

Update on currency restrictions of the NBU

On 4 June 2015, the Resolution of the National Bank of Ukraine "On stabilization of credit and currency control markets of Ukraine" No. 354 dated 3 June 2015 came into force, extending restrictions on currency market until 3 September 2015. However, some provisions of the Resolution No. 354 eased the restriction measures.

Thus, the upper limit of cash issued by banks to legal entities and individual entrepreneurs was increased. As of now, the limit is UAH 300,000 (approx. USD 14,280; EUR 12,500) per day (previously UAH 150,000 (approx. USD 7,140; EUR 6,250)). The exceptions include payment of salaries, costs of business travels and other social payments.

The banks are still prohibited to sale foreign currency to clients (except to individuals) that have funds in foreign currency on current and deposit accounts with this or other banks. However, now this restriction is not applicable when the aggregate amount of client's funds in foreign currency is less than USD 25,000 (previously USD 10,000). Such amount does not include those funds property rights to which are under pledge; and funds on the accounts with banks in temporary administration or liquidation.

The mandatory requirement for legal entities, individual entrepreneurs and representative offices (except for official representative offices) to sell 75% of the foreign currency proceeds received from abroad has remained in force.

Residents are still precluded from early repayment of loans in foreign currency under loan agreements with non-residents. This restriction is also applicable to payment of interest under such agreements. The NBU still refuses to register amendments to loan agreements with non-residents in relation to shortening the maturity period under such agreements or their early performance.

The NBU also extended prohibitions on, inter alia:

- purchase of foreign currency for the purposes of repatriation of dividends to foreign investors abroad;
- purchase of foreign currency for the purposes of repatriation of proceeds received by foreign investors from the sale of corporate rights, other than shares, of legal entities, decrease of the charter capital of legal entities, exit from a legal entity;
- purchase of foreign currency for the purposes of repatriation of proceeds received by foreign investors from the sale of securities of Ukrainian issuers (except for sales of bonds conducted on a stock exchange);
- transfer of foreign currency abroad by individuals under current non-commercial transactions without confirming documents in the amount of over UAH 15,000 (approx. USD 715; EUR 625) per day (UAH 150,000 (approx. USD 7,150; EUR 6,250) per month). This restriction is not applicable to transfer of funds received as salary payments by non residents;
- sale of cash in foreign currency to one person in a bank office during one business day in the amount of over UAH 3,000 (approx. USD 140; EUR 125).

Cash under electronic means of payment is issued only in UAH on the territory of Ukraine.

In case of purchase and transfer abroad of foreign currency under import transactions in amount of over USD 50,000, legal entities and individual entrepreneurs, in addition to confirming documents, shall also provide a bank with the certificate on absence of tax debt from the Fiscal Service of Ukraine, and, if required, the appropriate price assessment act.

In addition, provisions of the Resolution No. 354 provide that settlements under import and export of goods transactions pursuant to the Law of Ukraine "On the Procedure for Settlements in Foreign Currency" shall continue to be carried out within 90 days.

The NBU's Resolution No. 355 dated 3 June 2015 eased the procedure for authorized banks' control exercised over transactions of residents in relation to contracts for works, services, intellectual property rights by increasing the threshold for obtaining a price evaluation act for contracts for works, services, intellectual property rights with non-residents from EUR 25,000 to EUR 50,000.