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Dear readers!

Here is the new issue of the Information Bulletin "Trade Facilitation in Ukraine Monitoring," a product of the Institute for Economic Research and Policy Consulting, published with the support of the European Union, International Renaissance Foundation, and ATLAS Network within the project "Support to the Civil Society Initiative "For Fair and Transparent Customs." We strive to provide you with the latest and most up-to-date information on the state of customs reform implementation and the implementation of measures to facilitate international trade in Ukraine. Therefore, send your opinion, feedback, and wishes regarding communication links and methods of providing information to: customs@ier.kyiv.ua

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The import of products necessary for the restoration of the energy infrastructure of Ukraine is exempt from customs duties

Law of Ukraine dated December 13, 2022, No. 2837 "On Amendments to Chapter XXI "Final and Transitional Provisions" of the Customs Code of Ukraine on Facilitating the Restoration of Ukraine's Energy Infrastructure"

After the Russian Federation's armed attacks, the energy infrastructure of Ukraine was damaged, and the electricity shortage formed caused by damage to the relevant equipment. To minimize and overcome the negative electricity shortage effect, the Parliament adopted amendments to the final and transitional provisions of the Customs Code of Ukraine, which temporarily exempted from import duty taxation power generators, transformers, and other products that can be used to restore damaged energy facilities for the period of martial law in Ukraine, but no longer than May 1, 2023. Relevant goods can be imported into the customs territory of Ukraine for free circulation by enterprises or citizens and moved (forwarded) to the customs territory of Ukraine in international postal and express shipments. The list of goods, the import of which is exempted from import duties, includes not only electric generators but also materials and products necessary to repair and restore electrical substations, transformers, power transmission networks, etc.

These measures should contribute not only to energy infrastructure facilities restoration but to helping the population and social facilities overcome the negative consequences of power outages.

In addition, it has been established that goods (except for goods classified under commodity headings 2203-2208, 2401-2403 and codes 2103 90 30 00, 2106 90, 3824 99 96 20 according to the UCGFEA) that are imported into the customs territory of Ukraine by public associations and/or charitable organizations, for their further transfer free of charge to military formations and their units formed in accordance with the laws of Ukraine are exempted from import duties.

Goods that were exempted from import duty taxation during the importation into the customs territory of Ukraine must be handed to the recipients specified above no later than 45 calendar days from the date of completion of customs clearance of such goods. And if after completion of customs clearance, documented maintenance and/or repair was carried out for such goods on the territory of Ukraine - no later than 90 calendar days from the day of completion of their customs clearance.

Passing such goods through the customs border, customs control and registration are carried out on a priority basis. And the fee is not paid for performing customs formalities for such goods outside the location of the customs authorities or outside the working hours established for them.

Source: http://surl.li/ehrps





The government banned the export of fuelwoods

Resolution of the Cabinet of Ministers of Ukraine No. 1339 dated November 25, 2022 "On Amending Appendix 1 to Resolution No. 1424 of the Cabinet of Ministers of Ukraine dated December 29, 2021"

The Ukrainian Government has again changed the list of goods whose export and import are subject to licensing and quotas for 2022.

Because of the hard situation in the energy industry, the Government by these changes banned the export of fuelwood from Ukraine in the form of logs, knots, brush, branches, or similar forms; wood chips or shavings, classified under the following codes according to the UCGFEA: 4401 11 00 00, 4401 12 00 00, 4401 21 00 00, 4401 22 00 00.

The export ban was introduced by establishing zero quotas for the export of these products.

This Government's step, albeit late, should help households to get through the winter period.

Source: https://cutt.ly/Y2bTci7

The government exempted certain goods from VAT and import duty

Resolution of the Cabinet of Ministers of Ukraine dated November 9, 2022, No. 1260 "On changing the list of goods (including medicines, medical products and/or medical equipment) necessary for the implementation of measures aimed at preventing the occurrence and spread, localization and liquidation outbreaks, epidemics and pandemics of the acute respiratory disease COVID-19 caused by the SARS-CoV-2 coronavirus, which are imported into the customs territory of Ukraine and/or the supply of which are exempted from value-added tax and import duty"

The government has expanded the list of goods whose import into the customs territory of Ukraine and/or supply to the customs territory of Ukraine are exempt from VAT and import duties. The benefits relate to the import of independent energy sources and were adopted before a similar decision of the Parliament dated December 13, 2022.

At the same time, the mechanism used by the Government during the COVID-19 pandemic caused by the SARS-CoV-2 coronavirus was used to apply for the relevant benefits. This mechanism was not ideal, as it caused different interpretations by the customs authorities and contributed to abuses when importing the relevant goods to Ukraine.

The resolution refers to the following products:

- electric generator sets;
- transformers (except civil aviation goods);
- lithium-ion, electric batteries, including separators for them, rectangular (including square) or any other shape;
- electrical equipment for switching or protecting electrical circuits or for connecting to electrical circuits or in electrical circuits (for example, switches, switches, disconnectors, fuses, lightning conductors, voltage limiters, devices for extinguishing voltage surges, plugs and sockets, and others with "connectors, junction boxes") for voltage over 1,000 ;
- consoles, panels, switchboards;
- insulators;
- equipment and devices for filtering or purifying water.

Relevant clarifications are available at the link

https://bit.ly/3UPd76S

Source: http://surl.li/ehrte



The government approved the updated list of goods whose export and import are subject to licensing and quotas for 2023

Resolution of the Cabinet of Ministers of Ukraine dated December 27, 2022, No. 1466 "On approval of lists of goods whose export and import are subject to licensing and quotas for 2023"

The Government has traditionally approved an updated list of goods whose export and import are subject to licensing and quotas for 2023.

In particular, zero quotas were approved for the export of salt, hard and coking coal, fuel oil, fuel-wood, Ukrainian natural gas, gold, and silver, and waste or scrap of precious metals.

The list of goods, the export of which is subject to licensing, was also approved. This list includes live cattle, their meat, chicken meat and eggs, rye, oats, buckwheat, millet, sugar, and fertilizers.

In addition, the resolution approved the list of ozone-depleting substances and equipment containing such substances, the export, and import of which is subject to licensing, and the list of goods, the import of which from the Republic of North Macedonia is subject to licensing within the framework of the tariff quota.

Source: http://surl.li/ekdau



It is planned to terminate the intergovernmental agreement on the procedure for crossing the Ukrainian-Russian border by residents of the border regions

The project of the Law of Ukraine No. 0181, dated December 5, 2022, "On Termination of the Agreement between the Cabinet of Ministers of Ukraine and the Government of the Russian Federation on the Procedure for Crossing the Ukrainian-Russian State Border by Residents of the Border Regions of Ukraine and the Russian Federation"

Initiator: Cabinet of Ministers of Ukraine
Date of registration: December 5, 2022

The draft law was developed to terminate the agreement between the Governments of Ukraine and the Russian Federation on the procedure for crossing the Ukrainian-Russian state border by residents of the border regions of Ukraine and the Russian Federation dated October 18, 2011.

The Agreement termination will strengthen state control over the entry and stay of citizens of the Russian Federation in Ukraine in conditions of war and threats to Ukraine's national security. Denial of the agreement will strengthen border control and cancel the preferential border crossing regime for residents of the border regions of Russia and Ukraine.

Source: https://cutt.ly/Q2bTLh9

It is proposed to strengthen control over the customs value of goods exported from Ukraine

Draft Law of Ukraine, No. 8274 of December 9, 2022, "On Amendments to Chapter XXI "Final and Transitional Provisions" of the Customs Code of Ukraine regarding establishing of temporary features for determining the customs value of goods exported outside the customs territory of Ukraine"

Initiator: Members of Parliament of Ukraine

Date of registration: December 9, 2022

According to the draft law initiators, there is a need to limit the establishment of export prices for goods exported from Ukraine and subject to export duties, which are calculated at an ad valorem rate in accordance with a number of laws of Ukraine, the amount of which depends on the declared customs value of such goods upon export.

These goods are live cattle and leather raw materials, a scrap of alloyed ferrous metals, a scrap of non-ferrous metals and semi-finished products with their use, and seeds of some oil crops. When they are exported export duty is paid to the budget, the rate of which is established by the relevant legislation and is ad valorem, i.e. as a percentage of the declared value of the corresponding products upon export.

Currently, Ukrainian legislation does not allow the customs authorities to control the correctness of the determination of the customs value of goods exported outside the customs territory of Ukraine under the customs export regime. It can lead to an underestimation of the export duty tax base and a failure to receive the full amount of export duty to the state budget of Ukraine.

Thus, the proposed changes should make customs authorities' control over the correctness of determining the customs value of goods exported outside the customs territory of Ukraine more effective.

Draft laws



The draft law proposes temporarily, for the period of martial law and within one year from the date of its termination or cancellation, to establish peculiarities of determining the customs value of goods that are exported outside the customs territory of Ukraine and placed under the customs export regime and are objects of international commodity exchanges (exchange goods) trade, to eliminate tax minimization schemes.

The draft law proposes to establish that the customs value of goods exported outside the customs territory of Ukraine and placed under the customs export regime and on which the export duty, calculated at ad valorem rates, is established by law, is the price of the goods specified in the invoice or proforma invoice, **but not lower than the price of the product determined based on monthly monitoring of prices on international commodity exchanges under the procedure established by the Cabinet of Ministers of Ukraine.**

According to the draft law initiators, if the proposed changes are adopted, and the mechanism of control over the export of goods from Ukraine is improved, the expected additional revenues to Ukraine's state budget from the payment of export duties may amount to 2-3 billion hryvnia per year.

Source: http://surl.li/ejsfi



The customs warehouse resumed work in Gostomel

In Hostomel, on the territory of the subsidiary company "Kuehne and Nagel," the customs clearance department of the customs post "Vyshneve" resumed work. It was out of service for eight months due to destruction caused by enemy shelling.

The complex of "Kuehne and Nagel," on the basis of which the customs clearance department "Vyshneve" is located, was in the zone of hostilities that took place in Hostomel at the beginning of the war. At the beginning of March 2022, the enterprise came under Russian air strikes. Of the four buildings, one more or less survived, and the remaining three were destroyed. After restoration work, the arrival point for motor vehicles on the territory of "Kuehne and Nagel" is functioning again on an area of 4.5 thousand square meters. The customs warehouse work was resumed, and its territory was almost doubled - from 234 to 450 square meters.

Currently, the customs clearance unit staff of Kyiv Customs is located here.

Source: http://surl.li/ejsbr

The European Parliament adopted EU agreements with Ukraine and Moldova on the simplification of cross-border transportation of goods

The European Parliament adopted EU agreements with Ukraine and Moldova on simplification of the cross-border transportation of goods.

The new agreements are caused by Russia's armed aggression against Ukraine and are a step of the European side to help Ukraine.

With Ukraine's airspace closed to civilian traffic and seaborne exports restricted, Ukraine needs to find alternative road routes to export its grain, fuel, food, and other goods. Similarly, Moldova is suffering, as it needs alternative transit routes through the EU and assistance in Ukrainian goods transit through its territory.

The agreements will replace the existing bilateral transport agreements with the EU countries and facilitate road freight transport by allowing Ukrainian, Moldovan and European carriers to cross each other's territories and work between them without the need to obtain relevant permits.

In addition, the agreement between the EU and Ukraine will allow Ukrainian drivers to continue to use their Ukrainian driving licenses and certificates of professional competence to drive in the EU without the need for an international driver's license.

Both agreements are provisionally effective from June 29, 2022. After their approval by the European Parliament, the agreements will require official approval by the Council of the EU.

Source: http://surl.li/ejlfo

The New Customs Tariff of Ukraine entered into force on January 1, 2023

In December 2022, the President signed the Law of Ukraine No. 2697-IX, "On the Customs Tariff of Ukraine," adopted on October 19, 2022, which entered into force on January 1, 2023.

The customs tariff contains a list of the national tax rates: import duty on goods imported into the customs territory of Ukraine and is systematized in accordance with the UCGFEA.

The document brings Ukraine's product nomenclature into compliance with the requirements for the modern seventh edition of the Harmonized commodity description and coding system, version 2022, to fulfill Ukraine's international obligations.

Discrepancies in the versions of the Ukrainian and trade partner countries' classification systems for goods of foreign economic activity have also been eliminated, which should speed up and simplify the procedures for customs clearance of goods

Source: http://surl.li/ejlgn

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The publication consists of three parts:

regulatory legal acts that entered into force;

draft laws;

news.

We understand that small and medium-sized businesses do not have enough time to analyze new legislation or possible regulatory innovations. Also, a significant number of such acts are difficult for the average person to understand. "Trade Facilitation Monitoring in Ukraine" is designed to draw attention to interesting events and innovations in Ukrainian legislation related to the trade procedures simplification that may directly affect foreign economic activity actors. In these publications, we will also analyze draft regulations on this issue.

The Institute for Economic Research and Policy Consulting (IER) is an internationally recognized independent Ukrainian think tank founded in 1999.

IER analyzes economic development problems, international trade, and business climate (particularly in the SME sector) and participates in developing policy documents at the national and regional levels.

The IER regularly issues its macroeconomic forecast for Ukraine and participates in developing the consensus forecast of the Ministry of Economic Development and Trade of Ukraine.

The IER sociologists' team conducts regular surveys of enterprises and experts to assess the business climate and expectations of Ukrainian business. IER successfully combines its analytical activities with advocacy for change and participation in the public life of Ukraine. IER cooperates with central and local authorities, national and foreign think tanks, and civil society organizations.

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