1. OPENING AND PROVIDING BUSINESS
The state registration of business introduced new requirements to writing names of legal entities continuing an active legislative work initiated at the end of the last year. The approval of applications and notifications previously provided to applicants without complying with any formalities is new in Ukrainian corporate law.

2. FOREIGN RESIDENCE IN UKRAINE
This spring a new wave of updates has affected the rules of lawful stay of foreigners in Ukraine. The process of extending the period of stay for foreign nationals in our country is now regulated in detail.

3. AGRICULTURE
In the nearest future agricultural producers will be able to “feel” government support while rural insurance risks. State tax has provided several explanations for the calculation and payment of land tax.

4. EMPLOYMENT LAW
Critical labor issues such as travel and pay for sick leave are explained in detail. Introduction to the position of the Ministry of Social Politics on these issues will not only facilitate the compliance but also will provide an opportunity to protect the rights of both employees and employers.
Opening and Providing Business

New application forms and notifications

Order of the Ministry of Justice of Ukraine No. 3433/5 of November 30, 2011 “On the Approval of Applications and Notifications Provision of which is Established by the Law of Ukraine “On State Registration of Legal Entities and Sole Proprietors”.

Application forms and notifications associated with the creation and activities of entities have been approved and are now required to use in Ukraine. The following should be mentioned among the most important: (1) the loss of the original founding documents of the legal entity statement, (2) notice to the National Commission on Securities and Stock Market on starting the process of state registration termination of legal entity performed by the state registrar in a simplified procedure by liquidation, (3) notifications of state registration recordation to the USR of the court decision on abeyance of business activity if not caused by the bankruptcy etc.

Earlier application forms and notifications were submitted in any form. However, the introduction of a single sample will have positive results soon, because now there is no need to spend time consulting with officials and considering all the requirements they mention, taking into account that they claim quite opposite sometimes.

The Order came into force as of February 28, 2012.

Rules for writing names of legal entities

Order of the Ministry of Justice of Ukraine No. 368/5 of March 5, 2012 “On the Approval of the Requirements for Writing the Name of Legal Entity or a Separate Division”.

Order has provided general requirements for the name of legal entity, and also peculiarities of individual entities names (banks, trade unions, pension funds, etc.)/their divisions. The name of legal entities/their subdivisions may use letters of Ukrainian and Latin alphabets, Arabic and Roman numerals, punctuation marks and symbols listed in the order. Using other characters in the name of the legal entity is not permitted by the Order.

Name of Legal Entities is indicated in the national language and further in English (if available).

It is worth to pay attention to the requirements for the use of capital letters in the founding documents and in the application card. In practice there were the cases of state registration denial of statutory documents/their new versions in case of violation of this requirement.

Foreign residence in Ukraine

Rules for extension of stay of foreigners in Ukraine

Regulation of the Cabinet of Ministers of Ukraine No. 150 of February 15, 2012 “On Approval of the Extension of the Stay and Prolongation or Reduction of the Period of Temporary Stay of Foreigners and Stateless Individuals in Ukraine”.

The Regulation determines the maximum period of stay of foreigners in Ukraine, the period and the reasons for such extension depend on previously received visa, visa classification (short-term, transit, long-term) and the order for classification types of visas (O, IM-1, etc.) to the relevant class, documents for extension of stay and terms of their submission to the sub-Migration Service (SMS), reasons for the process of extension and reduction of the term of foreigners temporary stay in Ukraine.
Foreigners, who have come to Ukraine legally have the right to stay temporarily within its territory for the following periods of time: (1) action of visa in case of entry from countries with visa order, (2) not exceeding 90 days within 180 days from the date of first entry into the states with no visa order, (3) action visa, but not exceeding 90 days within 180 days from the date of first entry on a visa, issued to September 11, 2011.

The term of stay of foreigners in Ukraine continues in the following cases: (1) for short-term visa - on reasonable reasons (treatment, pregnancy or childbirth, caring for sick family member, etc.) and upon presentation of supporting documentation - for the period of such grounds, but not exceeding 180 days from the date of last entry to Ukraine, (2) by a transit visa - in the case of forced stay due to extraordinary circumstances (natural disasters, disease, vehicle repairs, etc.) granting there is a document certifying the cause and duration of forced delay - the period required to eliminate the circumstances, (3) by long-term visa, if a permanent or temporary residence is not executed during the term of validity of valid reasons, upon submitting supporting documentation - for a period not exceeding one month.

Applications for extension of stay in Ukraine should be submitted by foreigners and host no sooner than ten and no later than three business days before the expiration of such term to SMS at residence. Consideration of applications made pursuant to the Order of Ministry of Ukraine No. 601 of August 23, 2011 “On Approval of the Review Applications for the Extension of Stay in Ukraine for Foreigners and Stateless Individuals”.

Please note basic documents, which should be submitted for extension of stay: (1) the proof of the existence of financial support to cover costs associated with being a foreigner in Ukraine, or letter of guarantee host of taking on commitments to pay all costs associated with the stay and departure of foreigners, (2) document of title or state registration certificate of legal entity housing ownership that a foreigner can stay in and a copy of it, and if the house does not belong to the receiving side - the written consent of the owner (co-owner) of housing or his authorized representative.

The absence of foreigner’s financial security for the period of stay or appropriate safeguards from the host is one of the reasons for refusal of extension of stay.

The term of temporary stay of foreigners in Ukraine reduced when there is no reason for their temporary residence/stay in Ukraine.

The decision to refuse extension stay and the decision to reduce the term of temporary stay may be appealed to the SMS or the court.

Regulation came into force as of March 7, 2012.

Agriculture

The introduction of subsidies to agriculture producers for insurance


The Law defines state’s support in the form of funds to agricultural producers from the state budget through subsidies for insurance payments made by the insurance contract.
Provided that **agricultural producers are legal entities that are engaged in**: (1) production of rural products and/or (2) breeding, cultivation and fishing in inland waters, its processing on its own or leased facilities and supplies. **Insurers may be legal entities that meet two following criteria:** (1) having a license for insurance of rural products with state support, (2) being the members of the Agricultural Insurance Pool (Pool) (the legal entities that must be established and maintained in the future by funds of its members). **The member of the Pool may be the insurer that received a license and meets the requirements defined by the National Commission, which performs state regulation of the financial services markets.**

The subject of the agricultural products with state support contract is the property interests of the insured relating to its insurance risks in relation to: (1) agricultural harvest crops, (2) harvest perennial plants, (3) agricultural animals, birds, rabbits, fur animals, bee colonies, fish and other aquatic resources and livestock products.

This list of agricultural products, insurance risk, for which the insurance with state support to the financial year, the procedure and conditions for state support shall be approved by the Cabinet of Ministers of Ukraine. **Now the Cabinet of Ministers of Ukraine has not adopted such criteria for 2012 yet.**

Typical insurance contracts, which include the development of the law, are often not prepared.

The Law will come into force of July 1, 2012, however it is unlikely that the necessary regulations for practical implementation of the Law will be developed and adopted by that time. The effectiveness of Law depends directly on its legislation implementation.

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**Specifics land tax**

Letter of the State Tax Service of Ukraine No. 6535/7/17-3217 of March 6, 2012 “On Land Fee for Individuals”.

Tax office has provided clarification regarding land tax peculiarities for sole proprietors, who are single tax payers, on general system of taxation and individuals.

Sole proprietors of the single tax are exempted from duty charges, payments and filing tax returns from land tax upon the compliance with following conditions: (1) the act of state land ownership issued by the sole proprietors, (2) land provided for entrepreneurial activity, (3) land used by the sole proprietors.

If the act of state ownership of land is designed for sole proprietors, who is on the common system of taxation, such shall submit tax return of the land tax to the tax office at the location of the land and land tax must be paid on a monthly basis within 30 calendar days following the last calendar day of the tax (accounting) month.

And if the state certificate of title for land registered to an individual, then calculating tax amounts conducted by the tax authorities that give tax payer post-decision by July 1 current year, and land tax paid within 60 days after of this notice-payer solution provision.

Letter of the State Tax Service of Ukraine No. 7188/7/17-3217 of March 13, 2012 “On Land Fee for Individuals”.

Tax authorities have explained the procedure of land tax payment by co-owners of common partial ownership, precisely the land on which there is a building and it is used by several legal entities or individuals.
Specifically, co-owner according to their share in the common partial ownership shall pay land tax in proportion to that part of the building area, located in its use, including local area.

Letter of the State Tax Service of Ukraine No. 7188/7/17-3217 of March 14, 2012 “On Land Fee for Individuals”.

Tax authorities have explained the procedure of land tax payment depending on the status of the person (sole proprietors/individuals), who are the tenants of state/municipal property.

In case land lease agreement for state or municipal property is designed to sole proprietors, they shall submit the land tax return to the tax authority at the location of the land and pay rent on a monthly basis within 30 calendar days following the last calendar day of the tax (accounting) month.

If the act of state ownership of land or land lease agreement for state/municipal property is issued to an individual, then calculating tax amounts is conducted by the tax authorities that give tax payer post-decision by July 1 current year, lease payments are processed during 60 days after the day of the notification-solutions delivery.

**EMPLOYMENT LAW**

**Order of medical certificate payment**


Letter has explained that the first five days of temporary disability of an employee (sick leave) because of an illness or injury which are not related to an accident at work, are paid at the expense of the employer at the main place of employment. This is processed in the form of financial security, which compensates the salary loss for the business days (hours) which occur in temporary disability completely or partially according to schedule. In case when among the first five days of temporary disability only one day is scheduled by the employee, only this one day of temporary disability is paid to the employee at the expense of the employer.

**Consequences of refusal of the employee business trip**

Letter of the Ministry of Social Policy of Ukraine No. 350/06/186-11 of December 12, 2011 “Sending Employees on Business Trips”.

According to the Letter when sending an employee to a business trip by the order of his/her manager at the expense of the company it is mandatory for the employee if the employee is sent on a mission to complete the task conditioned by employment contract.

In this case the refusal to travel without a valid reason is the violation of labor discipline for which disciplinary penalties, including reprimand, are applicable. In the case of repeated refusal dismissal will be legitimate.

To protect the interests of employees (in order to receive the possibility to reject trips without the threat of dismissal) and owners (to exclude cases of appeal against a court employee illegal dismissal and compensation for employer to employee time forced absence) it is recommended to enter into employment writing contracts.
It is prohibited to send pregnant women and women with children under the age of three years on a business trip. **Women with children at the age from three to fourteen years or disabled children can not be sent on business trips without their consent.** The same guarantee also apply to fathers who are raising children without a mother (including in the event of prolonged mother in hospital), as well as guardians (trustees), adoptive parents.