

Restrictions regarding repatriation of dividends abroad were eliminated

On July 10, 2019, the Resolution of the NBU Board No. 91 "On Amending Certain Regulations of the National Bank of Ukraine" came into force. The NBU has finally eliminated restrictions regarding repatriation of dividends.

From now on, shareholders are no longer restricted by the limit on repatriation of dividends abroad. Please note that for the first time the NBU introduced restrictions on payment of dividends in 2014. Subsequently, the NBU has softened this restriction and allowed payment of dividends, but within certain limits and only for certain periods. Thus, from May 8, 2019 until July 9, 2019, the limit for dividend repatriation of € 12 million per month was in effect.

It should be recalled that in order to further facilitate business in Ukraine, on June 20, 2019, the NBU abolished the requirement for mandatory sale of 30% of foreign exchange earnings on the interbank foreign exchange market. Prior to that, the sale of foreign currency received by Ukrainian exporters was carried out by Ukrainian banks on a mandatory basis. The abolition of mandatory sale of foreign exchange earnings significantly simplified the activities of Ukrainian companies that export goods, works, and services abroad.

It should be noted that in 2019, the NBU canceled or softened already more than 30 currency control restrictions, in particular:

- the maximum term established for settlements under export and import contracts has been doubled – up to 365 days. It should be mentioned that penalty in the amount of 0.3% of non-received cash under the contract or the value of the undelivered goods for each day of delay remained. The total amount of the penalty is limited and cannot exceed the amount of non-received cash under the contract (the value of the undelivered goods);
- sanctions for failure to meet payment deadlines in the form of suspension of foreign economic activity have been abolished. Such sanctions could have often resulted in the actual cessation of economic activities of Ukrainian companies;
- requirement for cross-border loan registration has been cancelled. Servicing (Ukrainian) banks will exercise control over the implementation of transactions under loan agreements;
- restriction on early repayment of external loan obligations has been lifted;
- dual control over export operations is no longer applied: currency supervision is exercised only by the bank upon receipt of the information on the respective customs declaration;
- export and import operations under UAH 150,000 are no longer subject to currency control;
- legal entities may now freely use accounts abroad (except for transactions for transfer of funds from Ukraine to such accounts);
- individual licenses to conduct foreign exchange operations have been cancelled; they are replaced by a system of e-limits (EUR 2 million a year for legal entities and EUR 50,000 a year for individuals);
- individuals may now purchase foreign currency online (up to the equivalent of UAH 150,000 per day);

- banks are allowed to sell government securities denominated in foreign currencies to their clients for foreign currency;
- legal entities may now bring investment metals in/out of Ukraine if so provided in their articles of association;
- the NBU allowed purchasing and accumulating foreign currency on accounts intended for making payments on external loans;

It is worth noting that the NBU continues to implement consistent steps to liberalize currency control restrictions that will improve the investment climate and facilitate business in Ukraine. Since July 19, 2019, the NBU has lowered the discount rate to 17% per annum. The NBU anticipates its further reduction to 8% over the next 2.5 years, provided the inflation rate is steadily decreasing to 5%.

It should be noted that until 2018 control over the movement of capital complicated the conduct of business in Ukraine, putting an additional burden on export-import transactions and, consequently, making Ukrainian companies less competitive on the world stage. Beginning with the end of 2018, the NBU consistently reduces control over large and medium-sized businesses in relation to the implementation of export-import operations and movement of foreign currency.