

Verkhovna Rada supports business during quarantine (new measures)

April 6, 2020



On 2 April 2020 the President of Ukraine signed the draft law No. 3275 aimed at supporting businesses during the quarantine period. The following changes were introduced:

Tax changes

Corporate income tax

- Donors of funds or medical goods and other listed goods during the quarantine period will be able to fully deduct the respective expenses for tax purposes for the year 2020
- State and municipal health care institutions that have received funds or free of charge medical goods and other listed goods during the quarantine period shall not tax income from the receipt / tax deduct expenses from the use of such funds and goods for tax periods of 2020.

Property tax and land tax

- Taxpayers will be able to not pay land tax and property tax only for March 2020 (recent changes to the tax laws that proposed such an exemption for April as well were abolished)
- The deadline for the payment of real estate tax and land tax for April 2020 is extended until 30 June 2020.

VAT

- Temporary VAT exemption is introduced for local supply of goods needed for performing measures against coronavirus from 17 March 2020 until the end of quarantine. Such exemption should not impact input VAT recovery.

Excise tax

- Until 31 May 2020 a zero-excise rate is applied to ethyl alcohol used for producing disinfectants
- Reconciliation of volumes of fuel and ethyl alcohol is postponed until 1 July 2020.

Unified Social Contribution (USC)

- The period for not applying penalties for late payment and late reporting is extended until 31 May 2020
- The moratorium for documentation audits of USC is extended until 31 May 2020; audits in process are stopped till 31 May 2020
- The term for considering complaints of USC-payers received before 31 May 2020 excludes the time period till 31 May 2020. The term for submitting complaints with the deadline between 18 March and 31 May 2020 is set as 31 May 2020.

Other taxes

- The deadlines for the publication of financial statements and the audit report for 2019 were extended.
- Maximum annual revenue limits for simplified taxpayers are increased to UAH 1 mln for the 1st group, UAH 5 mln for the 2nd group, UAH 7 mln for the 3rd group.
- The limits and the list of expenses allowed for tax refund for individuals are extended in connection with preventing the spread of COVID-19.

Changes in tax administering

- Off-site audits of tax / tax returns (excluding VAT returns) for the reporting (tax) periods March - May 2020 may be conducted within 60 calendar days
- The deadline for the administrative complaints submitted before 31.05.2020 and/or not considered as of 18.03.2020 is suspended
- The terms for the issuance of individual tax clarification and provision of official information by tax authorities are suspended
- Starting from 01.06.2020, periods shall resume, and will take into consideration the time elapsed before the suspension.

Procedural changes

- During the quarantine period, parties involved in a court case may participate in a court hearing via videoconference mode outside the court premises using their own technical means
- During the quarantine period procedural terms are continued
- The deadline set by the court cannot be due earlier than end of the quarantine period.

Changes in corporate legislation

The procedure and terms of holding a general meeting

- Temporarily, the provisions of the legislation regarding the terms of convening an annual general meeting of shareholders/ participants of companies that issued securities/ members of credit unions/ corporate funds shall not be applicable in 2020
- At the same time, holding a general meeting of these legal entities during quarantine shall not be a violation of the new Law
- The general meeting of the said legal entities on the results of the fiscal year 2019 shall be held no later than three months after the quarantine has ended
- General meetings of these legal entities may be held remotely in the order and on the terms determined by the temporary procedures for remote holding of general meetings, which shall be immediately developed and approved by the National Securities and Stock Market Commission and the National Commission for State Regulation in the Financial Services Markets, respectively.

Powers of the supervisory board members

- If the term of office of members of the supervisory boards of joint-stock companies/members of the supervisory boards and audit committees of credit unions expires in 2020, the powers of such members shall be fully extended until the date of the general meeting of shareholders / members of credit unions in accordance with the new Law.

Disclosure of annual information (report)

- Temporarily, the provisions of the legislation on the terms of disclosure of annual information about the issuer of securities/annual report on the activities of the joint investment institution (fund) for 2019 shall not apply in 2020

- Annual information about an issuer for 2019 may be disclosed by the issuers until 30 April 2020. After 30 April 2020, information about the issuer should be disclosed within 5 working days after the general meeting of the issuer held in accordance with the new Law
- The annual report on the activities of a joint investment institution may be disclosed by the asset management company until 1 April 2020. After 1 April 2020, the report on the activities of the joint investment institution shall be disclosed within 5 working days after holding the general meeting of the corporate fund held in accordance with the new Law, or taking the decision of the authorized body of the asset management company to approve the annual report of the fund.

Changes in labour legislation

- The following notions are introduced:
 - ✓ “flexible working hours” - a form of organization of working regime that is different from the one determined by the rules of internal labour regulations. Establishing a flexible work regime is allowed both at the stage of conclusion of the employment agreement and afterwards.
The application of flexible working hours does not entail changes in rate setting, remuneration and does not affect the volume of labour rights of employees.
 - ✓ “remote (home-based) work” - performance of work by an employee outside the premises of the employer. In the case of remote (home-based) work, the employee independently allocates his/her working time and is not subject to the rules of internal labour regulations, unless otherwise specified in the employment agreement (the requirements and restrictions on the total hours of work provided for by the law must be observed).
An employment agreement for remote (home-based) work should be concluded in writing.
- It is established that an idle time/shutdown of business operations which occurred without the fault of an employee, including due to the announcement of the quarantine, is to be paid at the rate of not less than 2/3 (two-thirds) of the employee’s salary
- During an epidemic, pandemic and other threats, remote (home-based) work and flexible working hours may be established by an internal order of the employer without the obligatory conclusion of an employment agreement for remote (home-based) work.

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