**Law to liberalize imports into Ukraine takes effect**

**UBTA Legal & Policy Alert Nr.3**

Kyiv – Brussels, April 10, 2022

**I. SUMMARY:**

From April 5, 2022, Ukraine enacted a number of fiscal and customs changes that considerably liberalize imports of goods into the country. Specifically, application of VAT and excise duties for durable consumer goods, including personal vehicles imported by physical persons has been suspended. Fiscal and customs liberalization does not cover imports from Russia and Belarus. A separate piece of legislation prohibits all imports from both countries now officially recognized as ‘aggressor states’.

The law also establishes several eligibility criteria applicable to importing entities which are entitled to new fiscal facilitations.

**II. FACTS:**

On 24 March, 2022, Law Nr. 2142-IX, was adopted by Ukrainian Parliament and approved by the President regarding an introduction of several fiscal and customs duties initiatives aimed at facilitating economic activities of physical persons as well as several categories of legal persons – economic operators. Following official publication the law entered into force on April 5, 2022.

Key elements of the law:

* Suspension of customs and excise duties at imports by legal persons of any goods except spirit-containing beverages, beers and wines, tobacco products and its substitutes as well as liquids used in electronic sigarettes;
* Suspension of customs and excise duties applicable tovehicles, including personal vehicles, trucks and commercial vehicles, motorcycles, imported by physical persons for personal use;
* Suspension of payment of VAT at imports of above mentioned categories of goods by particular categories of physical persons – entrepreneurs which are determined by a threshold of yearly revenue;
* Temporary simplification of customs clearance procedures during imports of above mentioned goods, including simplifications of advance customs declaring of goods, establishment of maximal allowed time for customs procedures, temporary abolition of charges payable for customs formalities;

**III. OPPORTUNITIES**

The law in force will on an exceptional and temporary basis significantly facilitate imports into Ukraine for a considerable number of consumer goods, including vehicles, for the duration of martial law in Ukraine. Along with effective stabilization of the national currency pegged to US dollar and Euro, and the comparatively liberal capital controls regime, the law is likely to increase the demand for mostly European imports of consumer goods.

UBTA Legal & Policy team offers advice regarding current political, policy and legal developments in Ukraine arising in the context of the ongoing Russia’s aggression against Ukraine. The information provided above does not constitute a legal advice.

|  |  |  |
| --- | --- | --- |
| **Contacts:** | |  |
| Mr. Dmytro Los, Chairman of the Board  Email: [d.los@ubta.com.ua](mailto:d.los@ubta.com.ua)  Tel. +380.67.447.0099 | Ms. Olena Kudliak, CEO  Email: [o.kudliak@ubta.com.ua](mailto:o.kudliak@ubta.com.ua)  Tel. +380.50.416.0440 | Mr. Nazar Bobitski, team leader, UBTA Legal & Policy team  Email: [n.bobitski@ubta.com.ua](mailto:n.bobitski@ubta.com.ua)  Tel. +380.67.172.03.64 |