LAW of UKRAINE

On Amendments to Certain Legislative Acts of Ukraine


In connection with the adoption of the Law of Ukraine "On Production-Sharing Agreements" ("Vidomosti Verkhovnoyi Rady Ukrayiny", 1999, N 44, p. 391) the Verkhovna Rada of Ukraine enacts the following:

I. To introduce amendments to the following legislative acts of Ukraine:

1. To provide the following wording of Article 8 of the Labor Code of Ukraine ("Vidomosti Verkhovnoyi Rady Ukrayiny", 1971, annex to N 50, p. 375; 1995, N 28, p. 204):

   "Article 8. Regulation of labor relations of the individuals working outside their countries

   Labor relations of the citizens of Ukraine who work outside Ukraine and labor relations of the foreigners who work in enterprises, institutions and organizations of Ukraine shall be regulated by the laws of the state in which the employees are employed (hired), as well as by the international treaties of Ukraine."


   3. Clause 3 of section I became null and void (in connection with the nullification of Law of Ukraine dated 07.02.91 N 698-XII pursuant to the Commercial Code of Ukraine dated 16.01.2003 N 436-IV)


      to add in this part the words "except for the persons hired under a production-sharing agreement" after the words "stateless persons";

      to add in this part the following sentence: "Foreigners hired by the investor within the scope and for the positions (specialities) stipulated by a production-sharing agreement shall be employed in Ukraine without employment permits".

"The licensing and quotas shall not apply to exports and sales of the cost-recovery and profit production acquired into ownership by the investor on the conditions of a production-sharing agreement concluded in accordance with the requirements set forth in the Law of Ukraine "On Production-Sharing Agreements". It shall be prohibited to impose any restrictions, including quantity restrictions, with respect to exports and sales of such production, unless otherwise stipulated by the production-sharing agreement".

Parts eight – twenty-five shall be considered parts nine - twenty six accordingly.


1) To add the following new part to Article 20 after part two:

"The powers of the specially authorized central body of executive power in charge of environment and natural resources and of its local bodies, as stipulated by clause (h) of part one of this Article, shall not apply to the subjects of business activity (investors) that carry out their activity on the conditions of production-sharing agreements".

Parts three - thirteen shall be considered parts four - fourteen accordingly;

2) To add the following part in Article 69:

"Damage to environment resulting from the performance of a production-sharing agreement shall be reimbursed pursuant to the requirements set forth in Article 29 of the Law of Ukraine "On Production-Sharing Agreements".


"j) goods and other material valuables, including any items, property, production, equipment, machinery, vehicles and other things of a property nature that are imported into the customs territory of Ukraine for the purposes of performing a production-sharing agreement, as well as the production which is exported by the investor from Ukraine pursuant to the Law of Ukraine "On Production-Sharing Agreements" and the production-sharing agreement.

8. Clause 8 in section I became null and void (in connection with the nullification of Law of Ukraine dated 04.02.94 N 3929-XII pursuant to the Law of Ukraine dated 22.09.2011 N 3773-VI)

"7.17. Specifics of taxation of the profit obtained as a result of performing a production-sharing agreement

To establish that the profit obtained by a taxpayer as a result of performing a production-sharing agreement shall be taxable subject to the specifics stipulated by the Law of Ukraine "On Production-Sharing Agreements".


31) insurance of the investor’s civil liability, including for damage to the environment and human health under a production-sharing agreement, unless otherwise stipulated by the agreement”;

32) insurance of property risks under a production-sharing agreement in the cases stipulated by the Law of Ukraine "On Production-Sharing Agreements".


1) To add the following new paragraph in Article 3 after paragraph six:

"economic (business) activity under production-sharing agreements".

Paragraph seven shall be considered paragraph eight accordingly.

2) To add the following part in Article 8:

"The rights and responsibilities of the parties stipulated by a production-sharing agreement shall be governed during the period of its validity by the legislation of Ukraine effective at the time of its conclusion. Said guarantees shall not apply to the legislation changes concerning the matters of defense, national security, maintenance of public order, environment protection".

12. Clause 12 in section I became null and void (in connection with the nullification of Law of Ukraine dated 03.07.92 N 2535-XII pursuant to the Tax Code of Ukraine dated 02.12.2010 N 2755-VI)


15. In Article 6 of the Law of Ukraine "On Accounting and Financial Reports in Ukraine" ("Vidomosti Verkhovnoyi Rady Ukrayiny", 1999, N 40, p. 365), to add the following new part after part four:

"5. The procedure for keeping accounting records of the investor's financial and economic activities associated with the performance of the works (services) stipulated by a production-sharing agreement shall be set forth in the agreement in accordance with the requirements of the legislation of Ukraine".

Part five shall be considered part six accordingly.

16. To add the following part in Article 2 of the Mining Law of Ukraine ("Vidomosti Verkhovnoyi Rady Ukrayiny", 1999, N 50, p. 433):

"Legal relations in the sphere of activities of mining enterprises that are implemented on the basis of a production-sharing agreement shall be governed by the Law of Ukraine "On Production-Sharing Agreements" and the agreement. The activities under the production-sharing agreement shall be governed by the provisions of this Law, unless otherwise stipulated by the law and the production-sharing agreement".


18. Clause 18 in section I became null and void (in connection with the nullification of Decree of the Cabinet of Ministers of Ukraine dated 08.04.93 N 30-93 pursuant to the Law of Ukraine dated 02.12.2010 N 2735-VI)

II. This Law shall take effect on the day of publication.

President of Ukraine

L. KUCHMA

Kiev
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