on exports of unprocessed timber and lumber. For trees, except pine, the ban shall commence on 1 November 2015, and for pine – on 1 January 2017.

These amendments were enacted due to demands of the association of timber processing enterprises, which had repeatedly pointed out the necessity of introducing changes into the Law in order to minimize negative impact on the economic sector.

## **PHARMACEUTICALS**

### **Changes to the Technical regulations in relation to medical devices**

On 1 July 2015, changes to the Technical regulations in relation to medical devices and Technical regulations in relation to active implantable medical devices became effective. According to such changes, which were adopted on 1 July 2014, all medical devices, auxiliary devices, medical devices for in vitro diagnostics shall not be circulated in Ukraine if they fail to satisfy the requirements of the abovementioned Technical regulations and are not labelled with the national conformity mark.

Thus, as of now the customs clearance of imported medical and auxiliary devices will be performed on the basis of declaration of conformity issued by the certification and standardization authority.

The requirements of the Technical regulations are not applied to medical products, cosmetic products, other devices and products that are not classified as medical devices, in vitro devices or active implantable medical devices.

The Technical regulations are not applicable:

- before 1 July 2016 – to medical devices the term of validity of the certificate of state registration of which is unlimited or expires after 1 July 2016;
- until expiry of the certificate of state registration – to medical devices term of validity of the certificate of state registration of which expires before 1 July 2016.

Such medical devices and medical devices for in vitro diagnostics are allowed for marketing and use in the territory of Ukraine before their expiration date without the need to obtain the declaration of conformity and to label them with the national conformity mark.

## REAL ESTATE

### Procedure for notary access to Land Cadastre approved

On 24 June 2015, the Cabinet of Ministers of Ukraine by the Resolution No. 457 "Some questions on providing notaries with the access to the State Land Cadastre" approved the procedure for notary access to the State Land Cadastre.

This Procedure specifies the terms and conditions for notaries to access the State Land Cadastre to search data on registered land plots during performance of notarial actions for such land plots (except for testament certification) or the state registration of rights to a land plot for the formation of an extract from the Land Cadastre.

To access the Cadastre notaries should contact the Regional Directorate of the Ministry of Justice of Ukraine and connect to the land cadastre using telecommunication channels and electronic digital signature.

The search for information on a registered land plot in the Land Cadastre will be carried out by its cadastral number. The fee (currently this payment amounts to UAH 53, about USD 2) will be charged for the issue of the extract from the Land Cadastre.

## TAX LAW

### Amendments to the DTTs with Austria, Ireland and Cyprus

According to the Ordinance of the Cabinet of Ministers No. 677-p of 1 July 2015, Austria has been withdrawn from the list of countries, with which trade transactions are subject to enhanced control within the framework of implementation of the law on transfer pricing.

As indicated in the Ordinance, the decision was adopted on the basis of the note submitted by the Embassy of Austria in Ukraine. The diplomatic officials expressed their readiness to review the Convention between the Government of Ukraine and the Government of the Republic of Austria on avoidance of double taxation and prevention of tax evasion regarding the tax on revenues and property in the section of extended tax information exchange.

It is also worth mentioning that on 15 July 2015, the Verkhovna Rada of Ukraine ratified the Convention on avoidance of double taxation with Ireland. The Convention covers the corporate and individual income tax in Ukraine and profit tax, universal social charge, corporate tax and tax on revenues from alienation of property in Ireland.

In the nearest future, signing of the new Convention on avoidance of double taxation with Cyprus is expected. The principal amendments in the new edition of the Convention shall concern increasing tax rates on certain types of passive income.

### **Maximum rent payment for land changed**

On 24 July 2015, the Law of Ukraine on changes to the Tax Code in relation to the maximum amount of rent payment for land came into force.

The Law prescribes that the amount of rent payment for state and municipal land plots may exceed 12% of the normative monetary evaluation in case when a lessee is determined on a competitive basis.

### **Import of materials used for helmet and body armour manufacturing**

On 24 July 2015, the Law of Ukraine dated 30 June 2015 amending the Tax Code in relation to special protective equipment came into force.

The Law exempts from VAT the following transactions on import to the customs territory of Ukraine:

- textiles (materials) classified under goods sub-categories 3920 10 89 90, 3920 61 00 00, 3921 90 60 00, 5603 14 10 00, 6914 90 00 00 pursuant to the Ukrainian Classification of Foreign Economic Activity Products which are used for helmet manufacturing;
- textiles (materials) classified under goods sub-category 3920 61 00 00 pursuant to the Ukrainian Classification of Foreign Economic Activity Products (polycarbonate sheets) which are used for body armour manufacturing.

In addition, on 24 July 2015 the Law of Ukraine dated 30 June 2015 amending the Customs Code in relation to special protective equipment came into force.

Pursuant to this Law import to the customs territory of Ukraine of polycarbonate sheets (goods sub-category 3920 61 00 00 pursuant to the Ukrainian Classification of Foreign Economic Activity Products), which are used for body armour manufacturing, shall not be subject to import duty.

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