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MAIN NEWS OF THE UKRAINIAN LEGISLATION



MIGRATION LAW

THE STATE MIGRATION SERVICE OF UKRAINE INTRODUCED ONLINE PAYMENT FOR ADMINISTRATIVE SERVICES

There is introduced **an online payment for administrative services** on the migration service website. At the moment you can pay for services online only in Kiev, however, since November 2017, the service is **available to all units** that are connected to the electronic queue (there are almost 200 of such units in Ukraine). The new service will help to make the process of record to the queue more transparent through an online service - online payment will be an integral part of the online recording to the electronic queue.

The absence of a payment card will not be an obstacle for obtaining services or recording in an electronic queue - most of the places in the electronic queue will continue be available through terminals in the departments of the migration service, with the ability to pay in cash or in any banking institution.

THE VERKHOVNA RADA REGISTERED A DRAFT ON CRYPTOCURRENCY

The purpose of the draft is providing the official status to cryptocurrency, regulation of legal relations with regard to its circulation, storage, possession, usage and conduction of cryptocurrency transactions in Ukraine. This draft defines the legal status of cryptocurrency and the legal basic concepts of organization and activities of subjects, that carry out cryptocurrency transactions.

Thus, according to the text of the draft, **cryptocurrency is a software code** (a set of symbols, numbers, and letters) that is the subject of property right, which can be mean of exchange, the details of which are entered and stored in the blockchaine system as the accounting units of the current blockchaine system in the form of data (software code). **The National Bank of Ukraine will carry out** the public administration in the sphere of cryptocurrency circulation. The state will not bear liabilities, and also will not reimburse the value of cryptocurrency in case of its depreciation or losing for any other reasons.

The state does not guarantee and will not take any measures to provide online cryptocurrency exchange services. The subject of cryptocurrency operations will have **the right to freely dispose of cryptocurrency, in particular, to carry out operations for the exchange (interchange) of any kinds of cryptocurrency, exchange it on electronic money, currency values, securities, services, goods, etc.** In the opinion of the initiators of the draft, it is wrong to assume that cryptocurrency is created and used exclusively for money laundering, terrorism financing, and arms trading, since all data on cryptocurrency transactions are kept in the general access of the blockchaine system that is decentralized.

This draft law was registered by a group of deputies on October 06, 2017, №7133 "On the turnover of cryptocurrency in Ukraine".

AMENDMENTS TO THE LAW ON ACCOUNTING AND FINANCIAL REPORTING WERE APPROVED

The Verkhovna Rada adopted the Law "On Amendments to the Law of Ukraine "On Accounting and Financial Reporting in Ukraine".

The adopted law provides, in particular:

- expansion of the scope of application of **international standards of financial reporting** by legislative consolidation their obligatory application by large enterprises and enterprises engaged in the extraction of minerals of national importance;
- establishing for the purposes of making the **criteria of financial reporting for assigning enterprises to micro enterprises, small, medium and large enterprises**;
- **improvement of the procedure of submission of financial reporting** in a single electronic format and its publication, together with an auditor's report.

NATIONAL BANK OF UKRAINE HAS INCREASED THE DISCOUNT RATE

According to the Decision of the Board of the National Bank of Ukraine "On the size of the discount rate" № 688-рш dated October 26, 2017 discount rate **was increased – 13,5%**.

A DECISION TO SIMPLIFY THE REGISTRATION OF TAX INVOICES FOR BUSINESS WAS ADOPTED

The Government has adopted the decision "On Amendments to Article 201 of the Tax Code of Ukraine regarding to registration of tax invoices / adjustments calculations in the Unified Register of Tax tax invoices".

The decision significantly simplifies the process of registering tax invoices to the virtuous payers, whose tax invoices have been stopped and it will allow **the automatic registration of the suspended tax invoices** in case of failure to provide an answer to taxpayer within 5 business days by Comission of the State Fiscal Service.

The taxpayers will not be suffering from breach of time limits by the supervisory authorities and their invoices will automatically be registered in the Unified Register. The decision proposes to enter **a clear deadline (5 days)** for making a decision by the State Fiscal Service to block or register a suspended tax invoice. If this term is overdue, the tax invoice will be **automatically registered**. Thus, the State Fiscal Service will be more motivated to make appropriate decisions quickly because the taxpayer should not be victimized by the lack of operational work of the supervisory authority.

IT IS OFFERED TO ENROLL INCOME TAX AT THE LOCATION OF PRODUCTION UNITS

The draft law No. 7149 "On Amendments to Articles 14 and 168 of the Tax Code of Ukraine regarding the Inclusion of Personal Income Tax at the Locality of Production Units" was registered in the Verkhovna Rada. Changes to the Tax Code of Ukraine is conditioned by necessity for unambiguous interpretation of subclauses 14.1.30, subclauses 168.4.2, subclauses 168.4.3, subclauses 168.4.4 of Tax Code of Ukraine, as the notion of **a "separated unit" narrows the territory of the payment of personal income tax only at the location of a "separated unit"**.

The competencies provided to local governments are expanding in connection with decentralization. The new equalization system allows the regions to leave most of the funds locally to fill their budgets. The accumulated funds are directed to the social development of those communities where production, shops, offices, sections, brigades, offices, laboratories, etc. are located, due to the even distribution of paid Personal Income Tax between the budgets of such communities. In case of adoption, the Law will come into force on January 1, 2019.

THE GOVERNMENT HAS ADOPTED A DRAFT ON THE INTRODUCTION OF A TAX ON WITHDRAWN CAPITAL

The government has adopted a draft on the introduction of a capital tax and has decided to send a draft to the National Council of Reform to decide what costs will be reduced. According to the Law No. 1797 concerning the improvement of the investment climate in Ukraine, a working group composed of representatives of the Ministry of Finance, business, experts and deputies has drawn up a text of the draft on the introduction of the tax on withdrawn capital. The main aim is **to introduce the taxation of profits of enterprises distributed in the form of dividends or payments equal to them and to abandon the income tax of non-residents.** The introduction of tax on withdrawn capital instead of a corporate income tax will be an incentive for businesses to reinvest money into production and development. It will also simplify the rules of taxation and administration and improve the investment climate in the country.

VERKHOVNA RADA OF UKRAINE IS PROPOSING TO ADOPT A DRAFT ON INTELLECTUAL PROPERTY PROTECTION

The Committee on Taxation and Customs Policy recommends the Verkhovna Rada to adopt the draft law on protection of intellectual property rights during the movement of goods across the customs border of Ukraine. Adoption of the Draft Law No. 4614 was substantiated by the need to eliminate discrepancies between certain provisions of Section XIV of the Customs Code of Ukraine and EU legislation.

The Draft Law proposes the following:

- **to expand the list** of objects of intellectual property, which will be protected during the transfer across the customs border of Ukraine;
- **to give a new definition of the terms** "goods violating intellectual property rights", "counterfeit" goods, "pirate" goods, etc.;
- **to expand the range of people** who can apply for the protection of intellectual property rights when transferring goods across the customs border of Ukraine;
- **to expand the list of customs regimes** for goods, which are protected by intellectual property rights;
- **not to apply measures to protect intellectual property rights** to the so-called "parallel imports" and goods which are transferred through the customs border of Ukraine under the customs transit regime;
- to foresee an opportunity of **establishing a mechanism for the application of guaranties** in order to prevent the unfair use of intellectual property rights in the course of foreign economic activity;
- **to strengthen measures** according to prevention and counteract the transfer of counterfeit goods in international postal departures or international express departures, in particular by introducing a special procedure for the destruction of small parties of goods for which there is a suspicion of violation intellectual property rights;
- to introduce the possibility of **early release of goods**, customs clearance of which is paused because of suspicion of intellectual property rights violation.

THE GOVERNMENT HAS APPROVED THE PROCEDURE FOR CONDUCTING THE SINGLE STATE DEMOGRAPHIC REGISTER

The Government has approved the procedure of maintaining the Unified State Population Register and providing information from register, collaboration between authorized entities, as well as performance of identification and verification. The purpose of maintaining the Register is the identification of a person for drawing up, issuance, exchange, transfer, withdrawal, returning to the state, invalidation and destruction of documents, as well as record-keeping of information on the registration of the place of residence or location of the person.

The adopted procedure determines **procedural issues related to the maintenance of the Register, the procedure of providing information, the procedure of issuing a certificate on entering information into the Register, defining its form, as well as the procedure of identifying and verifying of individuals, during entering information to the Register and issuing relevant documents.**

THE STATE PROPERTY FUND OF UKRAINE ALLOWED NON-RESIDENTS TO RENT STATE PROPERTY

The Ministry of Justice of Ukraine registered the order of the State Property Fund of Ukraine dated September 18, 2017, which in fact gives **to non-residents the right to participate in the leasing of Ukrainian state property and to simplifying the procedure for submitting their documents for rental.** The appropriate order of the Fund has been registered. Order will come into force after its official publication.

PENSION REFORM IS ACCEPTED!

The Law "On Amendments to Certain Legislative Acts of Ukraine Regarding the Increase of Pensions" was adopted. **The law provides:**

- to modernize the size of pensions allocated in the past years, taking into account the average salary index for 2014, 2015, 2016 (UAH 3,764.40) and applying the value of 1 year assessment of one year of insurance experience in the amount of 1%;
- to renew pension payments to working pensioners in full amount;
- to reduce the value of assessment of one year of insurance experience from 1.35 to 1.0;
- to introduce a new retirement order depending on available the insurance period;
- to change the procedure for determining the minimum pension amount;
- to change the indexation and recalculation of pensions.

According to the Law, annually there will be **recalculation of previously assigned pensions** by increasing the average salary, which is taken into account for calculating the pension. The indicated index **since 2021 will be increased on a factor corresponding to 50% of the consumer price growth rate for the previous year and 50% of the average monthly wage increase for the three calendar years preceding the year in which the increase is made** (in the period 2019-2020 - taking into account these indicators for the previous year).

The law also introduces a number of measures in the field of compulsory state social insurance, according to collection and accounting of a single contribution, social insurance for temporary disability, from work accidents at work and occupational diseases, in the event of unemployment, and also in the field of employment.

The Law takes into account the proposals approved by the Verkhovna Rada of Ukraine according to the results of consideration of the draft in the first reading, concerning:

- studying the possibility of changing the formula for calculating the size of the pension by age;
- saving privileged conditions for retirement provision for women who work in agricultural production and have brought up five or more children;
- to provide in a separate legislative act an order of receiving the amounts of pensions that the pensioner was entitled to receive, but has not received, because of the stay at the territory temporarily uncontrolled by the state.

Separately, the Government is instructed to submit to the Verkhovna Rada of Ukraine a draft on the recalculation of pensions for military personnel, taking into account the updated financial support, by November 1 of this year.

We shall be glad to answer your questions

**Sincerely Yours,
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