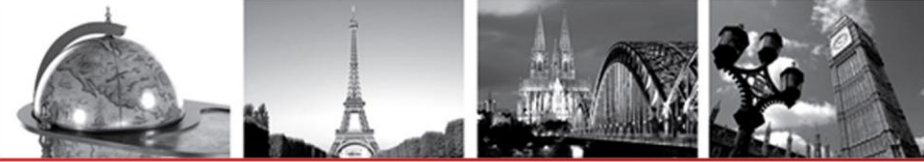




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I. LEGISLATION NEWS

Law of Ukraine No.2275-VI

On June 16, 2010 the Law of Ukraine “On Amending Certain Legislative Acts of Ukraine” No.2275-VI dated 20.05.2010, adopted on the basis of the draft law № 6337, came into force.

The Law introduces essential amendments to the current legislation pertaining to tax inspections, excise duty rates, VAT and income taxation, turnover of alcoholic beverages etc.

The Law of Ukraine No.2275-VI dated 20.05.2010 is effective from June 16, 2010 except for certain provisions (“Golos Ukrainy” No.109 dated 16.06.2010).

Law of Ukraine No.2156-VI

On April 27, 2010 the Verkhovna Rada of Ukraine passed the Law No. 2156-VI “On Amending the Law of Ukraine “On Enterprise Profit Tax” regarding dividends taxation. The Law came into force from the day of its publication on May 19, 2010.

In particular, it is provided that legal persons – residents, receiving dividends from residents and non-residents – legal persons, which are under their control in accordance with paragraph 1.26 of the Law of Ukraine “On Enterprise Profit Tax”, do not include the amount of dividends to gross income (except for non-residents with offshore status). Mentioned norm is not applied to permanent representative offices of non-residents.

In this regard legal persons – residents, which accrue and pay dividends, are exempted from the obligation to make income tax advance payments envisaged in subparagraph 7.8.2 article 7 of the Law of Ukraine “On Enterprise Profit Tax”.

Draft Law of Ukraine No.6525

On June 15, 2010 a Draft Law of Ukraine “On Administration and Registration of a Single Social Fee” No.6525 was registered at the Verkhovna Rada of Ukraine. On June 18, 2010 the Draft Law was taken as a basis. The Draft Law envisages the introduction of the unified social fee (USF) for employers instead of fees to Pension and social insurance funds starting from January 01, 2011.

Draft Tax Code of Ukraine

On June 15, 2010 the Cabinet of Ministers of Ukraine submitted to the Parliament of Ukraine a Draft Tax Code No.6509. On June 17, 2010 the Draft was taken as a basis and passed in the first reading.

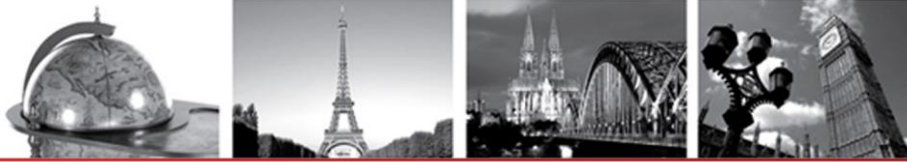
Draft Law of Ukraine No.6517

The President of Ukraine V. Yanukovich has submitted to the Verkhovna Rada of Ukraine a Draft Law of Ukraine “On Amending Certain Legislative Acts of Ukraine on Taxation” No.6517 dated June 14, 2010.

The Draft Law No.6517 envisages changes to certain effective laws of Ukraine, in particular:

Law of Ukraine “On the State Tax Service in Ukraine”

- To exclude paragraph 19 of article 10 of the aforementioned Law, which provided the tax police bodies with the right to conduct unscheduled tax inspections of tax payers without advance notice in cases when tax police bodies receive information about avoidance of tax payments by a tax payer;
- The continuance (terms) of inspections of tax payers by tax bodies envisaged in article 11 of the Law “On State Tax Service in Ukraine” is decreased.



Law of Ukraine "On Enterprise Profit Tax"

- To exclude paragraph 22.4 article 22 of the Law "On Enterprise Profit Tax", providing that in 2010 the amount of negative value of the corporate profit tax object as at January 1, 2010 is included to gross expenditures of the taxpayer in the amount of 20% at most per year from amount of accumulated losses.

Law on State Procurement

The President has signed the Law of Ukraine "On State Procurement" No.2289-VI dated 01.06.2010, which sets legal and economic basis for procurement of goods, works and services at the cost of state funds.

Main goal of the Law is to create a competitive environment in the state procurement sphere, to prevent the corruption occurrence, the development of fair competition, to provide rational and effective application of state funds.

The Law sets conditions of application and carrying out procedures of explicit bargaining, two-stage bargaining, preliminary assessment and purchase procedures from one participant. The Law establishes main demands to the procurement contract.

The Law becomes effective on the thirtieth day after the date of its publication.

Other legislative news

On June 01, 2010 the Resolution of the Cabinet of Ministers of Ukraine No.368 dated 12.05.2010 regarding issue of sovereign bonds for VAT refund, if VAT declared for refund before May 1, 2010, confirmed by tax inspections and not refunded as of effective date of the Law on State Budget entered into force.

The Resolution envisages certain conditions for VAT refund, in particular:

- In order to receive a VAT refund, a tax payer shall submit an application to the state tax service body at the place of registration no later than June 25, 2010.

Thus, at the present moment the deadline for submission of applications from tax payers has passed. In case if the Cabinet of Ministers of Ukraine extends a deadline for submission of applications, we will inform about it additionally.

II. CLARIFICATIONS

Value Added Tax

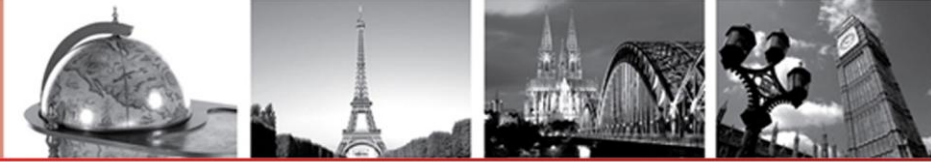
In the Letter No.12096/7/16-1117 dated 18.06.2010 the State Tax Administration of Ukraine informed about peculiarities of VAT payment due to the fact that the Law of Ukraine "On Amending Certain Legislative Acts of Ukraine" No.2275-VI dated 20.05.2010 has come into force.

The State Tax Administration of Ukraine by the Order No. 442 dated 17.06.2010 has approved a Summarizing Tax Clarification concerning application of norms of the Law of Ukraine "On Value Added Tax" in the part regarding peculiarities of preparation and presentation of Calculation of quantitative and pricing indices adjustment to the tax invoice.

By Letter No.11288/7/16-1117 dated 09.06.2010 the State Tax Administration of Ukraine informed that VAT declaration (special) and other changes to the tax reporting, envisaged by order No.313, is applied starting from accounting period for June 2010.

The State Tax Administration of Ukraine is preparing for the unification of registers on VAT refund by means of bonds (Order No.383 dated 31.05.2010).

Corporate Profit Tax



In the Letter No.10667/7/15-0317 dated 01.06.2010 the State Tax Administration of Ukraine confirmed its position (with reference to the Supreme Court of Ukraine) stating that above norm power consumption is not included to gross expenditure.

State Administration of Communications has joined the discussion on issues concerning content of the package of documents confirming connection between expenditures for mobile services and economic activity (Letter No.3714/11-01-10 dated 23.04.2010).

Personal Income Tax

The State Tax Administration of Ukraine has touched again the issues of non-residents' income taxation (Letter No.6817/5/17-0716 dated 14.06.2010).

Work and salary

Ministry of Finance has cleared the issues on business trips abroad, and mentioned that the invitation from the inviting company is obligatory in case if it is a basis for business trip abroad and/or if the invitation determines conditions for staying abroad (Letter No. 31-26030-12-27/11504 dated 17.05.2010).

The Ministry of Labour has reminded that leave scheduling is obligatory for all employers, regardless of number of employees (Letter No.140/13/116-10 dated 13.05.2010).

Accounting

Ministry of Labour is solidary with the Ministry of Finance (see Letter № 31-34000-10-10/7408 dated 07.04.2010) that introduction of the Chief Accountant position on the enterprise is possible only in case of establishment of the corresponding subdivision (Letter No.3200/0/14-10/13 dated 30.03.2010).

Ministry of Finance has prepared clarification on presentation of deferred tax assets and liabilities in financial statements of small business enterprises while transfer to "small forms" (Letter No.31-34000-20-27/8144 dated 14.04.2010).

External Economic Activity

National Bank of Ukraine has clarified the application of provisions, which regulate the issues of foreign investments in Ukraine, due to the fact that the Law of Ukraine No.2155-VI dated 27.04.2010 has entered into force (Letter No.13-215/2974-9413 dated 04.06.2010).

For your information

In order to assist strengthening of positive tendencies on monetary market and creation of stimulus for improvement of the situation in real sector of economy, the National Bank of Ukraine has established a bank rate in size of 9,5 % per annum starting from 08.06.10 (decree of NBU No.259 dated 07.06.2010).

III. COMPANY NEWS

Aksonova & Associates audit firm was an official partner of rountable discussion "Prevention of fraud and frinancial abuse" which was held on July 1, 2010 in the press-centre of the information agence Liga BusinessInform.

In order to learn more about the discussion, please visit our [web-site](#).