Tax & Fiscal Alert

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New terms for foreign exchange proceeding

National Bank of Ukraine binds to sell all of the currency deposited to the accounts of legal entities and private entrepreneurs.

Almost a month before the Resolution of the National Bank of Ukraine № 163 which stipulates the mandatory sale of 50 % of the **cash inflow** (prepayment, payment for goods, works, services, ect.) expires (namely, **on November 19, 2013**) the chief financial regulator decided to make obligatory the sale of **all currency earnings** (revenues, loan funds, special-purpose receipts of the representative offices of the foreign companies, etc.).

The National Bank of Ukraine has not changed the period of the mandatory currency sale in its tnew Resolution № 381 dated September 25, 2013 which came into force on October 12, 2013.

This measure was taken by the state as an attempt to keep the foreign exchange market and the currency of Ukraine. Today foreign exchange reserves of the National Bank of Ukraine have the tendency to decrease. According to the NBU data as of October 1 foreign exchange reserves amounted to only 21,634 billion and it is almost $ 3 billion less than at the beginning of the year.

The first time since spring, in September, the National Bank of Ukraine was forced to come with interventions to the interbank foreign exchange market , selling in September about 582.5 million dollars of its reserves and thereby kept U.S. dollar exchange rate (in September the rate increased only by 5 copecks).

Therefore, today the state foreign exchange regulator, unfortunately, sees only one way to keep the Hryvnia taking such measures, though such actions may negatively affect national economy and businesses across the country.

Contacts:

Maksim Boltunov
Senior Accountant
Email:Maksim.Boltunov@accace.com
Tel.:+38 067 538 7283

www.accace.com

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