

NEWSLETTER

MONTHLY EDITION | UKRAINE

4 MAY 2015

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CORPORATE LAW

Simplification of legal entity liquidation

On 7 April 2015, the Verkhovna Rada of Ukraine adopted the Law in relation to simplification of legal entity termination by way of merger, acquisition, spin-off or reorganization.

Thus, the Law established that the state registrar is entitled to leave documents, submitted for state registration of legal entity termination by way of merger, acquisition, spin-off or reorganization, without his/her consideration, provided that there is information in the Unified State Register of Legal Entities and Individual Entrepreneurs (the Register) that such legal entity (which is terminated by way of spin-off) has operative subdivisions that are not included in the separation balance sheet.

Simultaneously, the state registrar shall make relevant amendments to the Register on such separated subdivisions regarding their relation to the legal entity-successor on the basis of data submitted by the terminated legal entity.

Moreover, the following limitations shall not be applicable to the legal entity under reorganization:

- prohibition of state registration of amendments to the constitutional documents of the legal entity in relation to which the decision to terminate was adopted;
- prohibition of state registration of the legal entity, the founder of which is the legal entity in relation to which the decision to terminate was adopted;
- prohibition of amendment of the Register regarding data on separated subdivisions, except for data on their closure.

Such limitations shall apply only to termination of a legal entity by way of liquidation.

These amendments became effective on 29 April 2015.

DOING BUSINESS

Strengthening the protection of investors' rights

On 7 April 2015, the Verkhovna Rada adopted changes in certain acts relating to the protection of investors' rights.

Provisions of the Law are aimed at strengthening the level of protection of investors' rights. Thus, the Law envisages the right of the claimant to obtain reimbursement of its expenses from the company, if such expenses were incurred as a result of a court hearing in case of a claim to the company's officer regarding reimbursement of losses suffered by the company due to illegal actions of such officer in the amount of actual damage to the company.

In addition, the other important novelty is the establishment of a derivative claim: the right of a minority shareholder to submit a claim on reimbursement of losses in the interests of the company. Such provision significantly enhances the possibility of a minority shareholder to influence decision-making process of the company.

In addition, the following is worth mentioning:

- establishment of "independent directors" who shall represent the interests of minority shareholders in public joint stock companies and transparent criteria for their election;
- implementation of liability of company's officers in the event of losses caused to the company due to their illegal actions;
- adoption of the procedure on recognition of a transaction executed by company's officer as null and void and return of any profits made by such officers as a result of such transaction.

The Law became effective on 1 May 2015.

Business facilitation

On 21 April 2015, the Verkhovna Rada of Ukraine adopted changes to the Tax Code of Ukraine. The Law was submitted to the President for signature and will come into force the next day after its publication.

Thus, the tacit consent in the area of tax, in particular in matters of notification of taxpayers by the State Fiscal Service of Ukraine (the SFS) about registration of their accounts, which is carried out in the real time mode. Following receipt of notification on opening of the account from a financial institution, the SFS shall register such account or send a rejection notice specifying reasons for such rejection. Such notice shall be posted on the official website of the SFS within one day.

The start date for debit transactions under the taxpayer's account in banks and other financial institutions shall be the date (with specific time) of a notice issued by a bank or other financial institution to the SFS on opening of the account.

In addition, the term for registration of a person as a VAT taxpayer was reduced from three to one business day following receipt of the registration application by the SFS.

REAL ESTATE

Reduction of terms of immovable property registration

8 April 2015 the Cabinet of Ministers by virtue of its Resolution No. 190 reduced terms of immovable property registration in Ukraine to 3-5 days.

Thus, the state registration of ownership, if carried out by issuance of ownership certificate to immovable property, and the state registration of ownership to enterprise as an integrated property complex shall be made within 5 business days following the date of application registration, and the state registration of property rights to immovable property shall take place within 3 business days. The state registration of encumbrances shall be made within two hours, and provision of information from the State Register of Property Rights to Immovable Property – within 1 hour.

In the event the services in the area of state registration of property rights to immovable property and their encumbrances are not rendered within the reduced terms due to the state registrar's fault, the payment for provision of such services shall be refunded to the applicant.

This Resolution becomes effective on 22 June 2015.

TAX LAW

Terms for application of 7% VAT rate drugs

30 March 2015 the State Fiscal Service of Ukraine in its letter No. 6490/6/99-99-19-03-0275 clarified matters relating to VAT rate for transactions on supply and import of drugs into the territory of Ukraine.

It was stated that in order to apply 7% VAT rate the drugs should be:

- approved for production and use in Ukraine; and/or
- included in the State Register of Drugs.

In the event neither of the abovementioned conditions is satisfied during the transaction on supply and import of drugs into the territory of Ukraine, such transaction shall be subject to 20% VAT rate.

Contact Persons:

Igor Dykunskyy, LL.M., Partner
igor.dykunskyy@DLF.ua

Dmitriy Sykaluk, Associate
dmitriy.sykaluk@DLF.ua

This newsletter is intended to provide a brief overview of current changes to the Ukrainian legislation and should not be viewed as legal advice. For more details or if you would like a specific advice, please, e-mail the named contact persons or use our contact form.

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DLF attorneys-at-law

Torus Business Centre | 17d Hlybochytska Street | 04050 Kyiv, Ukraine | www.DLF.ua | info@DLF.ua
T +380 44 384 24 54 | F +380 44 384 24 55