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Issue # 7-8/2012 (August, 2012)

## LEGISLATION REVIEW

# Agriculture, Food and Renewable Energy Sector

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## Taxes and Customs

### The new Customs Code came into force

*The Customs Code of Ukraine #4495-VI as of 13<sup>th</sup> of March, 2012, came into force on 1<sup>st</sup> of June, 2012.*

The new Customs Code of Ukraine incorporates some of the previous other laws and sub-law acts and contains the following innovations: i) an entrepreneur should provide only single document on import-export operations; ii) the Code enforces electronic declaration without any restrictions to accelerate the customs clearance; iii) the Code establishes a comprehensive list of documents required by the customs authority for customs registration; iv) custom clearance is to be carried out within 4 hours from the time of submitting declaration; v) entrepreneurs have an opportunity to control time for customs clearance; customs authorities carry a personal responsibility for delays in customs registration.

The new Customs Code simplifies the rules for approval of customs value, which is the base for customs duty.

The new Customs Code of Ukraine sets the new concept of 'compromise at customs'. The rules of confiscations are revised. The Code stipulates only 3 cases of confiscation. The new Customs Code significantly expands the rights of entrepreneurs to appeal decisions, actions and inaction of customs authorities. The Code sets the rules according to which the damage caused to the company by unlawful actions of customs officials should be recovered from the state budget.

### Tax exemptions for eco-vehicles

*The Draft Law #10667 "On Amendments to the Tax Code of Ukraine (on tax exemptions for imports onto the customs territory of Ukraine of electromobiles, hybrid cars, electric bicycles, scooters, motorcycles, and of electric refuel stations from land tax)" as of 13<sup>th</sup> of March, 2012, came into force on 1<sup>st</sup> of June, 2012.*

The Draft Law suggests exempting the import of electro-vehicles and hybrid-vehicles from import tax and excise tax.

### Changes in the special VAT regime for agriculture

*The Draft Law #10731 "On Amendments to the Article 209 of the Tax Code of Ukraine (on peculiarities of the VAT payments from agricultural products)" as of 7<sup>th</sup> of July, 2012.*

According to the special VAT regime for agriculture, the farmers are entitled to retain the VAT received from their sales to use it for VAT refund on inputs and for other production purposes at the discretion of farmers. The Draft Law #10731 suggests using the accumulated VAT only according to the CMU directives.

### Initiative to increase state revenues

*The Draft Law #10687 "On Amendments to the Tax Code of Ukraine (on tax rates)" as of 3<sup>rd</sup> of July, 2012.*

Among other initiatives, the draft law suggest increasing tax rates for alcohol excise, environment tax, land tax (that don't have normative value), for water and deposits usage, etc.

## Agricultural Land

### The order of land inventory works is being approved

*The Regulation of the CMU #513 "On Approval of the Order for Land Inventory Works" as of 23<sup>rd</sup> of May, 2012, came into force on 18<sup>th</sup> of June, 2012*

The Regulation lays down the requirements towards the land inventory works during the land planning, and preparation of the technical documentation. Land inventory works are to be conducted to maintain the State Land Cadastre, land usage control and land protection, to determine the quality of land plots, borders, composition, to check the data from land inventory works with information contained in the land titling documents and in the State Land Cadastre information; to carry out land planning.

## The State Land Bank

*The Draft Law #10043 "On Amendments to some legislative Acts of Ukraine on Delimitation of the State and Communal Land" as of 13<sup>th</sup> of February, 2012, adopted on 21<sup>th</sup> of June, 2012*

Among other things, the draft law foresees the transfer of farmland of the state and communal property to the start up capital of the State Land Bank by a decision of the CMU. This actually foresees an introduction of the State Land Bank.

## Land control procedures

*The Order of the Ministry for Agricultural Policy and Food #424 as of 12<sup>th</sup> of June, 2012*

The Ministry introduced the planned measures to be done by the State inspection of agriculture of Ukraine. In particular the State inspection is to: control the documents that certify land titles; control land management and safety; consistency with a land law of the process of contracting, transfer of land titles, exemption of land plots; violation of using plots according to its purpose.

## Renewable Energy

### Introducing blending mandates for bioethanol

*The Draft Law #10572 "On Amendments to some Laws of Ukraine on Use of Motor Fuels containing bio-components" as of 06<sup>th</sup> of June, 2012; (adopted and signed by the President).*

The law introduces a recommended 5% target of bioethanol content in motor fuels in 2013, turning it into mandatory by 2014 and further increasing up to 7% by 2016.

## Food Safety and Quality

### The draft law on new food products

*The Draft Law of Ukraine #11008 "On New Food Products" as of 17<sup>th</sup> of July, 2012.*

The aim of the draft is to harmonize Ukrainian legislation with the requirements of EU legislation to support the market for new food products and its ingredients, health care of the customers, etc. A product will be acknowledged as a new product if it:

- 1) has no history of consumption on the territory of Ukraine;
- 2) the food product or ingredient has no safe history in Ukraine, but has history of the safe consumption outside of Ukraine.

## Miscellaneous

### Forward purchases as a collateral

*The Draft Law of Ukraine #10716 "On Forward Pledge Purchases of agricultural products from small and medium farm" as of 05<sup>th</sup> of July, 2012.*

The main aim of the draft law is to formalize the instrument of forward pledge purchases for agricultural small and medium-sized agribusinesses to secure short-run agrifinancing and to secure the guaranties to the contracting parties.

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