

NEWSLETTER

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ADVERTISING LAW

Advertising on foreign channels

On 14 May 2015, the Verkhovna Rada amended the law relating to broadcasting (transmission) of advertising in foreign programmes and shows.

Amendments were made to the laws regulating advertising and TV and radio broadcasting in relation to placement of adverts in programmes and shows of foreign broadcasters.

The law will see the imposition of a ban on advertising carried by foreign broadcasters and transmissions by foreign broadcasters on the territory of Ukraine if those broadcasters are not subject to the jurisdiction of the EU or have not ratified the European Convention on Transfrontier Television.

The law will come into effect on the day following its publication.

CORPORATE LAW

Deadline for the submission of information on beneficiaries extended

On 21 May 2015 the Verkhovna Rada of Ukraine adopted the Law "On Introduction of Amendments to Certain Laws of Ukraine in Respect of Information on the Ultimate Beneficiary Owner (Controller) of a Legal Entity", which was immediately signed by the President of Ukraine and came into force.

The Law provides for a 4-months extension of the deadline for legal entities, registered before 25 November 2014, to submit information on their ultimate beneficiary owners (controllers). Now the deadline for the submission of information on the ultimate beneficiaries to the State Registrar is 25 September 2015.

In addition, the Law exempts from the obligation to submit information on the ultimate beneficiary owners (controllers), among others, legal entities whose participants are exclusively natural persons, if the ultimate beneficiary owners (controllers) of such entities correspond to their participants (members).

Read more on the [obligation to disclose information on the ultimate beneficiaries](#)

Registration renewal of legal entities with communist names

The Law of Ukraine in relation to condemnation of communist and national socialist (Nazi) totalitarian regimes in Ukraine and prohibition of propaganda of their symbols dated 9 April 2015 became effective 21 May 2015.

This Law prohibited public use and propaganda of symbols of communist and national socialist (Nazi) totalitarian regimes and established the obligation to rename legal entities and localities.

Legal entities have to bring their constitutional documents, symbols and names in line with the new requirements within one month. In addition, such entities are exempt from payment of registration fee upon state registration of the amended documents.

Failure to fulfil the abovementioned requirements will result in termination of such legal entities in accordance with the law, except for cases when a legal entity took reasonable measures in order to perform the requirements, but the state registration was impossible due to objective reasons.

INSOLVENCY

Latest changes to insolvency legislation

The Order of the Ministry of Justice of Ukraine in relation to the procedure for publication of information on the official website of the state authority on insolvency matters dated 27 April 2015 became effective on 15 May 2015. Provisions of this Order are aimed at simplification of the procedure for publication of information on the official website of the Ministry of Justice.

Thus, among the main novelties, it is worth mentioning that the Ministry of Justice is no longer verifying compliance of the submitted information with the requirements of the Insolvency Law of Ukraine. According to the new Order, the compliance is verified automatically based on the main criteria: term of submission, compliance of the name, validity of the digital signature. Therefore, such novelty will significantly accelerate the process of information submission by the auctioneers during the insolvency procedure.

The Order of the Ministry of Justice of Ukraine in relation to changes in the Regulations on the Unified Register of Entities in Insolvency dated 27 April 2015 became effective on 15 May 2015. The changes are aimed at simplification of obtaining information from the Register. In addition, administrative receivers were given the status of Registrars and empowered to manage the Register.

Legal entities will benefit from the changes in the procedure for obtaining information from the Register. Thus, such information might be obtained in electronic form free of charge on the date of enquiry. It is worth mentioning that previously such information was provided by the local authority of the Ministry of Justice following 5 business days upon the written enquiry from the entity.

TAX LAW

Latest changes to tax law

Additional import duty is not applicable to gasoline

In its letter dated 8 April 2015, the State Fiscal Service of Ukraine provided some clarifications in relation to goods subject to additional import duty.

Thus, the State Fiscal Service stated that the additional import duty is applicable to all goods as specified in clauses 1 and 2 of part 1 of Article 277 of the Customs Code of Ukraine, except for the vitally important goods that, in accordance with the Ukrainian Classification of Foreign Economic Activity Products, include gasoline, fuel oil and diesel fuel.

Therefore, according to the State Fiscal Service, no additional import duty is applicable to import of gasoline, fuel oil and diesel fuel. Other goods, classified under position No. 2710 of the Ukrainian Classification of Foreign Economic Activity Products, are subject to 5% additional import duty.

Abolition of military duty for currency transactions

On 12 May 2015, the Verkhovna Rada adopted changes to the Tax Code of Ukraine in relation to military duty. Such changes abolished application of military duty to transactions on sale and purchase of foreign currency by individuals.

Military duty in the amount of 1.5% was in force for two months. Its abolishment is aimed at unshadowing the currency market.

Updated offshore list

On 14 May 2015 the Cabinet of Ministers of Ukraine approved the new list of states, trade transactions with which are subject to tax control. The list update was carried out with the aim of administration control while enforcing transfer pricing rules.

The updated list now includes Austria, Turkmenistan and Hong Kong.

Whether or not the state is added to such list is determined based on the following criteria: low income tax (at least 5 percentage points lower than in Ukraine), ban on disclosure of information on the ownership structure of the legal entities and absence of international agreements with Ukraine on information exchange.

No VAT for scrap metal import

According to the Resolution of the Cabinet of Ministers of Ukraine No. 136 dated 25 March 2015, import of ferrous and non-ferrous scrap metal is exempted from VAT. As of 31 March 2015, the VAT-free regime for supply transactions, including import of ferrous and non-ferrous waste and scrap metal, is prolonged until 1 January 2017.

Exemption from taxation of income obtained by non-residents under debt obligations

On 25 May 2015, the President of Ukraine signed the Law in relation to changes in taxation of income obtained by non-residents under debt obligations.

The adopted Law provides for tax exemption of income of legal entities and individuals that was obtained by non-residents in the form of interest on state securities and municipal bonds, or debt securities guaranteed by the state or municipalities.

The Law became effective on 27 May 2015.

VAT exemption of drugs and medical products

On 7 May 2015, the amendments to the Tax Code of Ukraine in relation to VAT exemption of drugs and medical products became effective.

The amendments introduced temporary (until 31 March 2019) VAT exemption for import and first supply of drugs and medical products, provided that such transactions are carried out on the basis of agreements with specialized organizations which perform state procurement for the Ministry of Health of Ukraine.

The Verkhovna Rada also exempted import of the abovementioned drugs and medical products from additional import duty by specifying such drugs and medical products as vitally important goods.

The procedure of import, supply and intended use of such drugs and medical products is planned to be approved by a resolution of the Cabinet of Ministers.

The amendments also envisaged liability of taxpayers in the event of non-intended use of benefit received through VAT exemption. Thus, in case of non-intended use of such drugs and medical products, the taxpayer is obliged to return the VAT amount which was due to be paid at the time of import.

Electronic administration of VAT for agricultural enterprises

On 5 May 2015, the Cabinet of Ministers of Ukraine adopted amendments to the Procedure for accumulation by the agricultural enterprises of value added tax amounts on special accounts opened at the banks and/or bodies that perform treasury services for budgetary funds.

According to these amendments, an agricultural enterprise submits the tax statement electronically to the territorial authority of the State Fiscal Service. On the basis of this statement, the amounts of tax are transferred from the taxpayer's account in the VAT electronic administration system to the special account. The VAT amounts are not subject to withdrawal to the state budget and can be used by the agricultural enterprise, and starting from 1 January 2018, such amounts are transferred to its current account.

In addition, the requirement to provide registers of issued and received tax invoices and copies of payment orders for value added tax amounts actually credited to the special account is abolished.

Taxation change for salaries from 12 to 20 thousand UAH

On 19 May 2015, the Verkhovna Rada of Ukraine adopted the Law "On introduction of Amendments into the Budget Code of Ukraine in Respect of Fair Taxation of Personal Income in the Range from 10 to 17 Minimal Salaries". The Law came into force 1 June 2015.

The Law provides for an increase in the taxable base on personal income, income from 10 to 17 minimal salaries, established on 1 January of the fiscal year (currently the minimal salary is 1218 UAH). For such categories of natural persons, the tax rate will be 15%. If the income of a natural person exceeds 17 minimal salaries, the tax rate will be 20%.

Now the maximal amount of unified tax base is determined by the minimal salary, established on 1 January of the calendar year, rather than by the subsistence level for able-bodied persons, established by the law.

In addition, the downward factor 0.4 will still be applied to determine the amount of unified tax after 1 January 2016.

REAL ESTATE

Registration procedure for small real estate simplified

On 24 April 2015, the Ministry of Regional Development, Construction, Housing and Communal Services of Ukraine adopted the Order № 79 "On Approval of the Procedure for Acceptance for Operation and Technical Inspection of Individual (Mansion) Residential Houses, Garden Cottages, Holiday Cottages, Household (Homestead) Buildings and Structures, Public Buildings and Agricultural Facilities and Structures of I and II Complexity Categories Built without the Construction Permit".

This Order established a simplified procedure for acceptance for operation and registration of ownership title to individual non-business houses (with extensions) built before 12 March 2011.

In this context, the simplified procedure applies only if:

- floor area of a residential building is up to 300 square meters;
- floor area of auxiliary structures is up to 100 square meters;
- no deviations from the requirements of the state construction regulations, defined by such regulations as unacceptable (forbidden).

Acceptance for operation is performed on a free of charge basis by the state architectural and construction control body, within 10 business days upon application filed by owners (users) of the land plots where such real estate items are located.

It is worth noting that technical passport production and technical inspection, registration of ownership title are performed on a paid basis. On 29 April 2015, the Cabinet of Ministers of Ukraine approved the "Procedure for Transfer of Holiday and

Garden Cottages that Meet State Construction Regulations into Residential Houses"
by its Resolution No. 321.

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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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