

## UKRAINE OVERHAULS ITS CURRENCY LAWS TO ATTRACT FOREIGN INVESTMENT



On 21 June 2018, the Ukrainian Parliament adopted the Law "On Currency and Currency Operations" ("the "Law") which is aimed to replace an outdated Decree "On the System of Currency Regulation and Currency Control" which was in force since 1993. It is expected to be the opportunity to carry out a long-awaited transition from obsolete and intricate currency regulation to the freedom of currency transactions without restrictions.

### Below we listed some of essential changes for business:

- ✓ The need to register loans from non-residents will be abolished. Now it is obligatory to register all loans from non-residents with the National Bank of Ukraine ("NBU") which involves massive bureaucratic procedures and additional time&cost wastes for investors.
- ✓ The 180 days deadline for settlement in course of export/import operations will be cancelled. The maximum period for settlements on export and import operations may be set at more than 180 days.
- ✓ Ukrainian companies will be able to purchase a stake in foreign companies, to open representative offices

and subsidiaries without a need to receive licenses. Free investment will also be widened to free purchase of foreign securities, real estate and other property rights.

- ✓ There will be no currency control for transactions up to UAH 150 000 (ca. EUR 4,900).
- ✓ Ukrainian companies will be able to provide loans to non-residents, open accounts in foreign banks and place on these accounts foreign currency, which may come from both Ukraine and abroad.
- ✓ Ukrainian companies will be able to transfer freely foreign currency as a guarantee for participation in tenders for the goods supply.
- ✓ Sanction in the form of prohibition of foreign economic activity will be cancelled.

Certain currency restrictions will remain. As a general rule, currency transactions will be carried out without restrictions, except for cases of introduction of protective measures by the NBU.

The Law was signed by the President on 4 July, 2018, and will come into effect and implemented in seven months after the day of its publication (shall be made until 19 June, 2018).

During this seven-month transition period many of regulatory legal acts will have to be revised. In particular, the harmonization of the NBU regulations in line with the Law will continue during six months of the transition period.

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