

Kyiv, November 21, 2016

## Ukraine

# Export of services from Ukraine has been simplified

Dear Business Partners,

We would like to inform you that on **November 3, 2016**, the Ukrainian Parliament passed legislation "On amendments to certain legislative acts of Ukraine (regarding the removal of administrative barriers to exports of services)" No 4496 dd. 21 April 2016.

## Current problems

As lawmakers have stated, the major aim of the aforementioned legislation is to simplify currency control measures and mitigate unreasonable bureaucratic procedures applicable to cross-border transactions in terms of Ukrainian service export.

Currently, Ukrainian **currency control measures** on the aforementioned transactions are **overwhelmingly constraining** with a stringent fiscal approach. The issue is that an exporter's servicing banks are obliged to provide **extra control functions on transactions** related to Ukrainian service exports. Thus under previous requirements the exporter was obliged to provide their bank with a **list of supporting documents** including the actual service provision contracts, service delivery acts, invoice, etc. for the transaction to be executed. These documents were also issued in accordance with specific requirements as to their form, language etc., complicating the process even further. Such conditions, from the lawmakers' point of view, were creating unnecessary obstacles for Ukrainian export development plans and brought disadvantages for Ukraine in international trade.

## New rules

The legislation is intended to mitigate unreasonable burdens for Ukrainian cross-border trade and simplify banking procedures. As a result passing the aforementioned legislation, lawmakers have accomplished the following:

- minimal document volume needed for executing the transaction - a **single exporter's invoice**. The invoice shall be treated now as the primary document for the transaction. Servicing banks shall be prohibited from requesting anything in addition
- **approval for the actual contract** and other supportive documents shall be composed in verbal / electronic / written form **based on the concluded agreement between the parties**
- **cancelation** of the requirement to compose the contract and all supporting documents - **strictly in Ukrainian**

## Further steps

The present law has been referred for signature by the President of Ukraine and as expected it shall significantly mitigate the administrative barriers for Ukrainian service exports, bring Ukrainian banking regulations closer to

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internationally established practices and improve overall export development rates.

It should also help to legitimize a substantial part of concealed business activity which, in turn, will increase foreign currency revenues and simplify small and mid-size business operations.

## How can we help?

If you would like to know more about recent legislation changes, please do not hesitate to contact us.

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