



New benefits for businesses
during quarantine in Ukraine

GOLAW

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New benefits for businesses during quarantine in Ukraine

Ukrainian state authorities continue to generate new decisions for stabilization of economy of the country in the fight against coronavirus (COVID-19).

As early as on March 17, 2020, the Parliament of Ukraine adopted the Law “On amendments to certain legislative acts of Ukraine, aimed at preventing the occurrence and dissemination of coronavirus disease (COVID-19)”. It implemented the so-called “first package” of benefits both for businesses and individuals.

For further support of business and population on March 30, 2020, one more Law “On amendments to certain legislative acts of Ukraine, aimed at providing additional social and economic guaranties in relation to the spread of coronavirus disease (COVID-2019)” (*hereinafter referred to as the “Law”*) was adopted. It extends the list of benefits but, at the same time, establishes certain limitations.

The official text of the Law is not published yet (the Draft Law No. 3275). However, based on the latest [version](#) of its draft on the official website of the Ukrainian Parliament, the following novations should be highlighted:

As to taxes and fees

1. Change of income limits for single taxpayers

Increase of income limits for single taxpayers: for the 1st group - up to 1 million UAH, for the 2nd group - up to 5 million UAH, for the 3rd group - up to 7 million UAH.

2. VAT exemption for goods that are essential for the fight against coronavirus (COVID-2019)

From March 17, 2020, and till the end of the quarantine the value-added tax shall be exempt from the importation into the customs territory of Ukraine and/or the supply within the customs territory of Ukraine of goods (including medicines, medical devices and/or medical equipment), necessary for the fight against coronavirus (COVID-19), the [list](#) of which is determined by the Cabinet of Ministers of Ukraine.

3. Change in excise tax rate regarding ethyl alcohol

Till May 31, 2020, 0 hryvnas excise tax rate shall be applicable per 1 liter of 100 % alcohol from ethyl alcohol, used for the production of disinfectants.

4. Strengthening of control over the circulation of excisable goods, in particular, ethyl alcohol

The list of tax audits, which may be carried out from March 18, 2020, till May 31, 2020, is expanded. It is supplemented with factual inspections with respect to violations of legislation regarding:

- 1) accounting, licensing, production, storage, and transportation of fuel, ethyl alcohol, alcoholic beverages and tobacco;
- 2) targeted use of fuel and ethyl alcohol by taxpayers;
- 3) equipment of excise warehouses by flowmeters and/or level gauges;
- 4) carrying out the functions defined by the legislation in the field of production and circulation of ethyl alcohol, alcoholic beverages, and tobacco products, fuel on the grounds specified in subparagraphs 80.2.2, 80.2.3, 80.2.5 of paragraph 80.2. of article 80 of the Tax Code.

Moreover, it is **expanded the list of violations of tax legislation, that may entail sanctions** if committed within the period from March 01, 2020, till May 31, 2020. The list is supplemented with violations relating to:

- 1) accounting, licensing, production, storage, and transportation of fuel, ethyl alcohol, alcoholic beverages and tobacco;
- 2) targeted use of fuel and ethyl alcohol by taxpayers;
- 3) equipment of excise warehouses by flowmeters and/or level gauges;
- 4) carrying out the functions defined by the legislation in the field of production and circulation of ethyl alcohol, alcoholic beverages, and tobacco products, fuel;
- 5) carrying out by business entities of fuel or ethyl alcohol sale operations without registration of such entities as excise taxpayers.

5. Reduction of land tax and immovable property tax exemption term

The currently effective version of the Tax Code provides for the suspension of accrual and payment of land tax and rent for state and communal land, as well as it establishes that non-residential real estate, owned by individuals or legal entities, is not subject to tax on immovable property **for the period from March 01, 2020, till April 30, 2020.**

As it appears from the Law, the abovementioned term is reduced to **March 31, 2020**.

6. Suspension of the term of administrative appeal

The Tax Code is supplemented by the clause on **suspension until May 31, 2020**, of terms, established by article 56 of the Tax Code (related to the administrative appeal procedure), for tax payer's complaints received (or that will be received) before May 31, 2020, and/or complaints not considered by March 18, 2020.

This rule does not apply to complaints regarding the legality of declaring of value-added tax, claimed to budget compensation, and/or negative value of value-added tax.

N.B. The term for the appealing by tax payer of the tax notice decisions is not extended. Such claims shall be filed in due term established by article 56 of the Tax code.

7. Extension of term without fines regarding unified social tax and consideration of appeals

Fines, prescribed by the Law "On collection and accounting of the unified social tax", will not apply to violations committed not only from **March 01 till April 30, 2020**, but also from **May 01 till May 31, 2020**. This concerns such violations as:

- late payment of unified social tax;
- incomplete or late payment of unified social tax simultaneously with the disbursement of payments to which unified social tax is charged (advance payments);
- late submission of unified social tax reporting.

Also, the term for consideration of the claims of unified social taxpayers that will be filed till 31st of May or have already be filed but not considered is extended till 31st of May.

In contrast with the claims of tax payers, the term for submission the claims regarding unified social tax are extended till 31st of May.

As to customs payments

Certain types of goods are exempted from import duties for the period of the quarantine. Such exemption refers to goods (including medicines, medical devices and/or medical equipment), necessary for the fight against coronavirus (COVID-19), the [list](#) of which is determined by the Cabinet of Ministers of Ukraine.

As to the extension of limitation periods

The Civil Code, Commercial Code, Domestic Relations Code are supplemented with the provision on the extension of the limitation periods, prescribed by several articles of such codes, for the quarantine time. I.e. those periods, during which it is usually possible to resort to court in order to protect rights and interests, is extended for the duration of the quarantine.

As to loans

The Civil Code and the Law “On banks and banking” are supplemented with a prohibition on raising the interest rate under credit agreements for the period of the fight against coronavirus (COVID-19).

As to lease

The Civil Code is supplemented with a provision in accordance with which since the establishment and till the end of the quarantine the lessee may be exempted from payments for use of property due to paragraph 6 of article 762 of the Civil Code.

N.B. This provision does not exempt the lessee from the payment of rent automatically. The lessee has the right not to pay rent if the latter cannot use the rented premises due to quarantine.

As to labor issues

New rules are introduced to the Labor Code. Inter alia, the Law provides for:

- 1) **obligatory conclusion of a labor agreement on distance (home) work in written form;**
- 2) the possibility to establish for employees a new regime of working time – **flexible**. It is defined as a form of organization of work, which allows to establish a regime of work different from that determined by internal labor regulations. However in this case, established working time standards (daily, weekly etc.) must be observed.
- 3) specification of the following rule of the Labor Code: the **downtime** which takes place not by the fault of the employee shall be payable at the rate of **not less than two-thirds of the tariff rate** set to the employee of the certain category (salary). Due to the Law, such downtime includes downtime within the quarantine, established by the Cabinet of Ministers of Ukraine.

As to court proceedings

The Code of Administrative Justice, Commercial and Civil Procedural Codes are supplemented with a provision on the extension of procedural time limits for the term of the quarantine.

Take care and stay safe!

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COVID-19

Legal Support Team

With the need to effectively manage the business crisis caused by the COVID-19 spread, GOLAW created a team to support you on any related legal issues in Ukraine. Keep up to date with the recent changes our government makes to deal with COVID-19 and mitigate its consequences.

We are stronger together.



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Labour issues during quarantine

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