

### RECENT LEGISLATIVE CHANGES

Recently the new Law of Ukraine # 1533 “On overcoming the negative impact of the financial crisis” (the “**Law**”) was adopted. The Law was published in the official media and became effective on 24 November 2009.

In addition to the key changes relating to tax accounting for financial institutions, the Law includes important provisions related to all Ukrainian companies, as follows:

- The period of 180 days applied to settlements with non-residents was reduced to 90 days. This means that goods delivered (services performed) from abroad and paid for in advance must be provided within 90 days from the payment for such goods (services). Similarly, if a Ukrainian company exports goods (or provides services), the cash payment for such goods (services) must be collected within 90 days following the export of goods (or signing of the relevant Protocol of Acceptance of Services). Failure to comply with this requirement may result in potentially significant fines calculated based on each day of delay.
- Any cash foreign investments in Ukraine must be made through investment accounts opened by the non-resident in a Ukrainian bank. Among other instances, this is relevant when one non-resident sells shares in a Ukrainian company to another non-resident.
- Foreign investments are subject to mandatory registration in Ukraine.
- The Law also envisages certain limitations that will be in force until 1 January 2011 including, *inter alia*, the following: (i) cash foreign investments in Ukraine must be made only in Ukrainian hryvna;

(ii) it is not allowed to amend foreign currency loan agreements in respect of early repayment, and (iii) it is prohibited to make early repayment of foreign currency debt to non-residents. These provisions may impact debt re-structuring arrangements, including potentially limiting possibilities to accelerate the debt upon default.

### YEAR END TAX PLANNING CONSIDERATIONS

As the 2009 fiscal year comes to its end, it may be appropriate to consider certain tax decisions and actions. In particular, management may need to act quickly to preserve loss carryforwards from possible denial thereof in 2010.

Also, a decision to claim tax depreciation at reduced rates in 2010 can be taken by the end of 2009 so that tax depreciation does not result in (or add up to) tax losses in 2010.

We would be happy to be contacted to discuss these and other tax issues that may be relevant for your business.

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