

MULTISERVICE PROVIDER



QUARTERLY REVIEW: Q3 2024

Significant legislative changes review



CONTENTS

01 MARTIAL LAW

Employee Movement Reporting	4
Customs and VAT Exemptions for Importing Energy Equipment	5
Updated List of Temporarily Occupied Territories and Combat Zones	7
White Business Club, amendments to the Tax Code of Ukraine	9

02 ACCOUNTING AND TAX OUTSOURCING

New limitation periods for the State Tax Service (STS) to assess tax liabilities on transactions with non-residents have been in force since 1 July	11
New Forms of Tax Invoice (TI) and Adjustment Calculation (AC), VAT Return	12
Draft Law on the 2025 State Budget of Ukraine	18

03 PAYROLL OUTSOURCING

Is there any indexation for Diia City residents?	20
--	----

04 HR CONSULTING

Is a border crossing stamp required?	22
--------------------------------------	----

05 LEGAL CONSULTING

The Ministry of Finance approved the Financial Monitoring Regulation	26
Primary financial monitoring entities must develop internal procedures	28
Interaction with the Tax Service via Video Conference	30

06 IT Consulting

BAS Product Line Updates and Releases	32
---------------------------------------	----

01



MARTIAL LAW

Employee Movement Reporting

The obligation to inform about employee movements applies only to enterprises that reserve employees.

Resolution No. 650 of the Cabinet of Ministers of Ukraine dated 05/06/2024, "Certain issues of reserving military liable personnel during martial law" contains the list of employers who are required to submit information through the Pension Fund of Ukraine (PFU) e-service portal regarding employee hiring, movement or transfer, dismissal, reinstatement, temporary suspension/resumption of employment contracts.

The list includes:

- ✓ Government authorities, other government bodies, and local self-government bodies;
- ✓ Enterprises, institutions, and organisations critically important for the needs of the Armed Forces and other military formations during the special period;
- ✓ Enterprises, institutions, and organisations critically important for the functioning of the economy and ensuring the livelihood of the population during the special period.

PFU has implemented a service for employee movement reporting — employers can submit employee movement information in real-time in the insurant personal account on the PFU e-service web portal.

To submit information through the insurant's account, the menu item **"Communications with PFU"** has been updated with the option **"Employment Information (prompt information submission)" / "Notice of changes in employment relationships."**



Enterprises that do not reserve employees are not required to submit such information to PFU.

Customs and VAT Exemptions for Importing Energy Equipment

On 26 July, Laws of Ukraine No. 3853-IX and No. 3854-IX, dated 16/07/2024, were signed, introducing amendments to Section XX “Transitional Provisions” of the Tax Code of Ukraine.

The benefits under these laws are effective from 27 July 2024 (the laws have been published in Holos Ukrainy on 26 July 2024).

According to the laws, during martial law in Ukraine, operations involving the import of components (materials, units, aggregates, equipment, and parts, including machine sets) into the customs territory of Ukraine under the import customs regime by business entities for use in their production activities related to the manufacture and/or repair of mechanised demining machines are temporarily exempt from customs duties and VAT.

Moreover, exemptions from customs duties and VAT are provided for the importation of energy equipment and other relevant goods necessary for restoring the uninterrupted electricity supply in Ukraine. These include:

- ✓ Electricity generating equipment;
- ✓ Wind and solar generation equipment;
- ✓ Batteries (except low-power batteries).

The exemptions from tax and customs duties apply only when these goods are imported for personal use.

A company that sells generators and batteries can import them without VAT but cannot sell these goods to the customer without VAT. Transactions involving the supply of generators within the customs territory of Ukraine are subject to VAT at the standard rate of 20%, regardless of VAT exemption upon importation.

Tactical military-grade headphones for military personnel have been added to the list of exemptions.

Moreover, goods imported into the customs territory of Ukraine (including those transported or sent to Ukraine in international postal and express shipments) for free circulation and classified under the following codes according to the Ukrainian Customs Classifier of Goods (UKT ZED) are exempt from VAT and import duties until 1 January 2026:

- ✔ 8406 (except 8406 10 00 00), 8410 (only hydraulic turbines and their parts);
- ✔ 8483 40 21 00, 8502 20 40 90, 8502 20 60 90, 8502 20 80 90, 8411 (except turboprop and turbojet engines and their parts);
- ✔ 8501 64 00 00, 8504 40 84 00 (except inverter welding machines);
- ✔ 8504 40 88 00 (except inverter welding machines), 8504 40 90 00 (except inverter welding machines);
- ✔ 8507 60 00 00 (except AC/DC energy storage systems with a power of less than 300W and individual Li-ion cells with a capacity of less than 200 Ah);
- ✔ 8541 43 00 00, 8537 (except 8537 10 98 10), 8503 00 99 00 (only for wind energy generation installations).

The adopted laws will create the necessary conditions for energy stability and security in Ukraine and will contribute to more effective demining and the recovery of the national economy. Furthermore, the adopted legislative acts will promote the development of domestic production of demining machines.



Updated List of Temporarily Occupied Territories and Combat Zones

The Ministry of Reintegration regularly updates the List of territorial communities located in areas of military (combat) operations or those under temporary occupation or siege.

Changes concerning Donetsk and Kharkiv regions were made in August.



As a reminder, in December 2022, the Cabinet of Ministers of Ukraine adopted Resolution No. 1364 dated 06/12/2022, "Certain issues concerning the formation of the list of territories where combat operations are taking place (or have taken place) or temporarily occupied by the russian federation," which defines the mechanism for compiling a unified list of such territories.

The list itself was approved by Order No. 309 of the Ministry of Reintegration dated 22/12/2022. The list is not fixed – it is regularly updated.

The territories on the list are divided into those occupied by the russian federation and those where combat operations are being (or have been) conducted. Furthermore, territories where combat operations are being (or have been) conducted are subdivided into areas of potential combat and areas of active combat. Additionally, territories that experienced combat operations and were temporarily occupied since 24 February 2022, where combat or temporary occupation has ended, have been retrospectively included in the list.

By Order No. 251 of 22/08/2024, the Ministry of Reintegration made amendments to the List of territories where combat operations are taking place (or have taken place) or temporarily occupied by the russian federation. The changes concern territorial communities in the Donetsk and Kharkiv regions.



The order will take effect on the day of its official publication. As of 28 August, it has not yet been published.

Currently, the List applies as worded by Order No. 204 of the Ministry of Reintegration dated 18/07/2024 (effective from 08/08/2024).

What is the purpose of the List?

Individuals are entitled to monetary assistance if they have left settlements included in the list as areas:

- 1) of potential combat;
- 2) of active combat;
- 3) temporarily occupied by the Russian Federation, where no end date for combat operations (or the possibility thereof) or temporary occupation has been set.

Additionally, the list of territories, approved by Order No. 309 of the Ministry of Reintegration dated 22/12/2022 can be used to determine the specifics of collecting taxes and duties in those territories.

White Business Club, amendments to the Tax Code of Ukraine

On 24 July, the President signed Law No. 3813-IX of 18/06/2024 "On amending the Tax Code of Ukraine regarding the specifics of tax administration during martial law for taxpayers with a high level of voluntary tax compliance" (Law No. 3813-IX).

The law introduces:

- 1) A list of taxpayers with a high level of voluntary tax compliance who will benefit from certain advantages in tax administration during martial law;

- 2) The list will include legal entities and individual entrepreneurs – Diia.City residents, who meet a set of requirements and criteria, taking into account the tax system (including tax payment levels, salary accrual requirements, etc.);
- 3) Taxpayers with a high level of voluntary tax compliance included in the list will enjoy the following advantages:
 - ✔ A moratorium on documentary audits, except for certain types;
 - ✔ Reduced timeframes for desk and documentary audits for the purpose of refunds from the budget;
 - ✔ Shortened timeframes for providing individual tax consultations;
 - ✔ A taxpayer will get a dedicated compliance manager with whom the taxpayer will be able to communicate, including via remote communication, such as video conferencing.

Law No. 3813-IX has been in effect since 01/08/2024 (published in Holos Ukrainy on 25 July 2024).

The open list of these taxpayers, along with the criteria, will be available on the State Tax Service website.



02



**ACCOUNTING AND TAX
OUTSOURCING**

New limitation periods for the State Tax Service (STS) to assess tax liabilities on transactions with non-residents have been in force since 1 July

Business entities making payments to non-residents, as well as non-residents conducting business in Ukraine through separate units, must retain documents that have not yet expired as of 01/07/2024 for a period of seven years.



On 1 July 2024, Law of Ukraine No. 3721-IX dated 21/05/2024, "On amending the Tax Code of Ukraine and the Law of Ukraine 'On Electronic Communications' regarding rent for the use of radio frequency spectrum (radio frequency resource) of Ukraine" (Law No. 3721-IX) introduced changes to document retention periods and limitation periods for controlling bodies to assess tax liabilities on transactions with non-residents.

Taxpayers making payments to non-residents, and non-residents conducting business in Ukraine through separate units, including permanent establishments, are required to **retain documents that have not yet expired as of 01/07/2024 under the new retention period (seven years)**.

For such taxpayers, monetary liabilities will also be assessed under the new limitation periods (no later than by the end of the **2555th day**).

As of 1 July 2024, the following wording of Subclause 44.3.1, Clause 44.3, Article 44 of the Tax Code of Ukraine (TCU) is in force: taxpayers are required to ensure the retention of documents and information for the legislatively defined periods, but no less than **2555 days (seven years)** for documents and information necessary for tax control, in accordance with Articles 39 and 392, Clause 141.4 of Article 141 of the TCU (Clause 141.4 of the TCU was added).

New Forms of Tax Invoice (TI) and Adjustment Calculation (AC), VAT Return

By Order No. 400 dated 09/08/2024, the Ministry of Finance approved new versions of a tax invoice (TI) and an adjustment calculation (AC). Furthermore, by Order No. 400, the Ministry of Finance introduced new versions of VAT return forms and amended the Procedure for their completion and filing.

When preparing a TI for exports, it will be necessary to indicate the date and number of the export contract and the customs declaration.

There are few changes, and they are not fundamental. The reason for approving the new versions of the TI and AC was the changes in legislation for agricultural product exporters.

Наказ Мінфіну від 09.08.2024 №400 «Про внесення змін до деяких нормативно-правових актів Міністерства фінансів України», зареєстрований у Міністерстві юстиції України 26.08.2024 за №1302/42647 — опубліковано в Офіційному віснику України від 25.09.2024 №82.



Order No. 400 of the Ministry of Finance dated 09/08/2024 "On amending certain regulatory legal acts of the Ministry of Finance of Ukraine," registered with the Ministry of Justice of Ukraine on 26/08/2024 under No. 1302/42647, was published in the Official Gazette of Ukraine No. 82 dated 25/09/2024.

From what date do new TI and AC forms apply?

- ✓ Since 1 October 2024 – for all TI and AC submitted for registration in the Unified Register of Tax Invoices from 1 October, including TI and AC prepared before 1 October 2024 but not yet registered in the Unified Register of Tax Invoices.



From what date do new VAT return forms and adjusting calculations thereto apply?

- ✓ Since 1 November 2024 – for VAT return, meaning the one submitted from the reporting (tax) period of October 2024.
- ✓ Since 1 November 2024, the adjusting calculation of VAT liabilities due to self-discovered errors must be submitted using the new form.

What has changed in the Procedure for preparing TI/AC for everyone?

There are changes to Paragraph 5 of Clause 10 of Procedure No. 1307. Previously, the “if available” condition only applied to the **patronymic** of an individual buyer. This is because the patronymic is not mentioned in all documents.

Now the same condition will apply to the surname as well! Since not all foreigners have surnames. Therefore, it should only be stated in the TI/AC if available.



Those who prepare TI using reason code 13 (for the use of production or non-production assets, other goods/services not related to business activities) should pay attention to the changes to Clause 16 of Procedure No. 1307!

According to these changes, in the consolidated TI with reason code 13, all accrual information must be fully disclosed:

- 1) In column 2 (product/service name) of the table section of the document, in addition to the date of preparation and serial numbers of the TI issued to such a taxpayer upon the delivery of goods/services, non-current assets, for which the taxpayer assesses tax liabilities, the description (nomenclature) of these goods and services must also be indicated

- 2) **In column 4 (unit of measure)**, the current unit is “UAH”. After the changes, in this column of the TI with reason code 13, the original unit of measure of the goods/services will need to be used – i.e., the one stated in the ‘incoming’ TI from the supplier
- 3) **Columns 3.1, 3.2, 3.3, and 5–9** will also need to be filled in in this TI.

Regarding exports in general

The new rule in **Clause 12 of Procedure No. 1307** will apply to all exporters.

When completing the TI/AC with buyer details, you now only state the buyer's name (full name) and, after a comma, the country of registration. Additionally, you specify the conditional tax identification number of the buyer, “300000000000.”

After the changes come into effect, information about the buyer must also include details about the export operation of goods outside the customs territory of Ukraine:

- ☑ export contract date and number;
- ☑ export customs declaration date and number;
- ☑ for a forward contract, a corresponding mark must be made.

Special: agricultural product exports for which special regulations have been established by a separate law.

About TI/AC in ESR (Export Support Regime)



From 1 July 2024, two laws came into effect:

- 1) Law No. 3707, which amended the Customs Code of Ukraine regarding the processing of goods under the Export Support Regime (ESR);
- 2) Law No. 3706, which amended the Tax Code of Ukraine regarding such processing, also provided for the update of TI and AC forms.

These changes to TI/AC were not approved immediately because the above-mentioned laws stated: **the Export Support Regime must be established by the Cabinet of Ministers of Ukraine (CMU).**

So far, the CMU has not done this but has only approved the procedure for the minimum permissible export prices for certain types of agricultural products. The resolution regarding approval came into effect on 3 September 2024. However, the procedure will start from the date of implementing the regime.

The Ministry of Finance has already approved the changes to the TI and AC forms. It has also **updated the VAT return form.**

What TI/AC changes must be considered by those using ESR?

When exporting certain types of goods outside the customs territory of Ukraine under the export customs regime, the taxpayer must prepare a separate TI for each such item and register it in the Unified Register of Tax Invoices (URTI) by the day the customs declaration is submitted for customs clearance.

What does “separate” mean? In such a tax invoice:

- ✓ In its number (in the second part, after the slash) the code “7” is indicated, which will be used exclusively for ESR transactions;
- ✓ A separate reason code “22” must be indicated. This means that it is prepared for transactions involving the export of certain types of goods outside the customs territory of Ukraine in the export customs regime “certain types of goods”
- ✓ Only one product under one code in accordance with the Ukrainian Classification of Goods for Foreign Economic Activity (UCG FEA) may be specified
- ✓ The unit of measure for goods must be kilograms;
- ✓ The tax invoice must indicate the date and number of the contract for the export of certain types of goods outside the customs territory of Ukraine. In a tax invoice issued for the export of goods outside the customs territory of Ukraine based on a forward contract, the appropriate mark indicating a forward contract must be made.

These innovations apply to all VAT taxpayers – exporters, not just those using ESR.

However, if it is an export under ESR, an additional mark "X" must be made in the relevant line of the "Information on the export operation outside the customs territory of Ukraine" column;

- ✓ In the "Recipient (buyer)" column of such a tax invoice, the name (full name) of the non-resident and, after a comma, the country in which the buyer (non-resident) is registered must be indicated, while the conditional TIN "300000000000" is entered in the "Individual Tax Number of the Recipient (Buyer)" line, and the line "Taxpayer number or passport series (if available) and number" shall be left empty.

These changes are provided for by Procedure No. 1307 (Clauses 6, 8, 12, 16, etc.).

A tax invoice prepared in violation of these requirements will not be accepted for registration in the Unified Register of Tax Invoices (URTI).

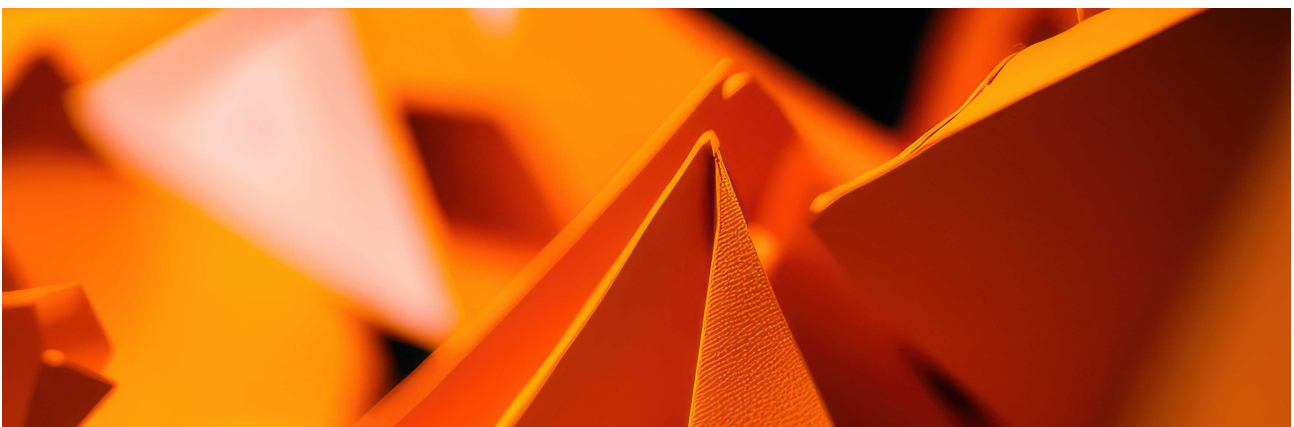
For export operations under ESR, a separate procedure for preparing AC for TI has been approved (new Clause 24 of Procedure No. 1307). Its table section will be filled in as follows:

- ✓ The indicators of the adjusted line in the TI are entered with a "-" sign in each column separately;
- ✓ A new line with corrected indicators is added, which is assigned a new consecutive line number that was not previously used in the tax invoice;
- ✓ The line in the adjusted tax invoice (marked with a "-") and the new line with corrected indicators replacing it are both assigned the same adjustment group number, which is indicated in column 2.2 of section B of the adjustment calculation table, and column 2.1 shows the same adjustment reason code, corresponding to the conditional adjustment reason code set by the STS for the cases specified in Subclause 97.4, Subsection 2, Section XX of the TCU;
- ✓ After registering in the URTI the adjustment calculation for the tax invoice, drawn up according to Subclause 97.4 "b," Subsection 2, Section XX of the TCU, further adjustments of the tax invoice indicators are not allowed, except for adjustments according to Subclause 97.4 "c," Subsection 2, Section XX of the TCU – meaning adjustments only to the VAT rate and the accrued VAT amount!

- ✓ When preparing an adjustment calculation for a tax invoice in the cases specified in Subclauses 97.4 "b" and "c," Subsection 2, Section XX of the TCU, the relevant line in the "Information on the export operation outside the customs territory of Ukraine" column in the top left part of the adjustment calculation must indicate the date and number of the customs declaration under which certain goods are exported outside the customs territory of Ukraine under the export customs regime.

Correction of changes:

- 1) All corrections in the table section should be done with two lines – the incorrect one with minus signs (to delete the line from the TI), and the correct one should always be added as a new line in the TI (with the next unused line number). Excess TIs (if any) can be cancelled with just one (minus) line;
- 2) The number of adjustment calculations (ACs) is limited! The above-mentioned Subclause "b" as the basis for adjustments involves preparing an AC to bring the TI indicators in line with the customs declaration indicators **without changing the tax rate**. Such an AC under ESR can only be prepared after the export outside the customs territory of Ukraine under the export customs regime has been finished and all necessary additional declarations have been submitted for customs clearance under the relevant customs declaration. Subparagraph "c" only allows **changes to the VAT rate and the VAT amount** to align the applied VAT rate with the rate set in Subclause 193.1 "b" of the TCU. And each of these grounds can be used only once!



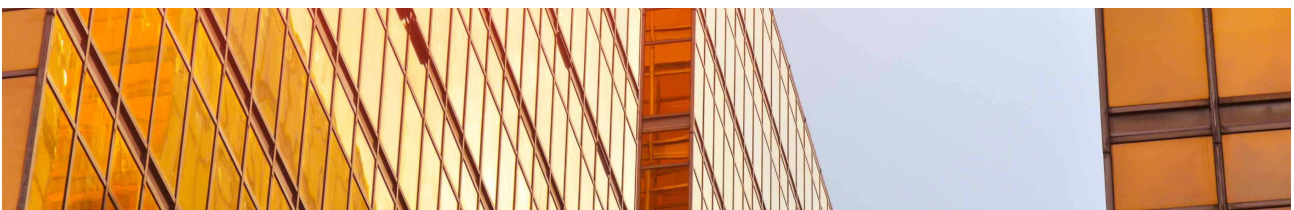
Draft Law on the 2025 State Budget of Ukraine

The draft Law on the 2025 State Budget of Ukraine proposes amendments to the Law of Ukraine “On Collection and Accounting of the Unified Contribution for Compulsory State Social Insurance” (the USC Law):



The main changes:

- 1) Increase the maximum salary base for USC assessment in 2025 from 15 to 20 minimum wages (the transitional provisions of the draft State Budget Law provide for suspending the determination of the maximum amount set in Subclause 4, Clause 1, Article 1 of the USC Law);
- 2) Suspend the war-time USC relief for sole proprietors under the simplified tax system, sole proprietors under the general tax system, individuals engaged in independent professional activities, and members of farming households;
- 3) Changes regarding salary indexation in 2025 are also proposed: the Consumer Price Index (CPI) for salary indexation will be calculated on a cumulative total basis starting from 1 January 2025. The indexation amount for December will not be accrued in January 2025. These changes are aimed at reducing the 2025 State Budget expenditures.





03

PAYROLL OUTSOURCING

Is there any indexation for Diia City residents?

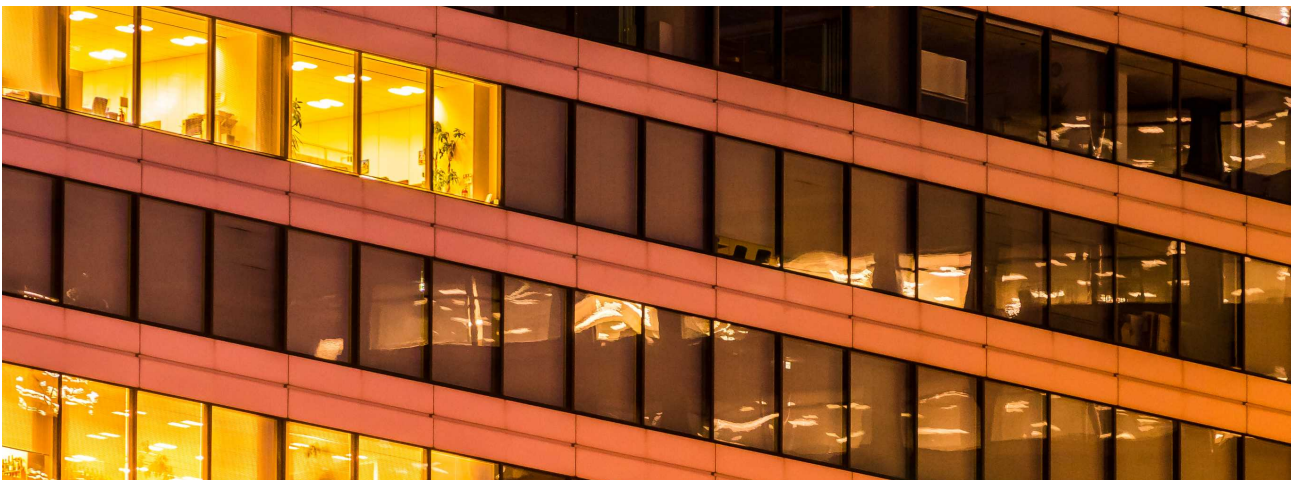
If inflation exceeds 103%, salaries shall be subject to indexation.

But take note! For Diia City residents: full-time employees and gig specialists of Diia City residents are not subject to indexation.

Starting 9 November, the modified procedure for salary and income indexation applies: the Government has brought the Indexation Procedure in line with the provisions of the Law concerning Diia City residents (Law of Ukraine “On the Stimulation of the Digital Economy in Ukraine”).

These changes imply that the purchasing power of rewards, compensations, and other payments made by Diia City residents to their employees is supported through periodic adjustments to their amounts.

Employers who are Diia City residents do not index their employees' salaries in the usual way. According to the Law of Ukraine “On the Stimulation of the Digital Economy in Ukraine”, they have an average salary level, and employers must periodically increase it.



04



HR CONSULTING

Is a border crossing stamp required?

According to the current legislation (Subclause 170.9.1, Clause 170.9, Article 170 of the Tax Code of Ukraine), the amount of daily allowance for business trips outside Ukraine is determined based on the business trip order, provided there is documentary evidence of the person's stay on a trip (border crossing stamps, travel documents, accommodation receipts, and/or any other documents proving the person's actual stay on the business trip).

From November 2024, the European Union will implement an electronic border crossing control system.

Thanks to the EES (Entry/Exit System), passport stamps will no longer be necessary, as entry and exit information will be stored in the system.



EES is a border crossing control system for the Schengen Zone, which is introduced to improve the management of the EU external borders. The main objective of the system is to register the entry and exit of non-EU citizens and to monitor their stay within the Schengen Zone.

The system was initially planned for launch in 2022, but it was repeatedly delayed due to technical issues and delays in installing automated barriers. These barriers needed to be installed at all international land, sea, and air borders of the Schengen Zone. Now EES will begin operation from 10 November 2024. This date has been officially confirmed by the European Commission.

Key features of the EES system:

- ✔ **Digital registration:** all data about individuals entering and exiting the Schengen Zone will be stored electronically, including biometric data such as fingerprints and facial images;

- ✓ **Stay duration control:** the system allows for automatic calculation of how many days a person stays in the Schengen Zone to prevent violations of visa regulations. The standard period for allowed stays for tourists is 90 days within a 180-day period;
- ✓ **Security and combating illegal migration:** EES will help identify individuals who overstay their permitted duration and will improve border management processes while aiding in the fight against illegal migration;
- ✓ **Replaces passport stamping:** thanks to EES, there will no longer be a need to stamp passports, as entry and exit information will be stored in the system;
- ✓ **Recording entry bans:** in case of entry ban, EES will also record this information;

European officials believe that the new biometric procedures will speed up processing and reduce border queues.

How border crossing through the EES system will work

Citizens of all non-EU countries will go through this automated system of digital personal data collection, regardless of whether they need a visa or not. Exceptions include holders of long-term visas and residence permits (except Ukrainians who have already been granted a temporary protection status in Europe).

Border crossing through the system will involve several new steps compared to the traditional procedure. Here's what it will look like:

- ✓ **Submitting documents:** the traveler presents their passport or other travel document at border control. Foreign nationals will use special self-service terminals to scan their documents;
- ✓ **Biometric registration:** if it is the first entry after the introduction of the EES system, the traveler provides biometric data: fingerprints and a facial photo for identification.

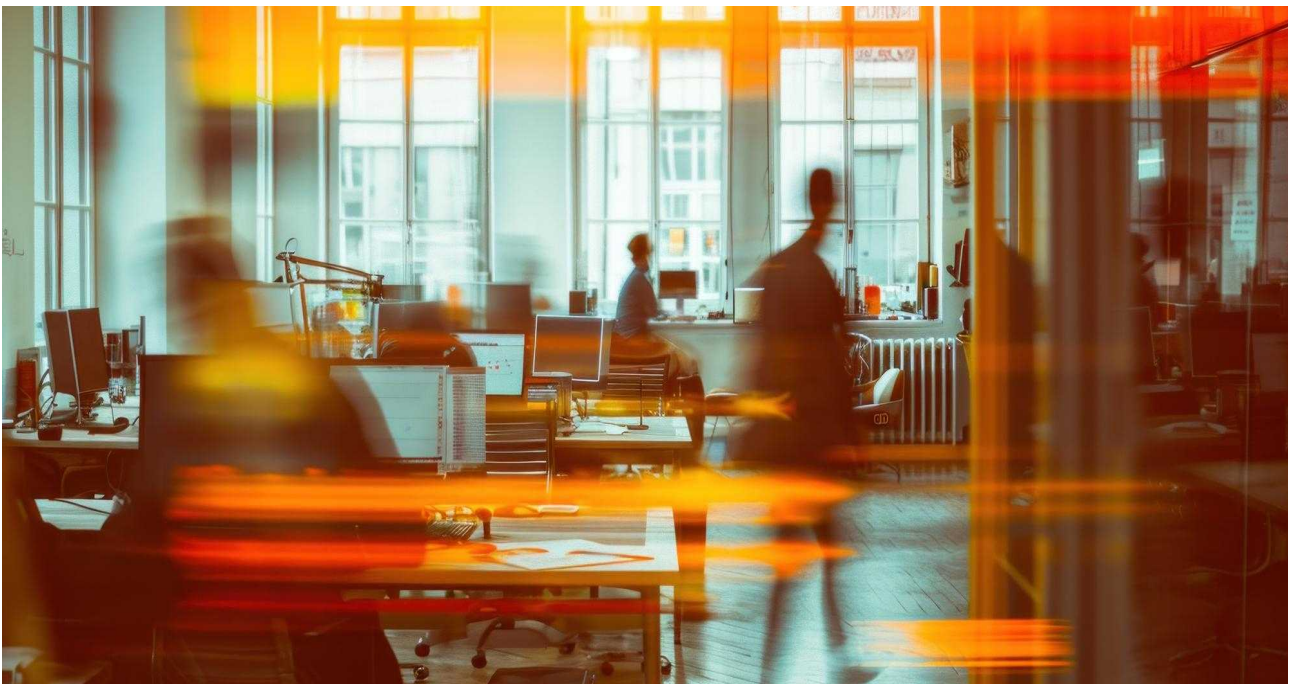
After the first registration, this data will be stored in the system, and there will be no need to resubmit it for the next three years when crossing the border;

- ✔ **Data verification:** the system will automatically check the entry/exit data and calculate the number of days the person has stayed in the Schengen Zone to ensure they have not overstayed the allowed limit (90 days within 180 days);
- ✔ **No stamps:** no stamp will be placed in the passport when crossing the border, as all data will be stored digitally.



The EES system will be in operation at entry points to all EU countries, except Cyprus and Ireland, as well as in four non-EU Schengen countries: Iceland, Liechtenstein, Norway, and Switzerland.

Travelers from visa-free countries will need to pay a fee of 7 euros every three years to authorize their trips.



An aerial photograph of a city, likely in Europe, featuring a prominent white building with a large blue dome and gold accents, possibly a cathedral or church. The city is built on a hillside, and the scene is bathed in a warm, golden light, suggesting sunrise or sunset. A large, white, semi-transparent number '05' is overlaid on the upper left portion of the image.

05

LEGAL CONSULTING

The Ministry of Finance approved the Financial Monitoring Regulation

By Order No. 282 dated 07/06/2024 (registered with the Ministry of Justice on 16/07/2024 under No. 1071/42416), the Ministry of Finance approved the Regulation on conducting financial monitoring by primary financial monitoring entities regulated and supervised by the Ministry of Finance of Ukraine.

This Regulation sets out general requirements for organizing and conducting primary financial monitoring by the following primary financial monitoring entities and their separate divisions (if any):

- ✔ audit entities;
- ✔ accountants and business entities providing accounting services;
- ✔ business entities providing tax consulting services;
- ✔ business entities providing intermediary and/or consulting services for real estate transactions;
- ✔ business entities trading in cash precious metals, precious stones, and products made of them;
- ✔ business entities engaged in the trade of cultural values and/or providing intermediary services in such activities;
- ✔ business entities conducting lotteries and/or gambling.

This Regulation establishes general requirements for:

- 1) Measures for proper organization and implementation of primary financial monitoring, and a proper risk management system;

- 2) Appointing an employee responsible for financial monitoring (hereinafter referred to as the designated employee);
- 3) Financial monitoring rules, primary financial monitoring programs, and other internal documents on financial monitoring, as well as unified rules on preventing and combating money laundering, terrorist financing, and the financing of the proliferation of weapons of mass destruction (hereinafter referred to as prevention and combating) for the group;
- 4) Conducting training activities and training primary financial monitoring entity's staff (employees) on identifying financial transactions subject to financial monitoring;
- 5) Conducting due diligence of customers (their representatives), features and reliable sources for due diligence;
- 6) Simplified and enhanced due diligence measures;
- 7) Specifics of using agents and information regarding due diligence obtained from third parties;
- 8) Ensuring the identification of financial transactions subject to financial monitoring;
- 9) Procedures for suspending and resuming financial transactions;
- 10) Procedures for freezing assets related to terrorism and its financing, the proliferation of weapons of mass destruction and its financing;
- 11) Submitting reports by individuals on violations in the field of prevention and combating, and the procedures for their review;
- 12) Conducting internal audits of the primary financial monitoring entity to ensure compliance with the prevention and combating laws;
- 13) Procedures for submitting information and/or documents (findings, decisions), copies of documents, or extracts from documents at the request of the Ministry of Finance.



Primary financial monitoring entities must develop internal procedures

The Ministry of Finance clarified in their Letter dated 30/07/2024 No. 26110-06-10/22448 that primary financial monitoring entities (PFME) must ensure the development of internal procedures for the prevention and combating in accordance with the requirements of the Financial Monitoring Regulation approved by Order of the Ministry of Finance No. 282 dated 07/06/2024 (registered with the Ministry of Justice on 16/07/2024 under No. 1071/42416)

PFME include:

- 1) Audit entities; accountants; business entities providing accounting services;
- 2) Business entities providing tax consulting services;
- 3) Business entities providing intermediary and/or consulting services for real estate transactions;
- 4) Business entities trading in cash precious metals, precious stones, and products made of them;
- 5) Business entities engaged in trading cultural values and/or providing intermediary services in such activities;
- 6) Business entities conducting lotteries and/or gambling.

The Regulation sets forth requirements for PFME to comply with the prevention and combating legislation, particularly concerning:

- ✓ Measures for the proper organization and implementation of primary financial monitoring, and a proper risk management system;
- ✓ Appointing an employee responsible for financial monitoring;
- ✓ Financial monitoring rules, primary financial monitoring programs, and other internal documents on financial monitoring, as well as unified rules on the prevention and combating for the group that includes PFME;

- ✓ Conducting training activities and training PFME staff (employees) on identifying financial transactions subject to financial monitoring;
- ✓ Conducting due diligence of customers, customer identification and verification, and verification of an individual when establishing remote business relationships (or conducting financial transactions without establishing business relationships), identification of ultimate beneficial owners, specific aspects and reliable sources for conducting due diligence;
- ✓ Simplified and enhanced due diligence measures, measures for non-profit organisations, and additional measures for customers who are (or whose ultimate beneficial owners are) politically exposed persons, their family members, and persons associated with politically exposed persons;
- ✓ Using agents, and information regarding customer due diligence obtained from third parties;
- ✓ Monitoring financial transactions, refusal to establish (or maintain) business relationships / conduct a financial transaction; suspending or resuming financial transactions and implementing decisions (instructions) of the State Financial Monitoring Service, freezing/unfreezing assets related to terrorism and its financing, the proliferation of weapons of mass destruction and its financing;
- ✓ Submitting reports on violations in the field of prevention and combating, and the procedures for their review;
- ✓ Conducting internal audits or independent audits of PFME activities;
- ✓ Procedures for submitting information and/or documents (findings, decisions), copies of documents, or extracts from documents at the request of the Ministry of Finance.

Based on these obligations, the Ministry of Finance noted that PFME must ensure the development of internal procedures for the prevention and combating in accordance with the requirements of Order No. 282.

Interaction with the Tax Service via Video Conference

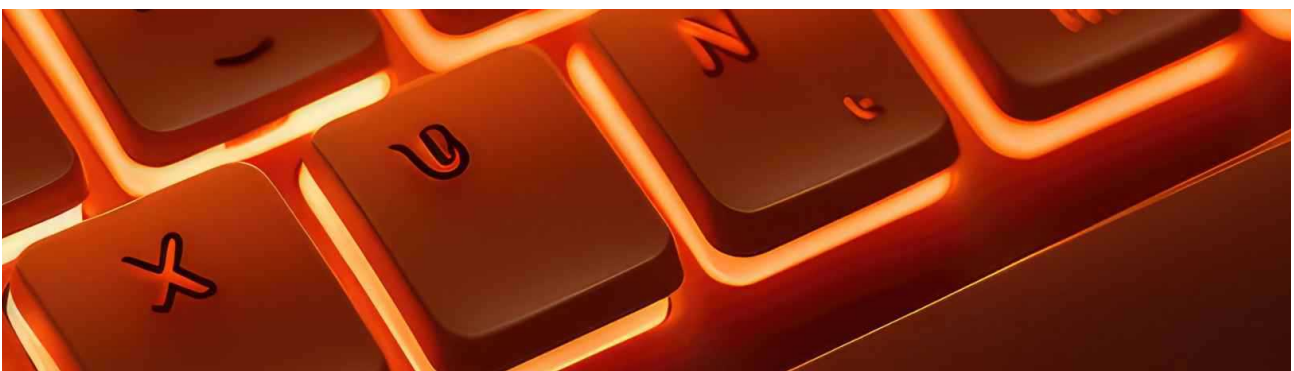


The Ministry of Finance, by Order No. 375 dated 30/07/2024, amended the Procedure for executing and filing complaints by taxpayers and their review by the controlling authorities. This was done to bring the Procedure in line with Law No. 3603-IX dated 23/02/2024, which introduced amendments to the Tax Code of Ukraine to improve online communication with taxpayers.

Thus, the Procedure specifies that a person who filed a complaint against the decision of the controlling authority shall have the right to interact with the controlling authority via video conference to provide oral explanations.

In the complaint, the taxpayer may indicate their desire to be present in person or through their representative during the review of the complaint, including via video conference, and the controlling authority shall inform the taxpayer of the date, time, and place/method of the complaint review no later than five calendar days before the review date.

Information about the review of the complaint materials by the controlling authority via video conference will be sent to the taxpayer electronically through the taxpayer's electronic cabinet.





06

IT CONSULTING

BAS Product Line Updates and Releases

01/07/24 Agricultural Enterprise Management for Ukraine. A new release, version 1.3.84.1 has been issued.

The product was brought in line with release 1.3.84 of the "Manufacturing Enterprise Management for Ukraine, version 1.3" product.

15/07/24 BAS ERP, version 2.1. A new release 2.1.35.3 has been issued.

17/07/24 BAS Comprehensive Enterprise Management, version 2.1. A new release 2.1.35.3 has been issued.

18/07/24 BAS ERP, version 2.5. A new release 2.5.12.5 has been issued.

18/07/24 BAS Comprehensive Enterprise Management, version 2.5. A new release 2.5.12.5 has been issued.

19/07/24 Manufacturing Enterprise Management for Ukraine, version 1.3. A new release 1.3.85.1 has been issued.

23/07/24 Trade Enterprise Management. A new release 1.2.74.1 has been issued

02/08/24 BAS Construction ERP. A new release 2.5.12.6 has been issued

Product Updates

✔ VAT Accounting

Write-off of unclaimed tax credit (for BAS ERP 2.1 and BAS CEM 2.1 only)

A new transaction type "Write-off of unclaimed tax credit" has been added to the "Incoming Tax Document Registration" form.

✔ Regulatory Reporting

Tax return

In accordance with the Orders of the Ministry of Finance of Ukraine No. 673 dated 07/12/2023, No. 6 dated 04/01/2024, and No. 111 dated 06/03/2024, a new form for the regulatory report "Tax Return" has been implemented.

Report on Controlled Transactions (for MEM, BAS ERP 2.1 and 2.5, BAS Construction ERP only)

According to Order No. 673 of the Ministry of Finance dated 07/12/2023 (including amendments introduced by Order No. 725 dated 27/12/2023), changes have been made to the Report on Controlled Transactions form.

- ☑ International Financial Accounting (for BAS ERP 2.5 and BAS Construction ERP only)

Posting Generation Parameters

Functional options for generating international accounting postings have been added: "Offset Postings," "Delete Insignificant Postings."

19/07/24 BAS Accounting PRO. A new release 2.1.27.3 has been issued.

19/07/24 BAS Accounting Basic. A new release 2.1.27.3 has been issued.

22/07/24 BAS Construction. Accounting. A new release 2.1.25 has been issued.

23/07/24 BAS Accounting CORP. A new release 2.1.27.3 has been issued.

23/07/24 BAS Construction. Finance Management. A new release 2.1.24.1 has been issued.

01/08/24 BAS AGRO Accounting. A new release 2.1.34.1 has been issued.

02/08/24 BAS AGRO Accounting for Elevators, Mills, and Feed Factories. A new release 2.1.34.1 has been issued.

06/09/24 BAS Holding Management. A new release 2.0.25.1 has been issued.

Product Updates

- ☑ VAT Accounting

Issuance of tax documents for foreign currency transactions

The method for determining VAT amounts for foreign currency transactions in Section B of tax documents has been changed. The tax base is determined in hryvnias, and the VAT amount is calculated based on the hryvnia tax base.

✓ Regulatory Reporting

Tax return

In accordance with the Orders of the Ministry of Finance of Ukraine No. 673 dated 07/12/2023, No. 6 dated 04/01/2024, and No. 111 dated 06/03/2024, a new form for the regulatory report "Tax Return" has been implemented.

24/07/24 BAS AGRO. ERP. A new release 2.5.10.1 has been issued.

The product has been brought in line with release 2.5.12 of "BAS ERP, version 2.5."

26/07/24 Agricultural Enterprise Management for Ukraine. A new release 1.3.85.1 has been issued.

The product has been brought in line with release 1.3.85 of "Manufacturing Enterprise Management for Ukraine, version 1.3."

30/07/24 BAS Payroll and Personnel Management, version 3.0. A new release 3.0.4.4 has been issued

Updates

✓ Payroll and HR

Military Levy

The clarification of the State Tax Service on imposing military levies using a natural coefficient has been revoked, and the correction has been cancelled.

30/09/24 BAS AGRO. ERP, version 2.5. A new release 2.5.11.1 has been issued.

The product has been brought in line with release 2.5.12 of "BAS ERP, version 2.5."

CONTACT US



 13A Universitetskaya St.,
03110 Kyiv, Ukraine

 59 Universitetsky Ave.
50027 Kryvyi Rih, Ukraine

 23 Ivana Franka St., Office 41,
79005 Lviv, Ukraine

 +38 044 249 79 05

 +38 056 411 01 41

 +380 32 259 32 32

 info@ebskiev.com

 office.kr@ebskiev.com

 info@ebskiev.com

 [ebskiev](https://www.facebook.com/ebskiev)

 [ebskiev](https://www.linkedin.com/company/ebskiev)

 0 800 505 207

