



Business
OMBUDSMAN
Council

2017

ANNUAL REPORT



BUSINESS
OMBUDSMAN
COUNCIL

www.boi.org.ua

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The BOC and the Council are used interchangeably throughout the text to refer to the Business Ombudsman Council

Dear friends, colleagues, and partners,



I am pleased to present you the Business Ombudsman Council's Annual Report 2017.

This year, the third year of operations in Ukraine, has become a special one for us. Our organization has entered a new level of efficiency and reached the planned height of activity. The following facts prove this.

State bodies implemented 91% of Council's recommendations, while the vast majority of complainants, 97%, expressed satisfaction in dealing with us. In 2017, the Council received twice as many complaints and closed twice as many cases as previous year. So far, the cumulative financial effect since launch of operations exceeds UAH 11.3 billion.

The BOC expanded its team by one third, to 32 employees, and this helped us to significantly reduce the average time for conducting investigations from 98 days in Q4 2016 to just 60 days in Q4 2017.

In 2017, the principal part (90%) of complaints concerned four following blocks of subjects:

- **Tax and customs issues**, 64% of total complaints. Despite being the source of the most appeals, the State Fiscal Service performs a high level of implementing our recommendations – 93%.
- **Actions of law enforcement agencies**, 12% of total complaints. While the number of received appeals has grown since the previous year, we are proud to have established a constructive dialog with law enforcement agencies, who performed a growing ratio in implementing our recommendations. Currently, it is rather high and ranges from 78% for the Prosecutor's office to 91% for State Security Service, with which we signed a Memorandum on Partnership this year. National Police significantly improved the ratio of implemented recommendations from 57% in 2016 to 88% in 2017.
- **Actions of State regulators**, 9% of total complaints. This subject performed a double growth in the number of appeals since the previous year.
- **Actions of Local councils**, 5% of total complaints. These state bodies implemented 87% of BOC's recommendations, which is +25pp as compared to 2016.

This year we paid a special attention to fulfilling previously issued systemic recommendations, with key achievements presented in the report. In particular, our systemic report on abuses by law enforcement agencies in relations with the business community became the foundation for a law known as **#MaskShowStop**. Besides, the Head of the State Security Service signed an orientation letter to its units demanding a clearer argumentation when initiating special sanctions in foreign trade. We also prepared two news sets of systemic recommendations for the Government: **on combatting raiders** and **on challenges of businesses dealing with local councils**.

Aiming to attack corruption not only on the demand, but also on the supply side, we launched the **Ukrainian Network of Integrity and Compliance**. Together with businesses which joined the network, we seek to significantly change the culture of doing business and prove that working transparently is profitable.

Being proud of the results of 2017 and realizing that we have already entered the orbit, we do not plan to stop. Our team is having an impact in more and more areas, helping a growing number of entrepreneurs to overcome obstacles in their businesses. And we remain committed to protecting legitimate interests of entrepreneurs, maintaining a constructive dialogue with government agencies and fostering the rule of law in Ukraine.



Algirdas Šemeta
Business Ombudsman
of Ukraine





1 ABOUT OUR OFFICE

1.1. About the Business Ombudsman Council



ALGIRDAS ŠEMETA,
former European
Commissioner and
Minister of Finance
of Lithuania, has been
acting as the Business
Ombudsman in Ukraine

“Ombudsman”

is a Swedish word meaning “citizen’s representative” – an independent official who investigates complaints from the public about mal-administration in the government. The first parliamentary ombudsman was created in Sweden in 1809.



**NOVEMBER
2014**

Ukraine’s Business
Ombudsman
Council was first
established.



**MAY 20,
2015**

The Business
Ombudsman
Council officially
launched its
operations.



WHAT IS THE BUSINESS OMBUDSMAN COUNCIL IN UKRAINE?

The Business Ombudsman Council

is an independent permanent advisory body of the Cabinet of Ministers of Ukraine, with a mandate to help establish a transparent business environment and prevent corruption at the central and local government levels, and in state-owned and state-controlled enterprises. The Council is meant to be the initial point of contact for companies seeking redress against unjust treatment.

THE BOC IS FUNDED



through the Ukraine Stabilisation and Sustainable Growth Multi-donor Account set up by the European Bank for Reconstruction and Development (EBRD) in 2014.

THE DONORS OF THE MULTI-DONOR ACCOUNT FOR UKRAINE INCLUDE



the European Union



the Netherlands



Denmark



Poland



Finland



Sweden



France



Switzerland



Germany



the United Kingdom



Italy



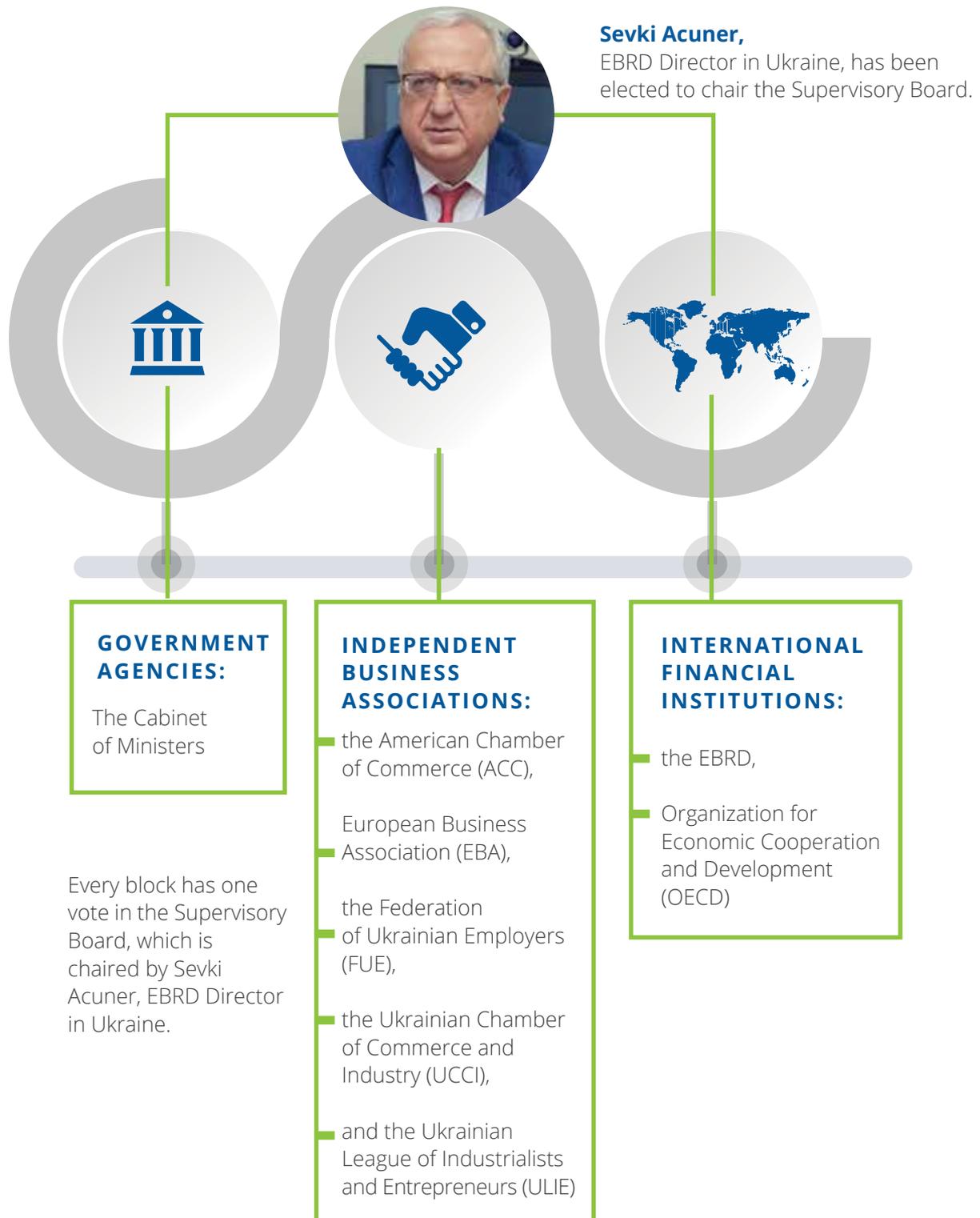
the United States



Japan

THE SUPERVISORY BOARD

The Council's governing body, includes authorized representatives from three blocks:



1.2. Our mission and goals

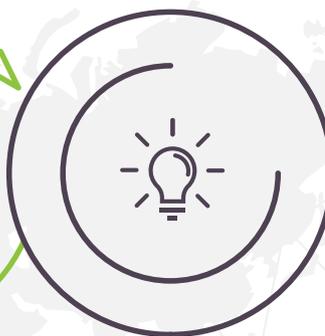
THE BUSINESS OMBUDSMAN COUNCIL AIMS TO:



Facilitate the fight against corruption and other business abuse



Contribute to greater investment attractiveness of Ukraine



Promote a public service culture of fairness, openness and accountability

OUR GUIDING PRINCIPLES

INDEPENDENCE

NEUTRALITY

ACCESSIBILITY

OPENNESS AND TRANSPARENCY

ACCOUNTABILITY

INTEGRITY

CONFIDENTIALITY

1.3. Who we are

The Business Ombudsman Council includes the Business Ombudsman, two Deputies, and the Secretariat.

COUNCIL



SECRETARIAT

INVESTIGATORS



At the end of the reporting period, the Council's team consisted of

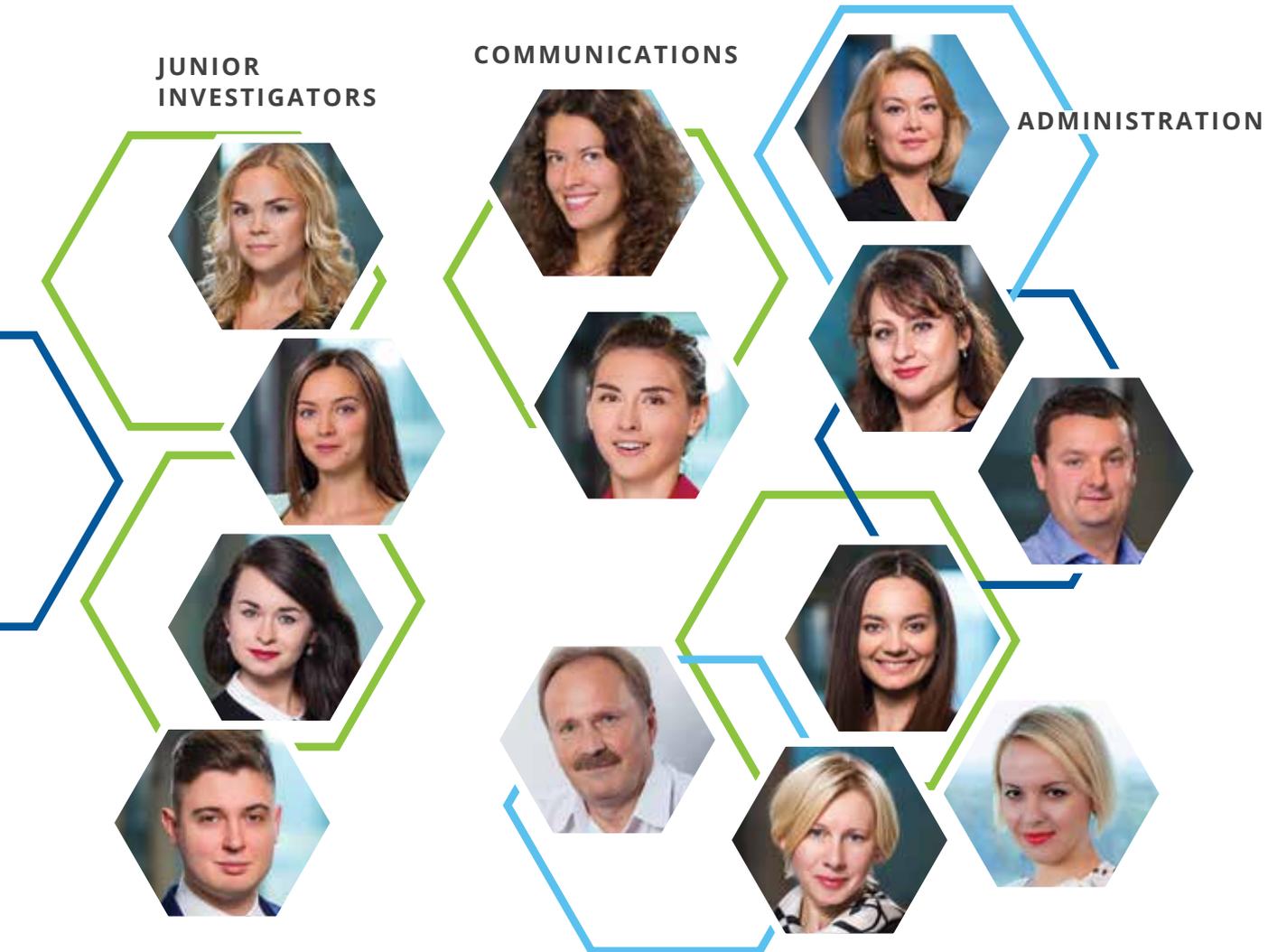
32
employees

distinguished experts with mostly western education and practical experience in law, strategic management, economics, auditing, and risk management.

JUNIOR INVESTIGATORS

COMMUNICATIONS

ADMINISTRATION



1.4. What we do



REVIEW COMPLAINTS

by businesses regarding maladministration by state authorities and civil servants as well as state-owned or state-controlled companies



INVESTIGATE

individual cases



ADVOCATE FOR BUSINESS

before the government



LIAISE WITH THE PUBLIC

and relevant authorities to share our findings



ASSIST UKRAINIAN ENTREPRENEURS

in navigating bureaucracy and fighting corruption



ISSUE REPORTS

on a quarterly and annual basis



RECOMMEND

constructive systemic changes to the legislation affecting business as a whole

1.5. How we work

1. ASSESS YOUR COMPLAINT



Complainant can submit his/her inquiry electronically (via email or website) or bring the documents directly to our office.



We inform you about our decision as to whether to start investigation or reject a complaint within 10 working days from the day of its receipt.



We may request you to provide additional information or documents that in our opinion are necessary to assess the admissibility of the complaint.

2. INVESTIGATE YOUR COMPLAINT



We start examining your complaint in more detail. We are entitled to obtain further information from you and from the public bodies that is vital for complaint review.



You shall be given response within 3 months from the date on which we initiated the investigation, although we do our best to close investigations sooner than the regulation requires.



We cooperate with you during the investigation stage and keep you updated.

3. ISSUE AND MONITOR RECOMMENDATIONS



We issue recommendations to the government agencies regarding your matter.



We can also pass the case to Anticorruption Bureau and draw attention of the President or Prime Minister to the issue.



Where we find systematic or repeated failure on the part of certain agencies to address issues that negatively affect business in Ukraine, we are in a position to bring such issues to the attention of the public, either through periodic reports published on the Council's website, or through the press.



We continue monitoring the implementation of all recommendations issued to government agencies until they are properly implemented.





2

**REPORT
HIGHLIGHTS
AT A GLANCE**



48%  received as hardcopy

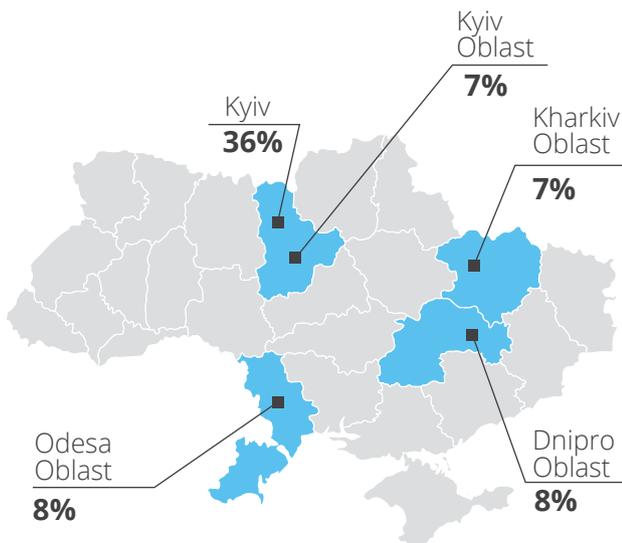
52%  received electronically (email/ website)

TOP-5 SUBJECTS OF COMPLAINTS:

- 61%** Tax issues
- 12%** Law enforcement agencies actions
- 9%** Actions of state regulators
- 5%** Local councils'/ municipalities actions
- 3%** Customs issues

1042 closed cases

TOP-5 MOST ACTIVE REGIONS:



97%
of complainants

are satisfied with working with the BOC

91%
of recommendations
implemented (2015-2017)

TOP-5 INDUSTRIES:



30%
Wholesale
and Distribution



15%
Manufacturing



10%
Agriculture
and Mining



8%
Real Estate
and Construction



6%
Individual
Entrepreneur

FOREIGN/LOCAL:



SIZE OF BUSINESS:



direct financial impact in 2017 alone

2.6 billion
UAH

+11 NEW TEAM
MEMBERS

OUTREACH

200+ outreach events

11 000+ media mentions

99% mentions positive
and constructive

2 SYSTEMIC
REPORTS



"Challenges for Government
and Business in Dealing with
Local Government"



"Combatting Raidership:
Current State and
Recommendations"



3

**YEAR IN
REVIEW**

3.1. Volume of complaints received

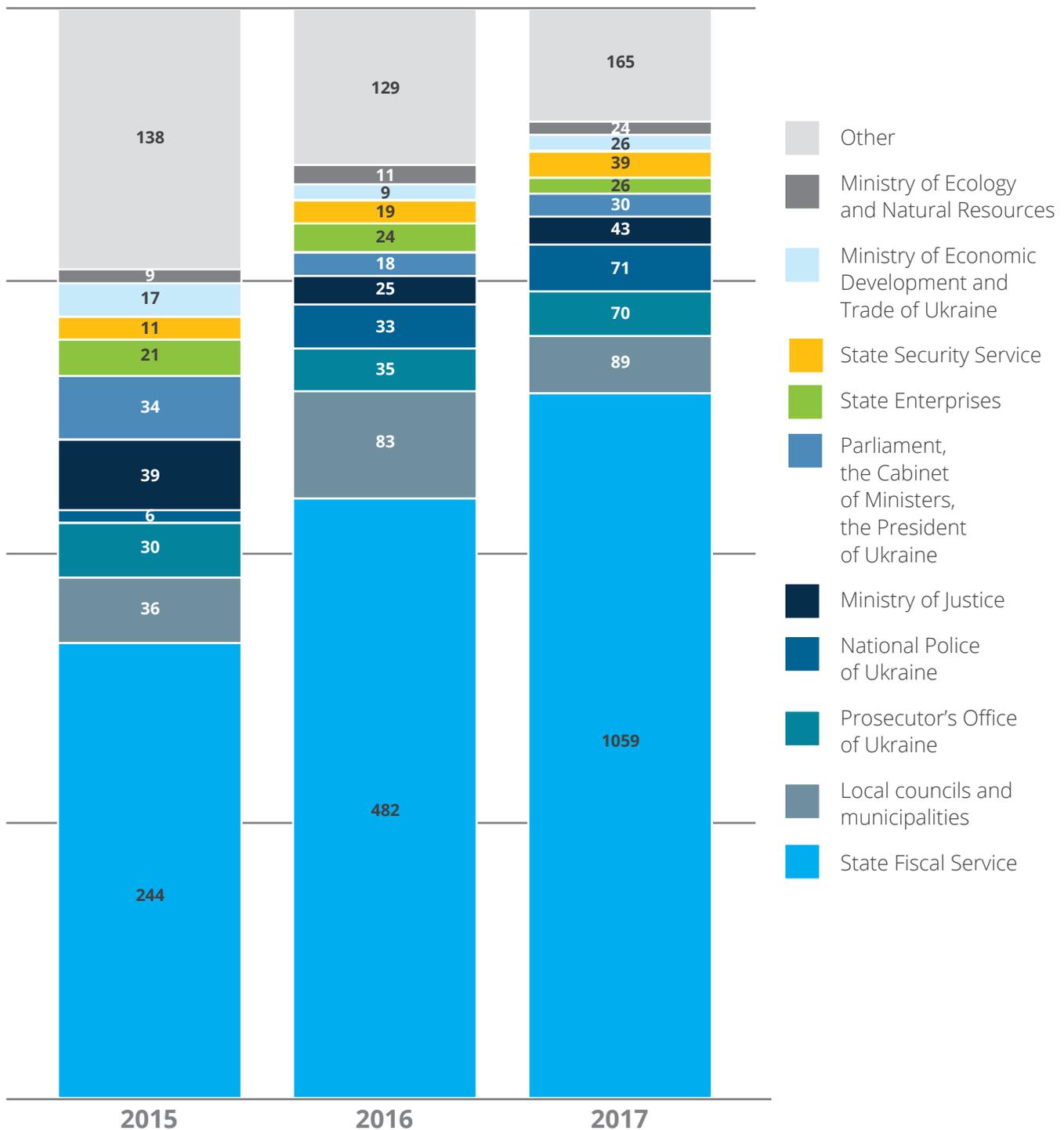
(Clause 5.3.1 (a) of Rules of Procedure)



The average quarterly volume of complaints, which amounted to just above 200 in 2015-2016, doubled in 2017. The skyrocketing number of 729 appeals received in Q4 2017 is also worth mentioning.

3.2. Government agencies subject to the most complaints

TOP-10 GOVERNMENT AGENCIES SUBJECT TO THE MOST COMPLAINTS



OTHER COMPLAINNEES INCLUDE

Ministry of Agrarian Policy and Food of Ukraine	20
Ministry of Regional Development	18
Ministry of Finance of Ukraine	14
Ministry of Infrastructure of Ukraine	11
Antimonopoly Committee of Ukraine	10
Ministry of Social Policy and Labour of Ukraine	10
Ministry of Internal Affairs	7
State Funds	6
National Bank of Ukraine	5
Ministry of Energy and Coal Industry of Ukraine	4
State Service of Ukraine on Food Safety and Consumer Protection	4
National Commission for State Regulation of Energy and Public Utilities	3
NABU	3
Ministry of Health of Ukraine	2
Ministry of Defence of Ukraine	2
State Emergency Service of Ukraine	2
Ministry of Education and Science of Ukraine	1

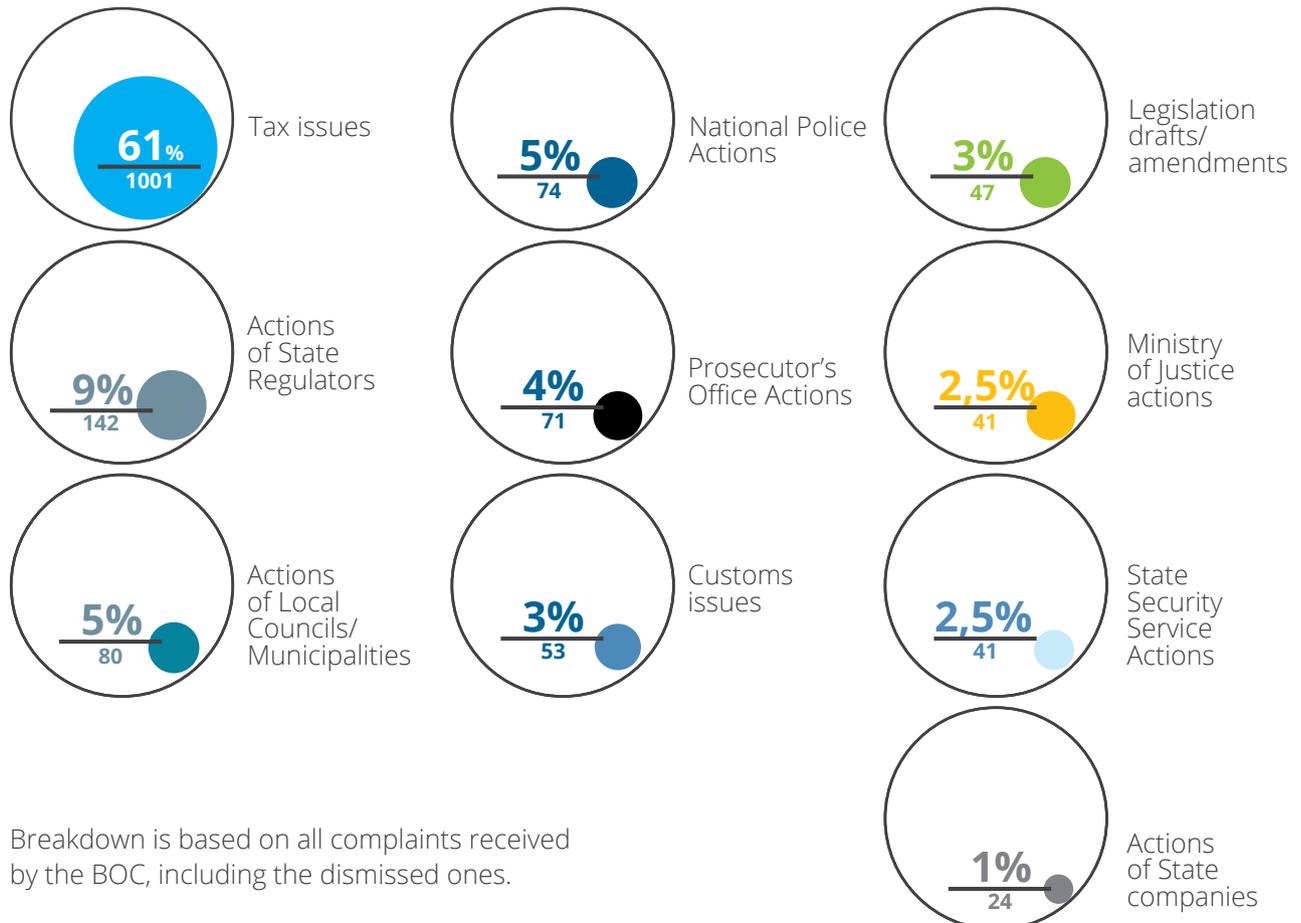
3.3. Nature of complaints received

(Clause 5.3.1 (a) of Rules of Procedure)

TOP-10 SUBJECT OF COMPLAINTS RECEIVED IN 2017*

Analysis of complaints received in 2017 demonstrates that Ukrainian businesses most frequently came across following key problems.

The share of appeals regarding tax issues was steadily growing year-to-year and amounted to 61% by the end of 2017. The number of complaints regarding tax inspections doubled, while the other problematic issue of previous periods, dilatory VAT refund, declined by 25% from 2016. In the meantime, appeals concerning VAT tax invoice suspension appeared on agenda (33% of total appeals in 2017). This was obviously driven by the specifics of tax invoices registration system, which operated from July 1 to December 1, 2017.

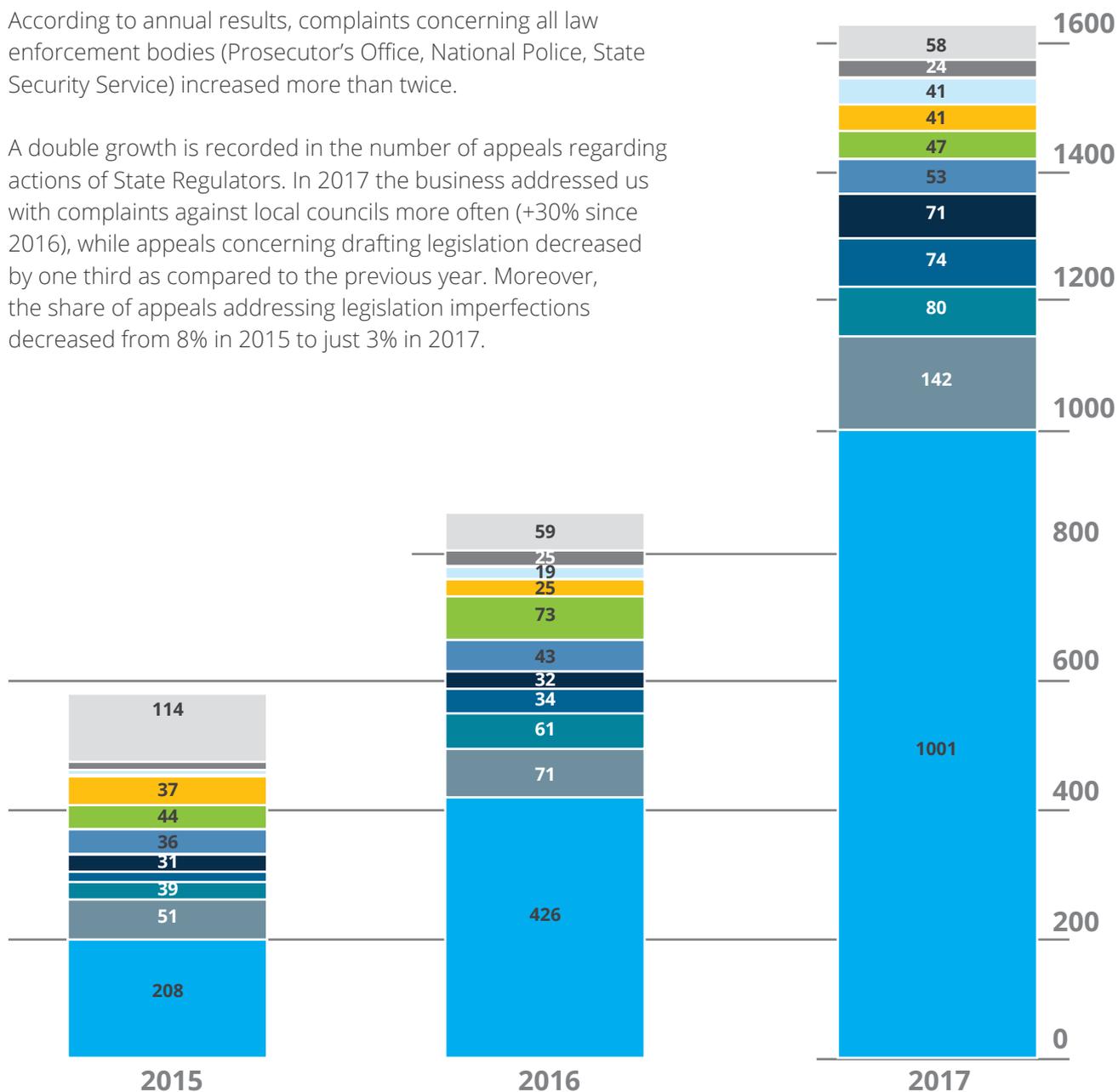


* Breakdown is based on all complaints received by the BOC, including the dismissed ones.

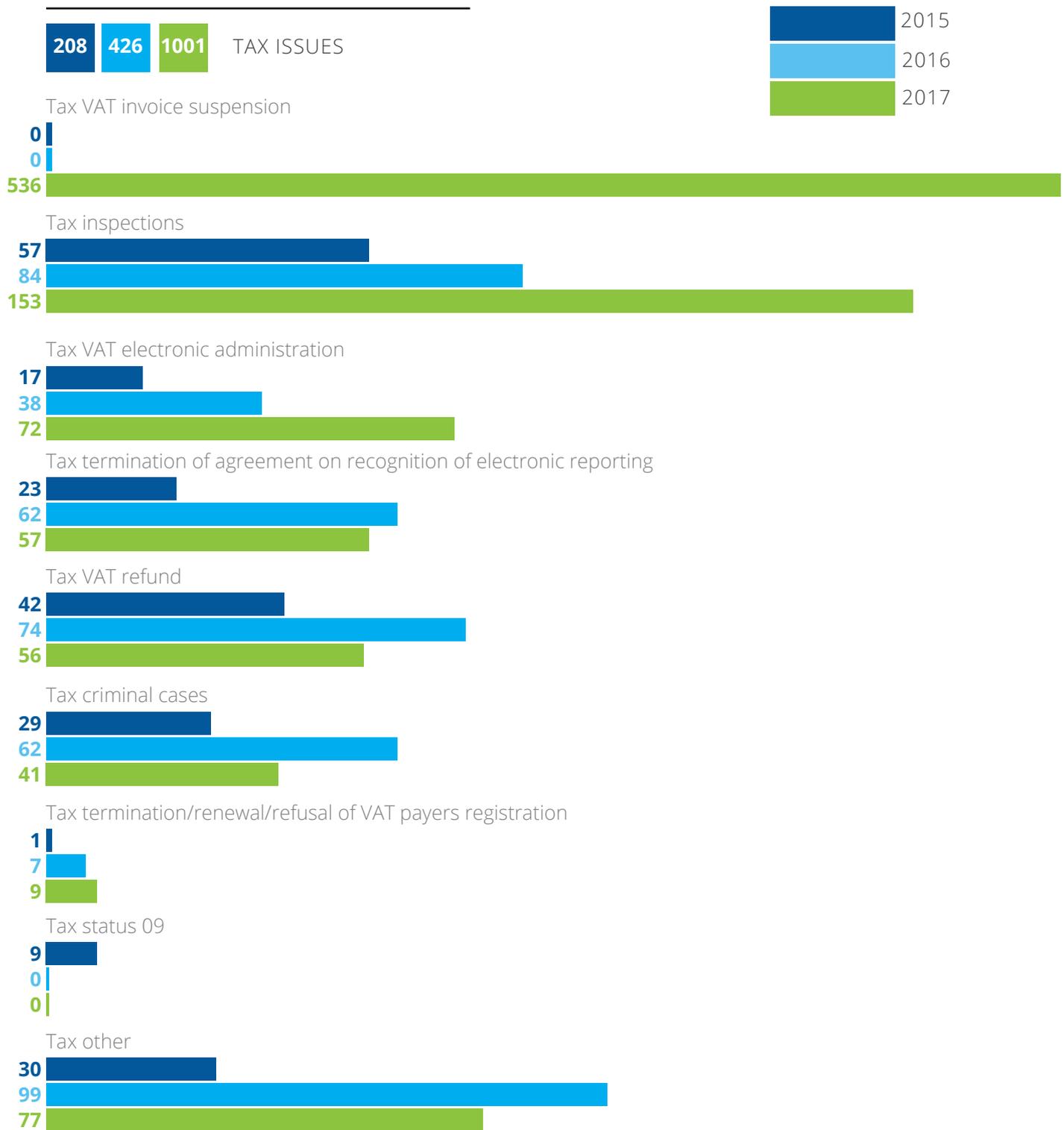
DETAILED BREAKDOWN OF COMPLAINTS' SUBJECT MATTER

According to annual results, complaints concerning all law enforcement bodies (Prosecutor's Office, National Police, State Security Service) increased more than twice.

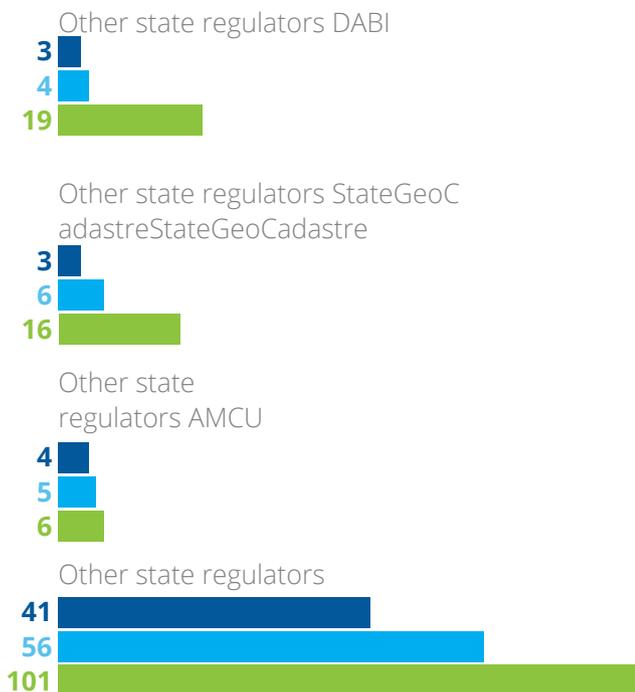
A double growth is recorded in the number of appeals regarding actions of State Regulators. In 2017 the business addressed us with complaints against local councils more often (+30% since 2016), while appeals concerning drafting legislation decreased by one third as compared to the previous year. Moreover, the share of appeals addressing legislation imperfections decreased from 8% in 2015 to just 3% in 2017.



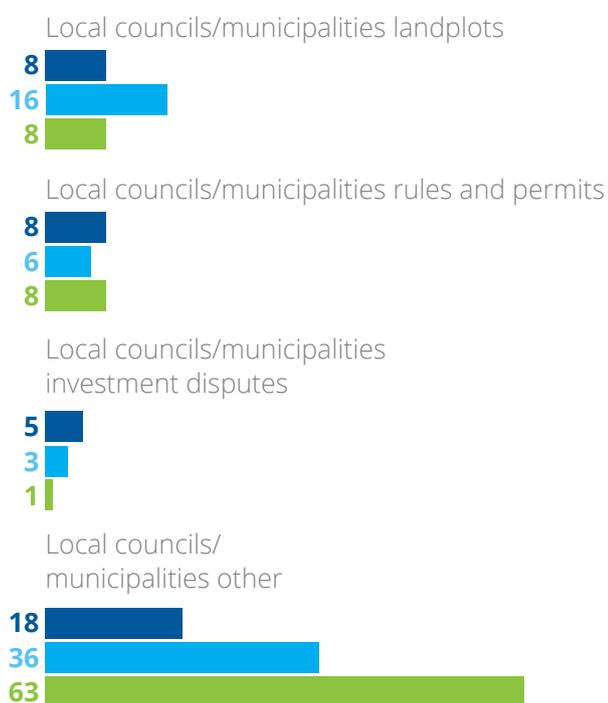
- Tax issues
- National Police Actions
- Legislation drafts/amendments
- Actions of State Regulators
- Prosecutor's Office Actions
- Ministry of Justice actions
- Customs issues
- State Security Service Actions
- Other
- Actions of State companies



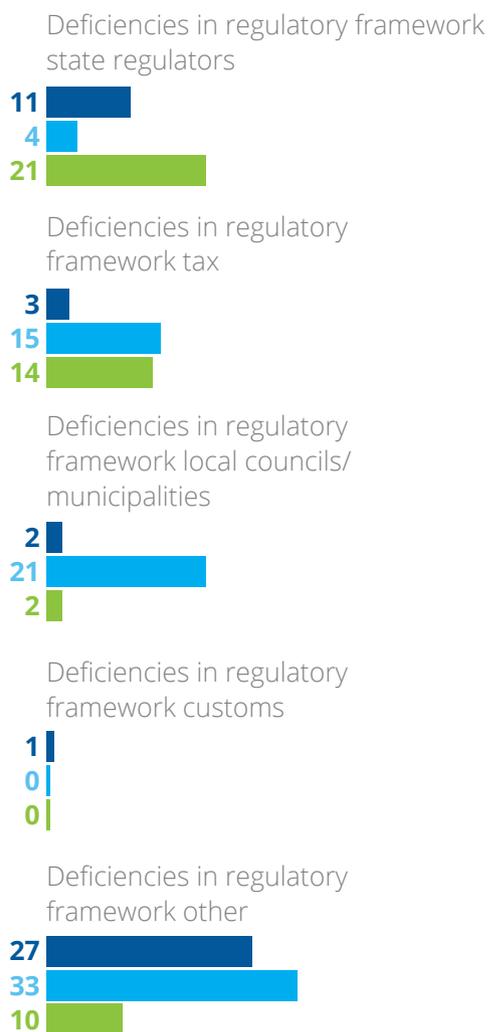
51 **71** **142** ACTIONS OF STATE REGULATORS



39 **61** **80** ACTIONS OF LOCAL COUNCILS/ MUNICIPALITIES



44 **73** **47** LEGISLATION DRAFTS/ AMENDMENTS



31 **32** **71** PROSECUTOR'S OFFICE ACTIONS

Prosecutors' Office inactivity



Prosecutors' Office procedural abuse



Prosecutors' Office criminal case initiated



Prosecutors' Office corruption allegations



Prosecutors' Office other



36 **43** **53** CUSTOMS ISSUES

Customs clearance delay/refusal



Customs valuation



Customs overpaid customs duties refund



Customs criminal proceedings



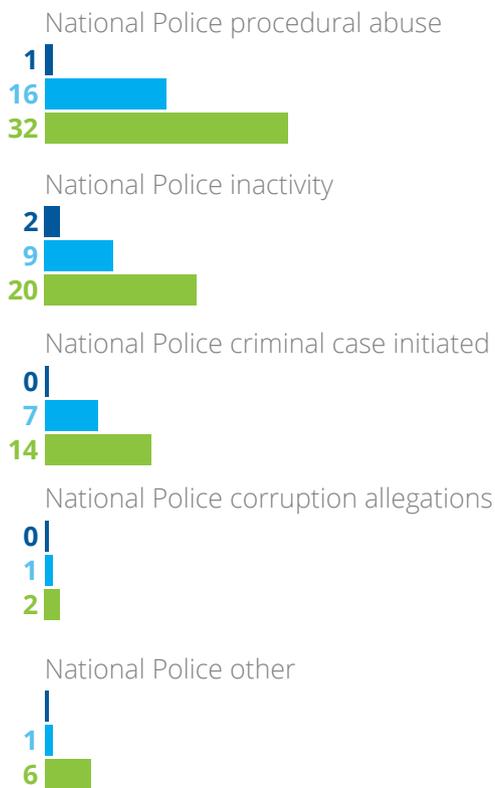
Customs administrative proceedings



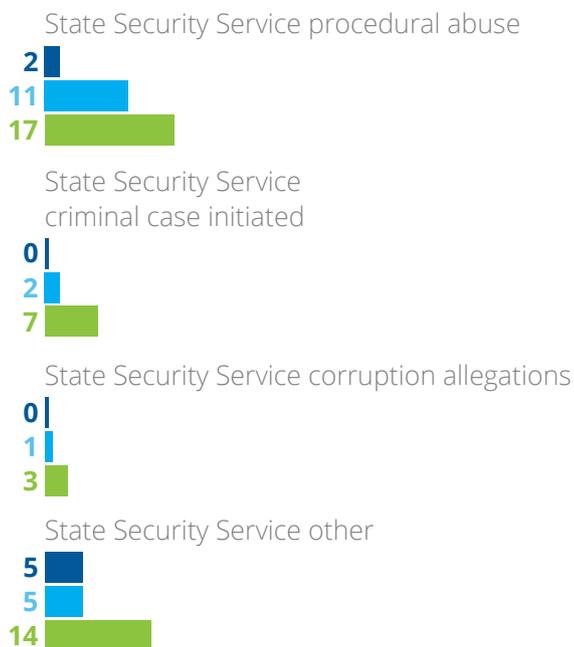
Customs other



3 **34** **74** NATIONAL POLICE ACTIONS



7 **19** **41** STATE SECURITY SERVICE ACTIONS



37 **25** **41** MINISTRY OF JUSTICE ACTIONS



15 **25** **24** ACTIONS OF STATE COMPANIES



3.4. Timeliness of the preliminary review of complaints

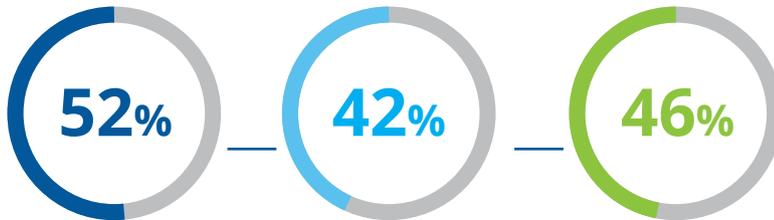
(Clause 5.3.1 (b) of Rules of Procedure)



Number of complaints reviewed less than in 5 days



Number of complaints reviewed in 5-10 days



Number of complaints reviewed in more than 10 days



2015 2016 2017

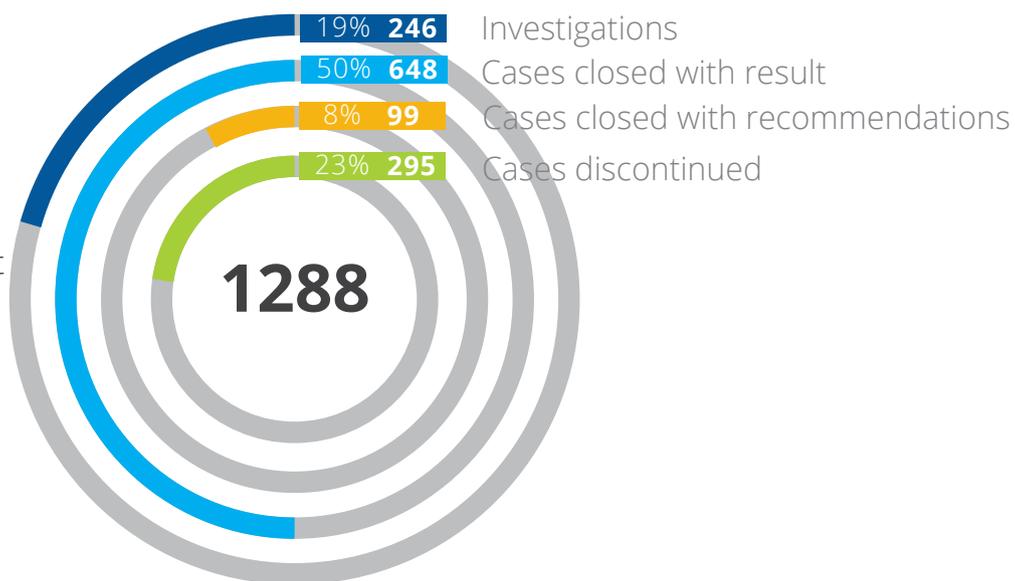
The biggest part of complaints (81%) were reviewed during 10 or fewer working days, which meets the 10-day period for preliminary complaint reviews provided in current BOC’s regulations. The delay in response was mostly caused by the slow feedback from complainants and necessity to thoroughly analyse additional documents that complaints sent upon responsible investigator’s request.

3.5. Number of investigations conducted and reasons for declining complaints

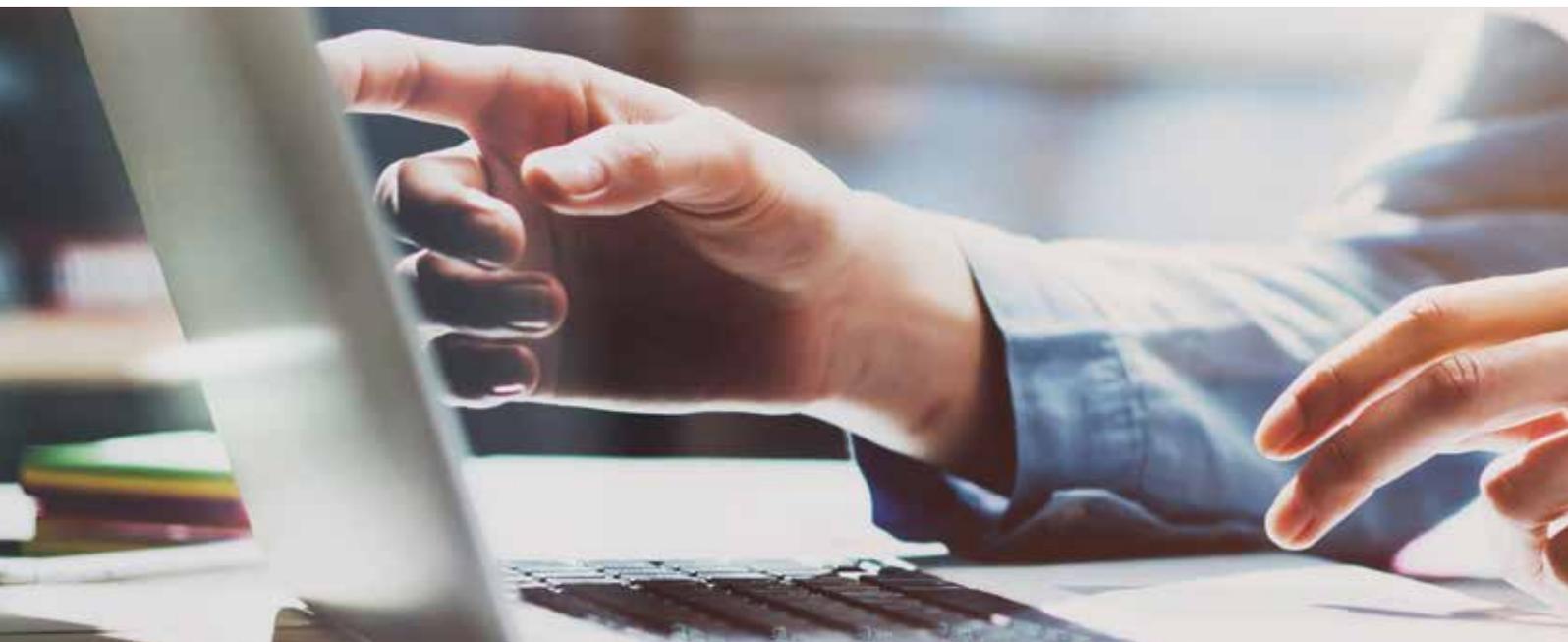
(Clause 5.3.1 (c) of Rules of Procedure)

Investigations conducted*

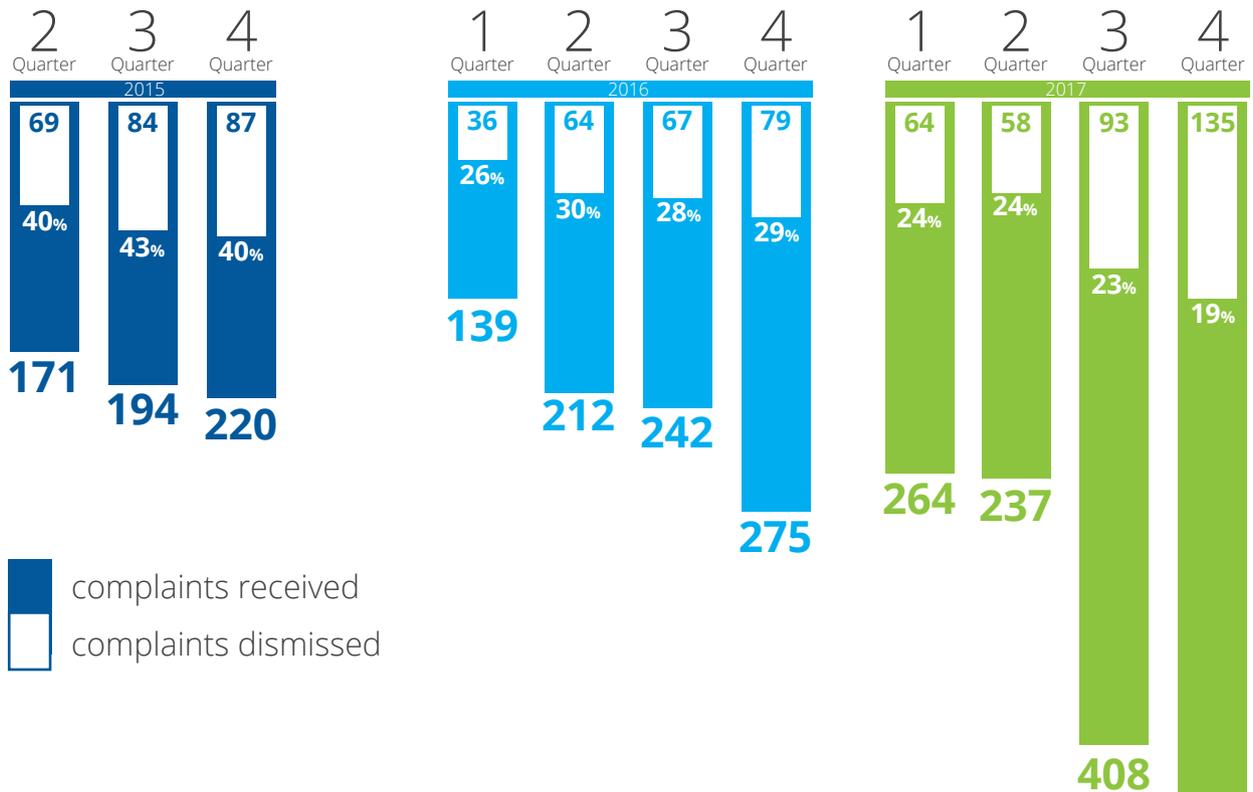
In 2017, the BOC undertook 1288 investigations, which is twice as many as in 2016 and almost four times more than in 2015.



* Number of investigations conducted includes closed cases and investigations in progress



DISMISSED COMPLAINTS

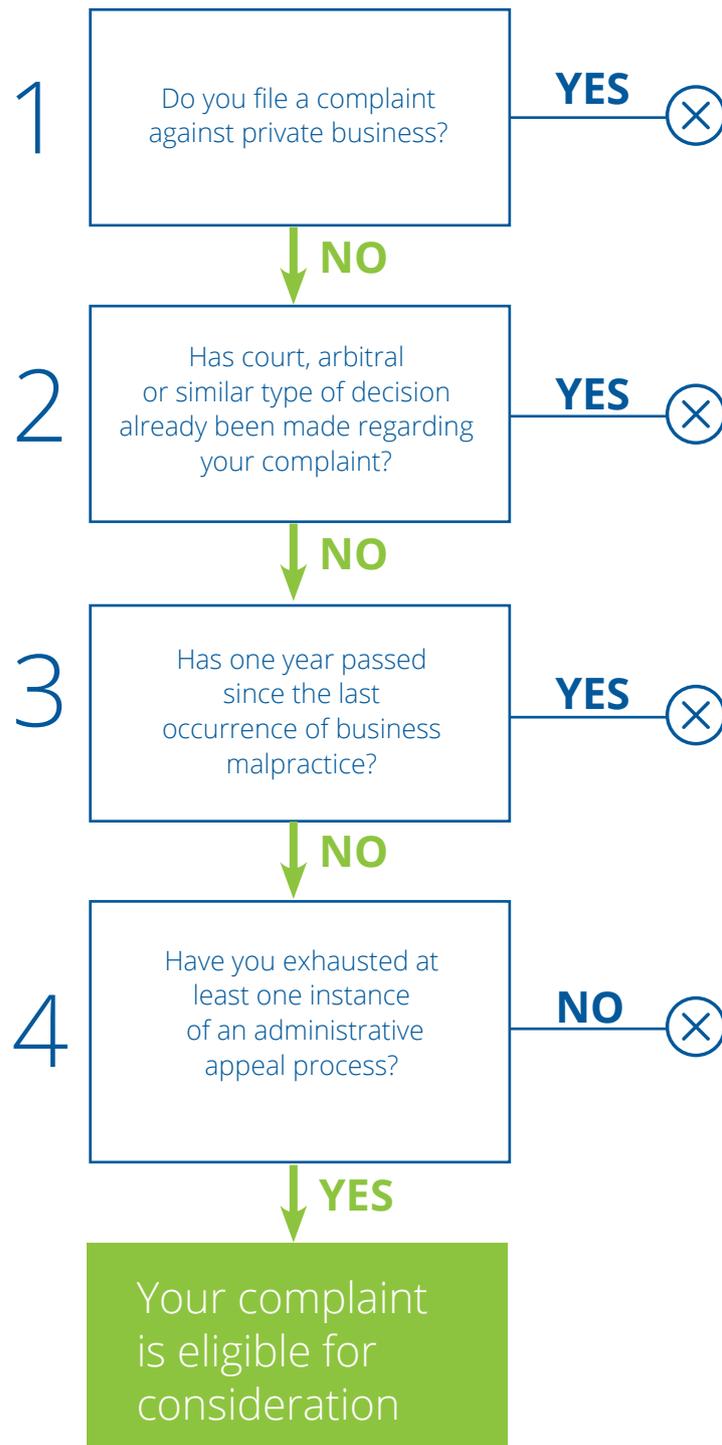


 complaints received
 complaints dismissed



No matter the upward curve of complaints, we managed to decrease the ratio of dismissed complaints by 6pp as compared to 2016. This testifies that awareness about the BOC's eligibility criteria is growing.

CHECK IF YOUR COMPLAINT MEETS THE COUNCIL'S CRITERIA:



TOP-10 REASONS FOR COMPLAINTS' DISMISSAL

	I Quarter	II Quarter	III Quarter	IV Quarter	Overall dismissed in 2017
Complaints subject to any court or arbitral proceedings, or in respect of which a court, arbitral or similar type of decision was made	13	15	19	22	69
The complaint had no substance, or other agencies or institutions were already investigating such matter	8	15	16	23	62
Complaints outside Business Ombudsman's competence	13	6	16	17	52
The complaint does not comply with the other eligibility criteria	8	5	16	18	47
In the opinion of the Business Ombudsman, the Complainant did not provide sufficient cooperation	3	1	9	21	34
Complaints arising in the context of private-to-private business relations	4	4	4	3	15
Complaints in connection with the legality and/or validity of any court decisions, judgments and rulings	0	3	5	7	15
Complaints resolved before BOC's actions	5	1	2	5	13
The party affected by the alleged business malpractice had not exhausted at least one instance of an administrative appeal process	1	5	1	6	13
A complaint filed repeatedly after being decided by the Business Ombudsman to be left without consideration	1	0	2	4	7

3.6. Timeliness of conducting investigations

(Clause 5.3.1 (d) of Rules of Procedure)

In the reporting year, the BOC closed

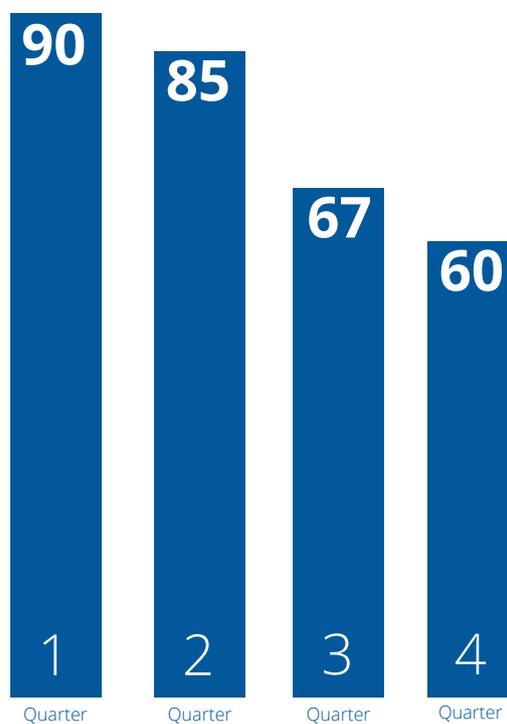
1042
cases

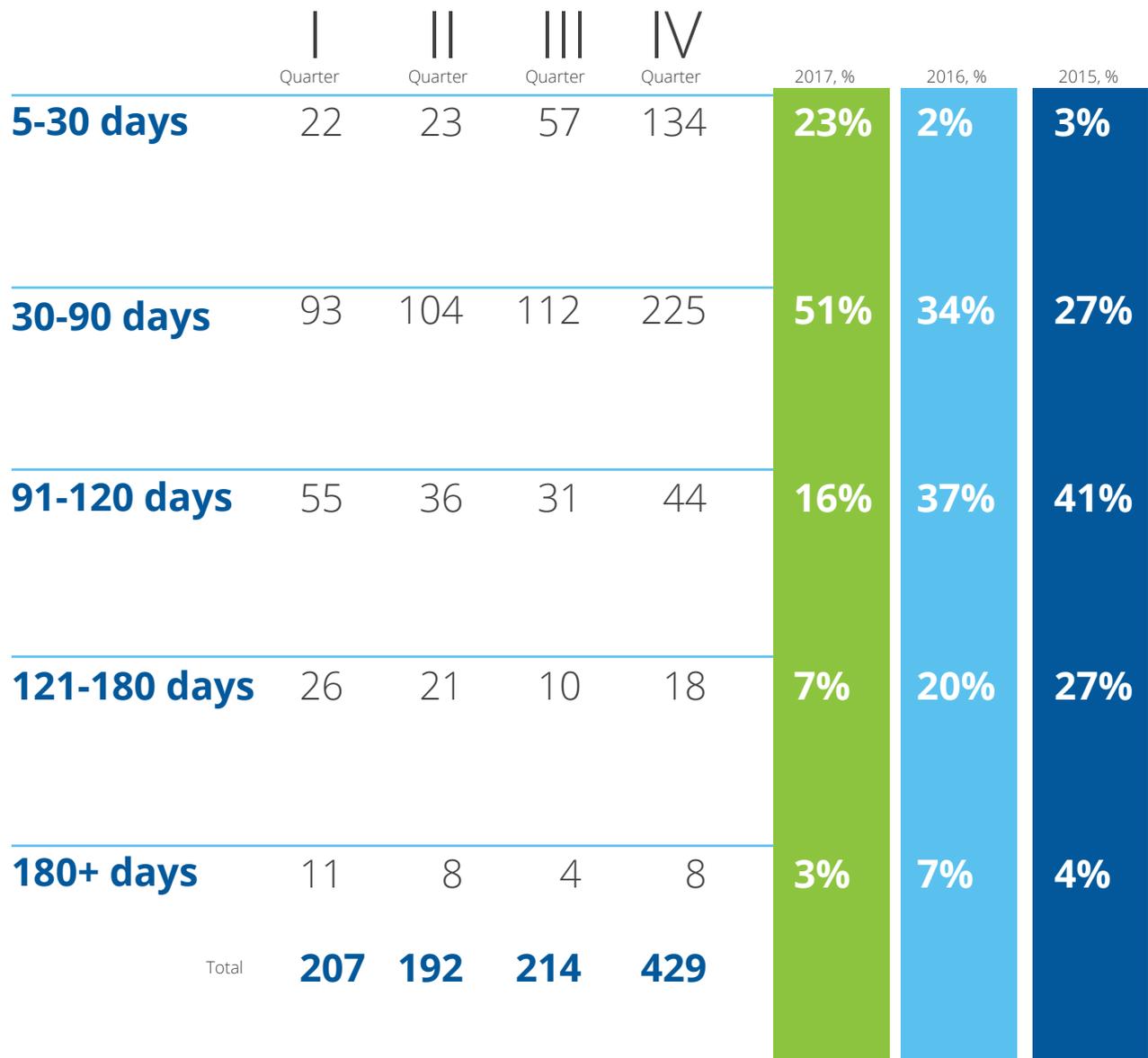
Average time for conducting these 1042 investigations:

72
days



AVERAGE TIME FOR CONDUCTING INVESTIGATIONS IN 2017:





During 2017 the BOC team improved the average time of the investigation by

31
DAYS

the best result of conducting investigations since launch of operations

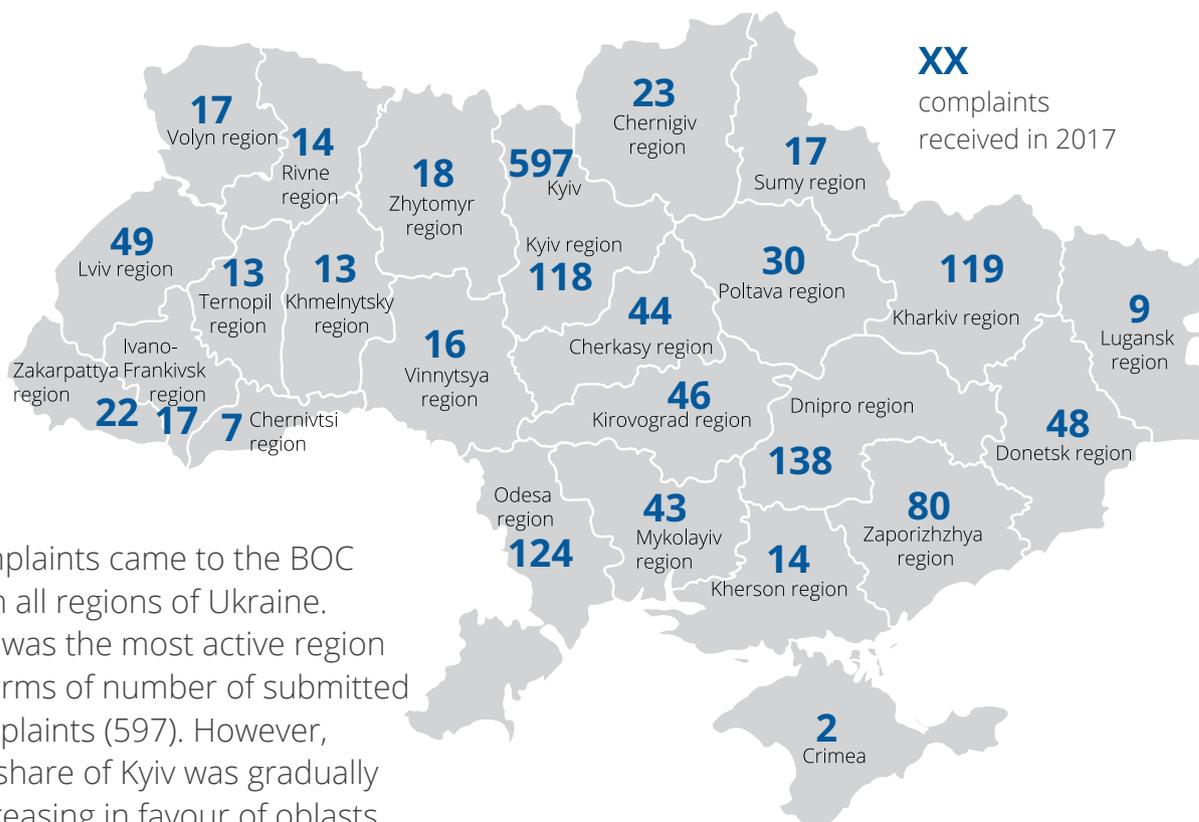
72
DAYS

The average investigation time for conducting the investigation

90 days envisaged by the Rules of Procedure

The biggest part of cases (74%) was closed in the timeframe of up to 90 days. Only 3% of cases took over 180 days to investigate.

3.7. Geographical distribution of complaints received

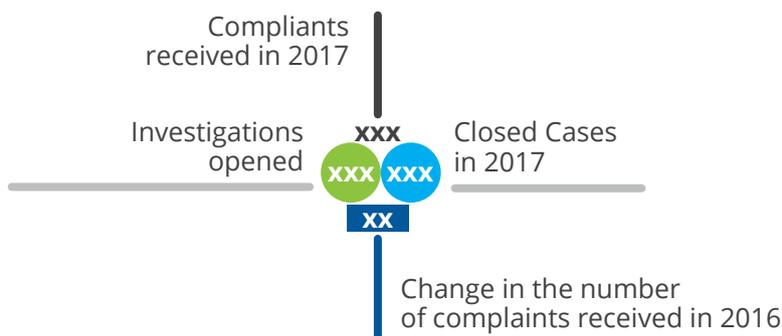


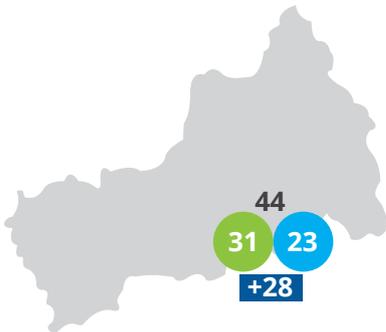
Complaints came to the BOC from all regions of Ukraine. Kyiv was the most active region in terms of number of submitted complaints (597). However, the share of Kyiv was gradually decreasing in favour of oblasts during 2017.

MAIN COMPLAINEEES (TOP-3)

MAIN SUBJECT OF COMPLAINTS (TOP-3)

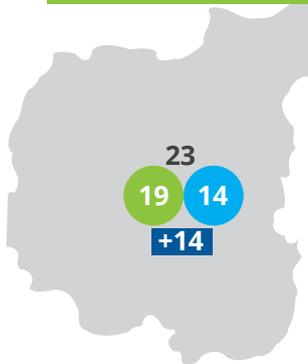
Kyiv							
<p>597</p> <p>456 420</p> <p>+226</p>	<table border="1"> <tr><td>State Fiscal Service</td><td>365</td></tr> <tr><td>Prosecutor's Office of Ukraine</td><td>30</td></tr> <tr><td>National Police of Ukraine</td><td>25</td></tr> </table>	State Fiscal Service	365	Prosecutor's Office of Ukraine	30	National Police of Ukraine	25
State Fiscal Service	365						
Prosecutor's Office of Ukraine	30						
National Police of Ukraine	25						
	<table border="1"> <tr><td>Tax VAT invoice suspension</td><td>147</td></tr> <tr><td>Tax inspections</td><td>77</td></tr> <tr><td>Other state regulators</td><td>48</td></tr> </table>	Tax VAT invoice suspension	147	Tax inspections	77	Other state regulators	48
Tax VAT invoice suspension	147						
Tax inspections	77						
Other state regulators	48						



**MAIN COMPLAINERS
(TOP-3)**
**MAIN SUBJECT
OF COMPLAINTS (TOP-3)**
Cherkasy region


State Fiscal Service	26
National Police of Ukraine	3
Ministry of Agrarian Policy and Food of Ukraine	2

Tax VAT invoice suspension	19
National Police criminal case initiated	3
Tax other	3

Chernigiv region


State Fiscal Service	16
Local councils and municipalities	6
National Commission for State Regulation of Energy and Public Utilities	1

Tax VAT invoice suspension	12
Local councils/ municipalities other	4
Tax inspections	2

Chernivtsi region

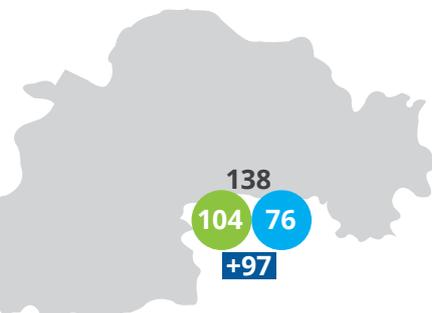

State Fiscal Service	4
Prosecutor's Office of Ukraine	1
Local councils and municipalities	1

Tax inspections	2
Tax VAT invoice suspension	2
MinJustice enforcement service	1

Crimea

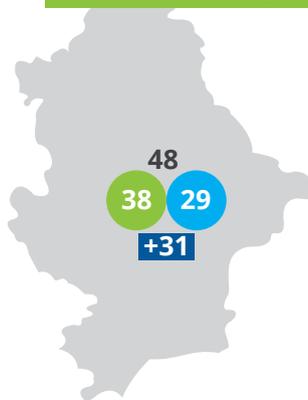

National Police of Ukraine	1
Other	1

National Police inactivity	1
Other	1

**MAIN COMPLAINEEES
(TOP-3)**
**MAIN SUBJECT
OF COMPLAINTS (TOP-3)**
Dnipropetrovs'k region


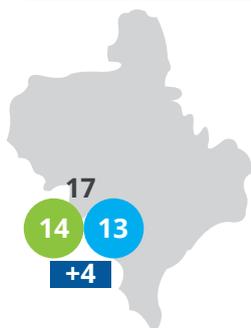
State Fiscal Service	105
National Police of Ukraine	7
Local councils and municipalities	6

Tax VAT invoice suspension	65
Tax inspections	10
Tax VAT electronic administration	8

Donets'k region


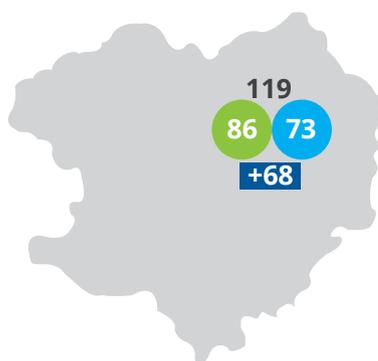
State Fiscal Service	38
National Police of Ukraine	4
State Enterprises	2

Tax VAT invoice suspension	18
Tax inspections	9
Tax other	7

Ivano-Frankivs'k region


State Fiscal Service	10
Ministry of Ecology and Natural Resources of Ukraine	3
Ministry of Internal Affairs	1

Tax inspections	4
Tax VAT invoice suspension	3
Permits and licenses environment/subsoil	2

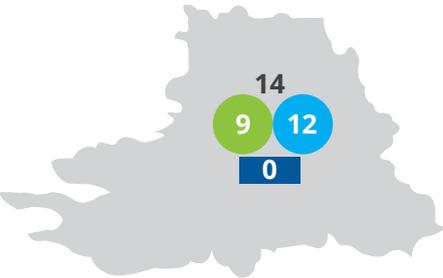
Kharkiv region


State Fiscal Service	91
Prosecutor's Office of Ukraine	5
State Security Service	4

Tax VAT invoice suspension	55
Tax VAT electronic administration	8
Other state regulators	7

**MAIN COMPLAINERS
(TOP-3)****MAIN SUBJECT
OF COMPLAINTS (TOP-3)**

Kherson region



State Fiscal Service	4
Local councils and municipalities	2
State Security Service	2

State Security	
Service other	3
Other state regulators	3
Tax VAT invoice suspension	2

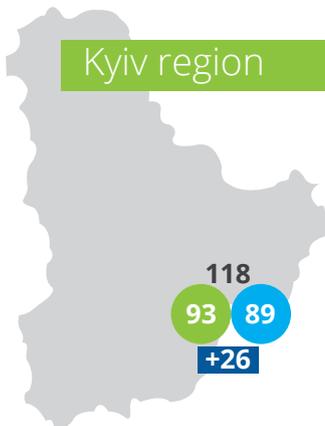
Khmelnysky region



State Fiscal Service	8
State Enterprises	2
Local councils and municipalities	2

Tax VAT invoice suspension	3
Tax other	2
Tax VAT electronic administration	2

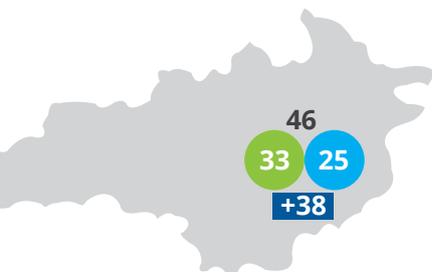
Kyiv region



State Fiscal Service	75
Local councils and municipalities	10
National Police of Ukraine	5

Tax VAT invoice suspension	29
Tax inspections	14
Other state regulators DABI	6

Kyrovograd region



State Fiscal Service	40
National Police of Ukraine	4
Ministry of Justice	1

Tax VAT invoice suspension	24
Tax VAT electronic administration	7
Tax termination of agreement on recognition of electronic reporting	6

**MAIN COMPLAINNEES
(TOP-3)****MAIN SUBJECT
OF COMPLAINTS (TOP-3)**

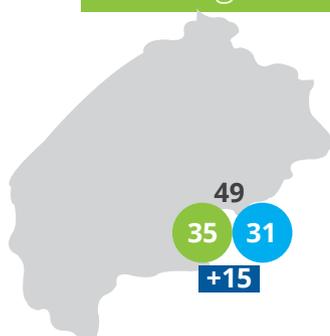
Lugansk region



State Fiscal Service	6
Prosecutor's Office of Ukraine	1
Ministry of Finance of Ukraine	1

Tax VAT invoice suspension	4
Deficiencies in regulatory framework tax	2
Tax termination/renewal/refusal of VAT payers registration	1

L'viv region



State Fiscal Service	35
Local councils and municipalities	4
Prosecutor's Office of Ukraine	3

Tax VAT invoice suspension	20
Tax inspections	4
Local councils/municipalities other	3

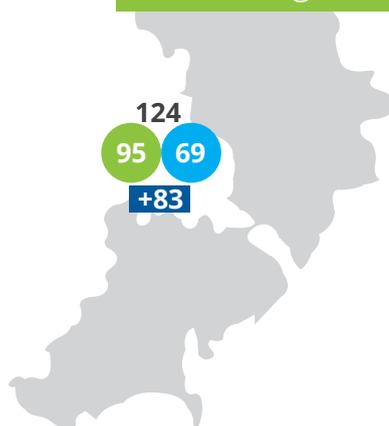
Mykolaiv region



State Fiscal Service	31
State Enterprises	4
Ministry of Ecology and Natural Resources of Ukraine	2

Tax VAT invoice suspension	16
Tax termination of agreement on recognition of electronic reporting	7
Other state regulators	4

Odesa region

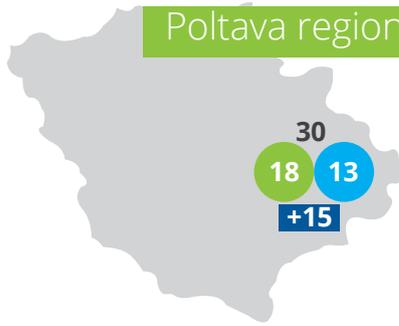


State Fiscal Service	74
Local councils and municipalities	17
Prosecutor's Office of Ukraine	6

Tax VAT invoice suspension	42
Local councils/municipalities other	13
Tax inspections	11

**MAIN COMPLAINEES
(TOP-3)****MAIN SUBJECT
OF COMPLAINTS (TOP-3)**

Poltava region



State Fiscal Service	16
State Security Service	2
Ministry of Economic Development and Trade of Ukraine	2

Tax VAT invoice suspension	13
Other state regulators	3
Local councils/ municipalities other	2

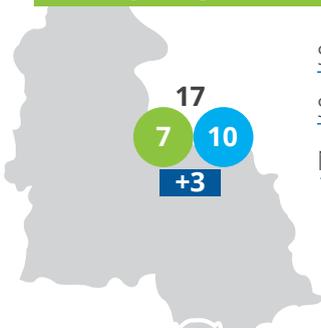
Rivne region



State Fiscal Service	9
Local councils and municipalities	2
National Police of Ukraine	1

Tax VAT electronic administration	2
Tax inspections	2
Local councils/ municipalities other	2

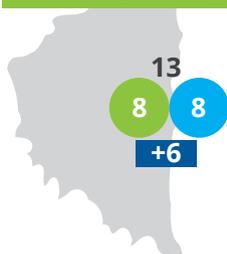
Sumy region



State Fiscal Service	10
State Security Service	1
National Police of Ukraine	1

Tax VAT invoice suspension	4
Tax VAT refund	2
Tax inspections	2

Ternopil region



State Fiscal Service	6
Prosecutor's Office of Ukraine	3
National Police of Ukraine	3

National Police procedural abuse	2
Tax inspections	2
Prosecutors' office inactivity	2

Vinnytsya region

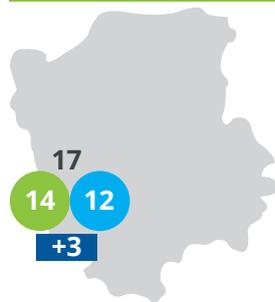


State Fiscal Service	5
National Police of Ukraine	3
Local councils and municipalities	2

Tax VAT invoice suspension	3
National Police procedural abuse	3
Other state regulators	2

**MAIN COMPLAINÉES
(TOP-3)****MAIN SUBJECT
OF COMPLAINTS (TOP-3)**

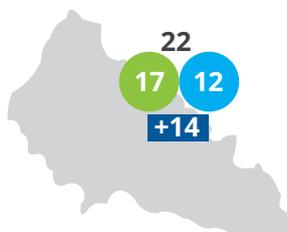
Volyn region



State Fiscal Service	14
Prosecutor's Office of Ukraine	1
Antimonopoly Committee of Ukraine	1

Tax VAT invoice suspension	8
Tax inspections	2
Customs overpaid customs duties refund	1

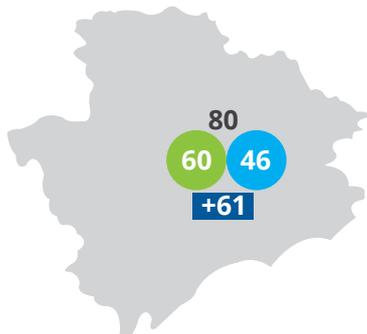
Zakarpattya region



State Fiscal Service	7
Ministry of Ecology and Natural Resources of Ukraine	3
National Police of Ukraine	3

Other state regulators	6
Tax inspections	3
National Police inactivity	2

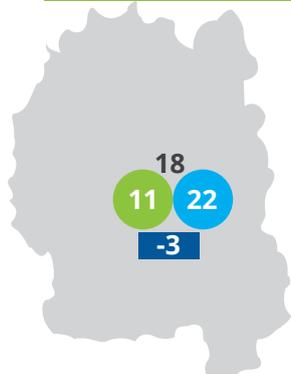
Zaporizhzhya region



State Fiscal Service	57
Ministry of Agrarian Policy and Food of Ukraine	6
Local councils and municipalities	5

Tax VAT invoice suspension	39
Other state regulators StateGeoCadastre	6
Tax VAT electronic administration	5

Zhytomyr region



State Fiscal Service	7
Ministry of Agrarian Policy and Food of Ukraine	2
Local councils and municipalities	2

Tax VAT invoice suspension	4
Deficiencies in regulatory framework state regulators	3
Local councils/ municipalities other	2

3.8. Financial and non-financial impact

(Clause 5.3.1 (f, g) of Rules of Procedure)

11.3

CUMULATIVE FINANCIAL RESULT (2015-2017) FOR OUR COMPLAINANTS, BLN UAH



	2015	2016	2017
TOTAL, UAH	2,716,373,217	5,958,695,018	2,634,173,918
Tax VAT refund	396,401,395	4,188,649,975	1,456,822,589
Tax inspections	114,444,653	885,256,737	909,009,155
Tax other	7,769,322	16,814,050	117,458,691
Tax VAT electronic administration	13,502,600	38,946,909	73,028,446
Tax VAT invoice suspension	0	0	44,458,762
Fines cancelled by the Courts	0	0	16,771,374
MinJustice enforcement service	0	2,235,173	12,949,800
Overpaid customs duties refund	0	80,135	1,251,158
Customs other	0	791,344	675,375
Customs clearance delay/refusal	0	0	571,000
Customs valuation	0	813,141	440,123
State Security Service other	0	0	321,500
ATO budget compensations	0	0	275,135
Local councils/municipalities other – compensation	0	0	101,639
MIA inactivity – debt settlement	0	0	39,171
Natural Monopolies other	0	643,560,043	0
National regulatory agencies NERCUS other	77,082,709	114,699,575	0
Other state regulators	12,302	56,088,069	0
Tax criminal cases	10,705,458	3,666,304	0
Natural Monopolies inactivity/delays	0	7,093,563	0
State companies investment/commercial disputes	2,128,801	0	0
Implementation of systemic recommendations	2,094,325,977		

NON-FINANCIAL IMPACT

	2015	2016	2017
Malpractice ceased by complainee	7	36	147
Tax records reconciled, tax reporting accepted	3	28	65
Permit/license/conclusion/registration obtained	10	3	41
Criminal case against the Complainant closed; property/accounts released from under arrest	4	21	39
Contract with state body signed/executed	2	13	29
Legislation amended/enacted; procedure improved	3	14	19
State official fired/penalized	1	8	13
Claims and penalties against the Complainant revoked Sanction lifted	2	2	12
Criminal case initiated against state official/3rd party	2	1	8

3.9. Complainants' portrait

TOP-5 COMPLAINANTS' INDUSTRIES

	2015	2016	2017
 Wholesale and Distribution	97	177	485
 Manufacturing	102	164	242
 Agriculture and Mining	32	72	170
 Real Estate and Construction	30	62	139
 Individual Entrepreneur	57	69	100

Complaints were coming predominantly from wholesalers, manufacturers, real estate, agribusiness as well as individual entrepreneurs. The volume of inquiries from wholesalers, tripled as compared to the previous year, reaching the share of 30% of total complaints in 2017. The number of appeals from manufacturers increased by half since 2016, while agriculture & mining as well as real estate & construction performed a double growth in comparison with the previous year.

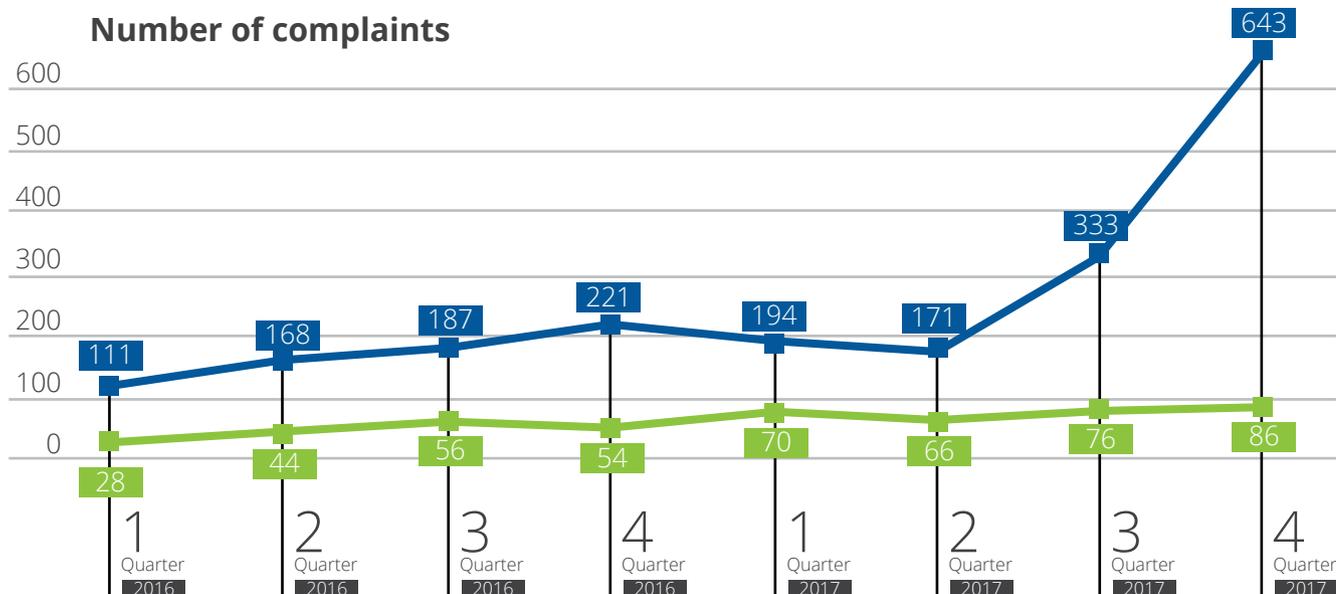
Obviously, increase in all abovementioned industries was driven by the bulk of complaints regarding tax invoice suspension, as these areas turned to be the most vulnerable to the issue.

OTHER INDUSTRIES IN 2017 INCLUDED:

Retail	80
Auto transport	43
Financial Services	24
Transportation and Storage	24
Public Organizations	22
Repair and Maintenance Services	22
Energy and Utilities	19
Telecommunications	18
Warehousing	18
Farming	17
Physical Person	15
Electric installation works	13
Consulting	11
Supply of electricity, gas, hot water, steam and air conditioning	10
IT companies	10
Advertising	10
Health, Pharmaceuticals, and Biotech	10
Processing Industry	9
Hire, rental and leasing	9
Engineering, geology and geodesy areas activity	9
Activity in the field of law	6
Delivery services	6
Waste collection and disposal	6
Software and Internet	5
Consumer Services	5
Non-profit	4
Private security firms activity	4
Technical testing and research	4

Air Transport	4
Activities in the field of culture and sports, recreation and entertainment	8
Maintenance of buildings and territories	4
Activities in the field of broadcasting	3
Oil and Gas	3
Publishing and printing services	3
Building of ships and floating structures	3
Ground and pipeline transport	3
Metallurgical production	3
Restaurant business	3
Accommodation services	3
Insurance	3
Printing and reproduction activity	2
Auto Dealers	2
Economic and commercial activity	2
Scientific research and development	2
Education	1
Activities in the field of employment	1
Wastewater treatment, sewerage	1
Non-state pension provision	1
Fishing services	1
Business services	1
Manufacturing and distribution	1
State Enterprise	1
Audio recording	1
Other	9

LOCAL VS FOREIGN COMPLAINANTS

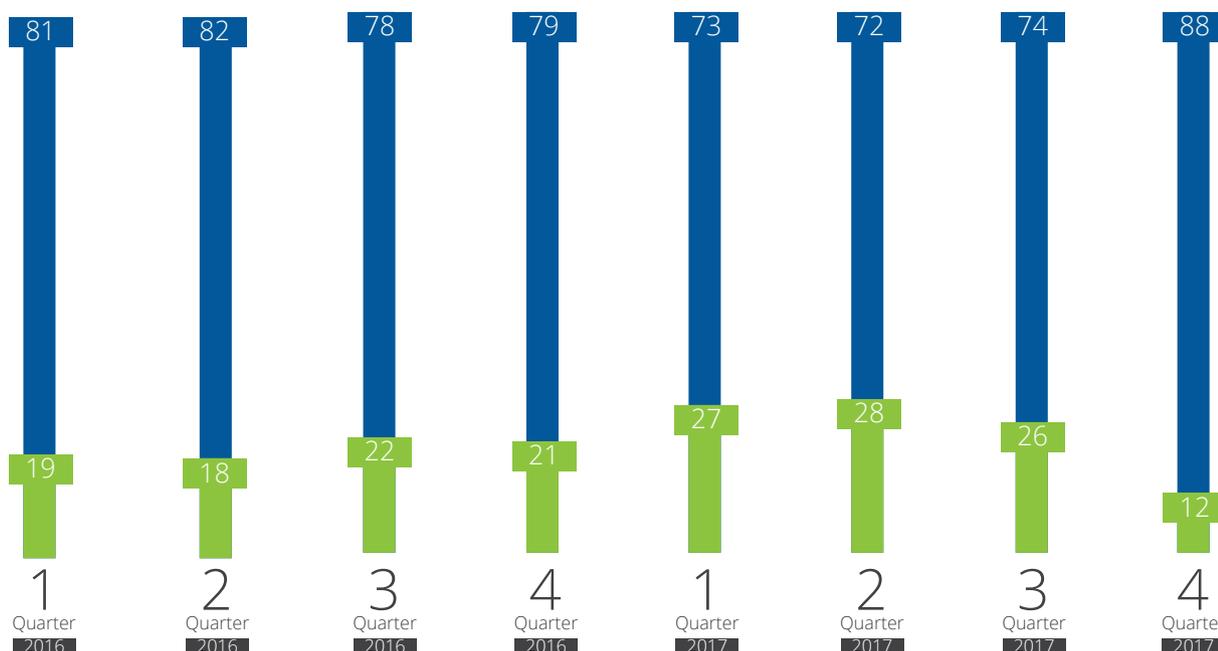


Local businesses are more active in seeking the Business Ombudsman's support, although the share of inquiries from foreign companies is gradually increasing in the long run. The sharp increase in the figures of Ukrainian enterprises was driven by the bulk of complaints regarding tax invoice suspension, we have been receiving since Q3 2017.

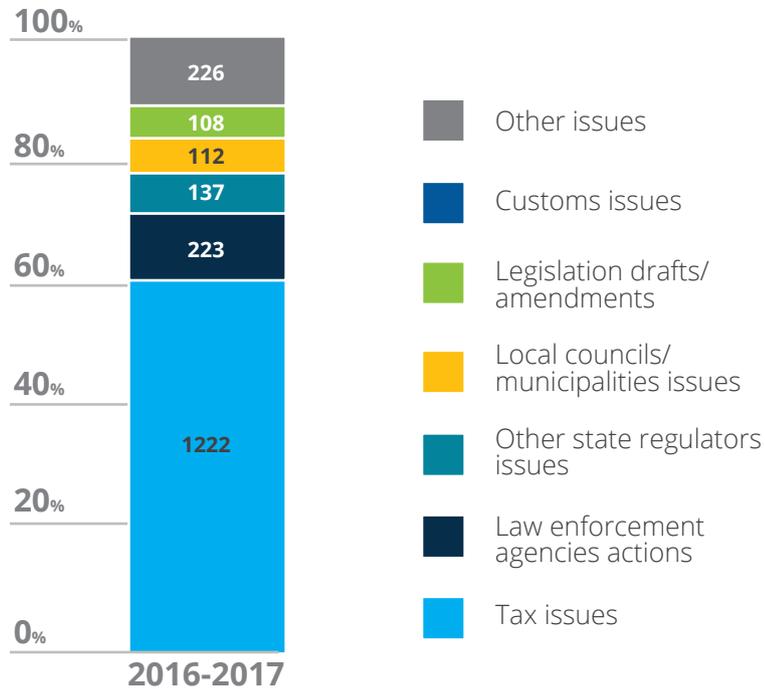
Local

Foreign

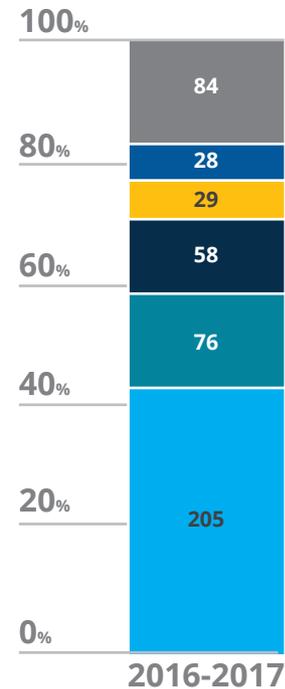
Structure



TOP-5 SUBJECTS OF COMPLAINTS FROM FOREIGN BUSINESSES



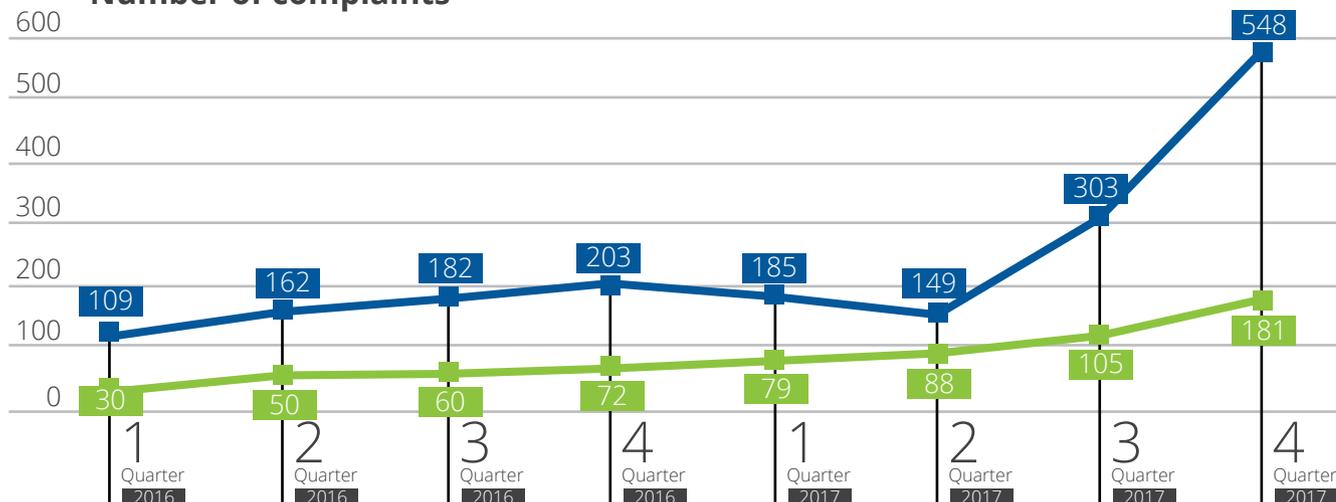
TOP-5 SUBJECTS OF COMPLAINTS FROM LOCAL BUSINESSES



We observe specific differences in the structure of complaints coming from local and foreign companies. Tax issues, while being the TOP subject of appeals for both groups, pertain to 60% of Ukrainian entrepreneurs and only to 43% of international ones. The second most widespread topic for local businesses concerns actions of law enforcement bodies (11%), while for foreign businesses these are actions of State Regulators (16%). Actions of local councils amount to 6% of total appeals to both groups. Customs issues (6%) also hit the TOP-5 for foreign businesses, while as per Ukrainian enterprises – the 5th place is occupied with legislation drafts (5%).

SIZE OF BUSINESSES

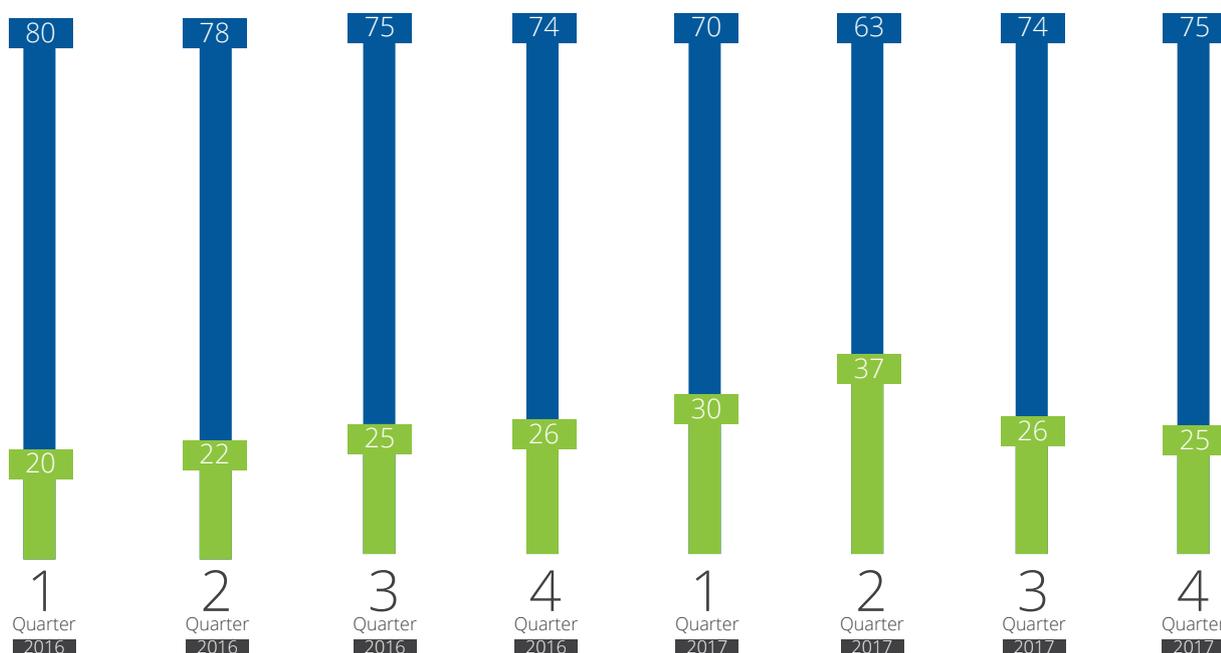
Number of complaints



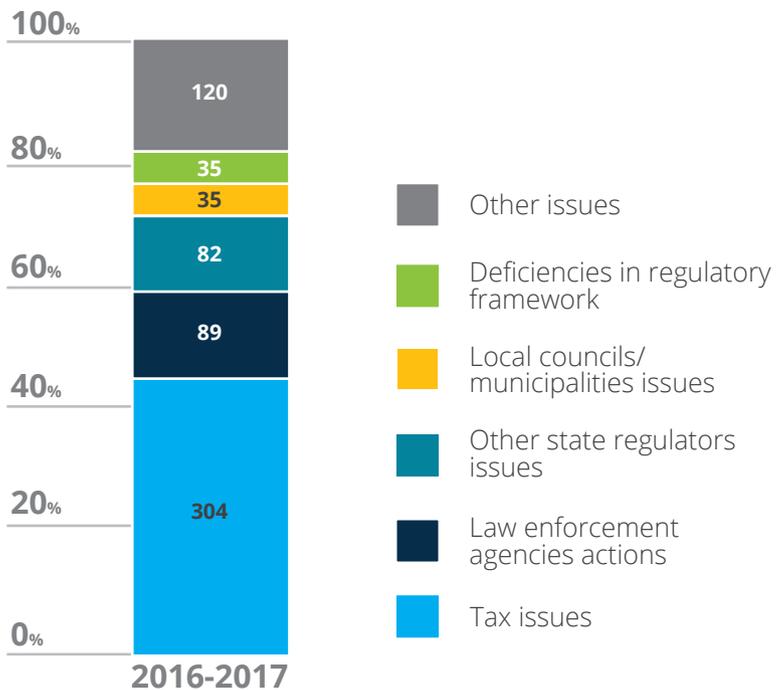
In the long run, we observe a growing share of complaints from large businesses, although small and medium companies remain the main source of complaints. The number of complaints from small and medium business skyrocketed since Q3 2017, which was driven by tax invoice suspension complaints we have been receiving mainly from small and medium business.

— Small/Medium
— Large

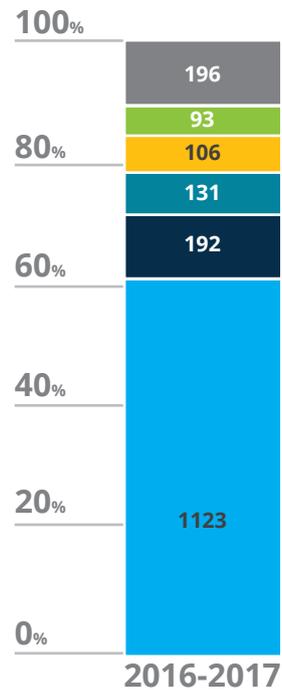
Size of Businesses



TOP-5 SUBJECTS OF COMPLAINTS FROM LARGE COMPANIES



TOP-5 SUBJECTS OF COMPLAINTS FROM SMALL/MEDIUM COMPANIES



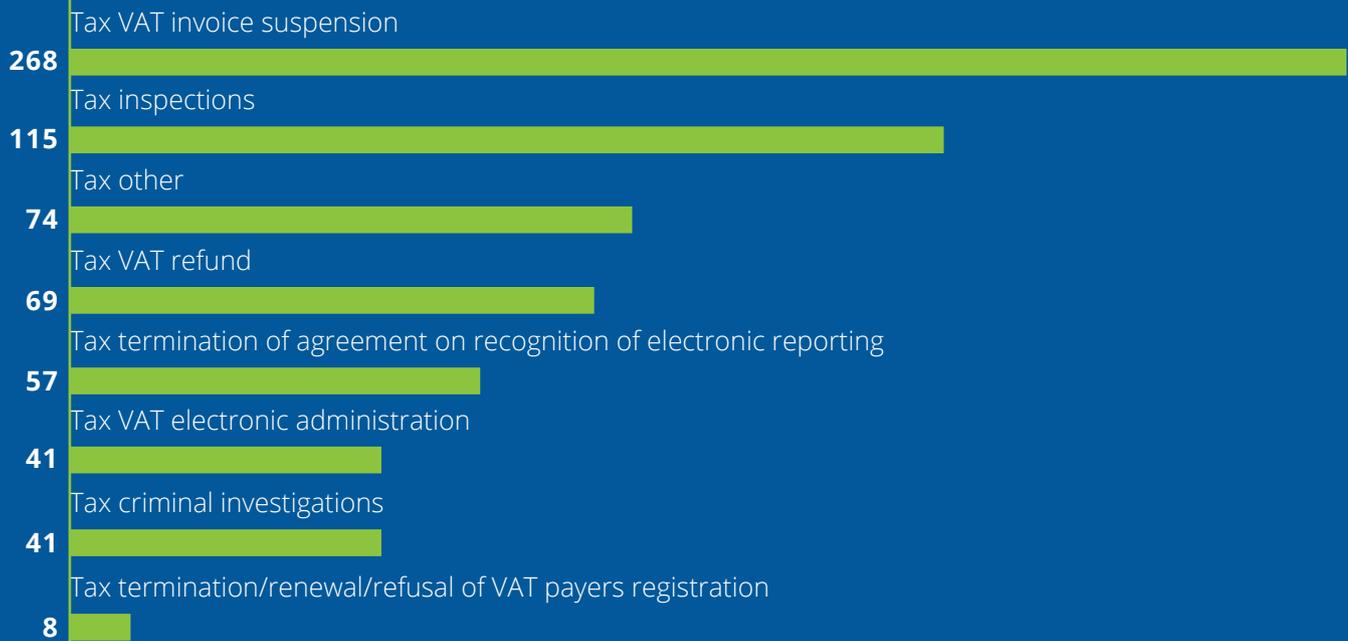
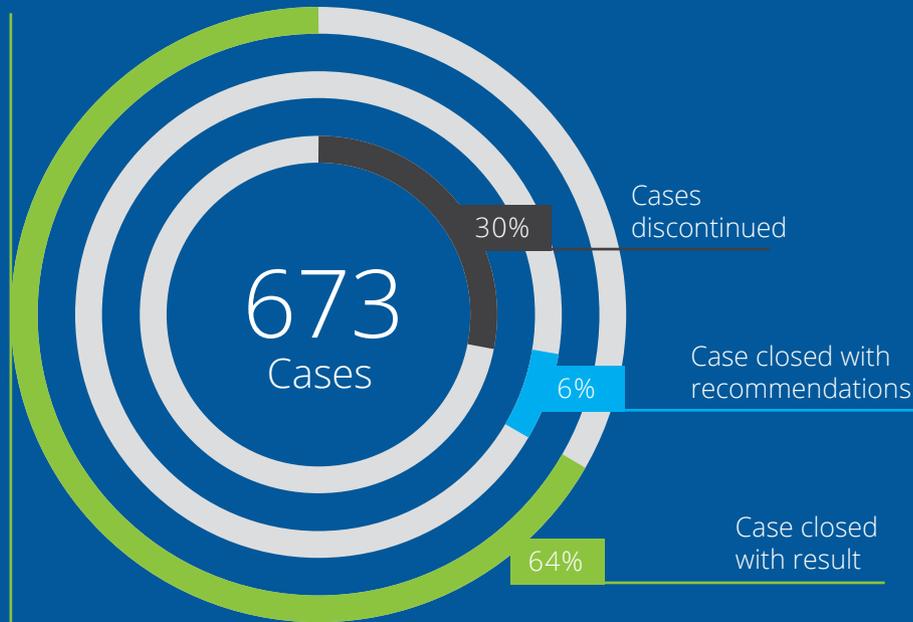
Small/medium enterprises more frequently address the BOC regarding tax issues, than large ones – 61% vs 46% in total appeals. Meanwhile, actions of law enforcement bodies (13%) and state regulators (12%) amount to a bigger share for large than for small and medium businesses – 10% and 7% respectively. It is also noteworthy that small and medium companies more often complain about imperfection of legislation than big ones.



4

**SUMMARY OF KEY
MATTERS AND RESULTS
OF IMPORTANT
INVESTIGATIONS
RECEIVED IN 2017**

TAX ISSUES



Subject: VAT Tax invoices suspension**SFS registers tax invoices worth UAH 2mn****Subject of complaint:**
State Fiscal Service (SFS)**Complaint in brief:**

On August 11, 2017, a Kyiv-based engineering company turned to the BOC with a complaint against the SFS. The recently-introduced monitoring system had suspended the registration of the Complainant's tax invoices worth UAH 2mn. Meanwhile, the SFS Commission kept delaying a decision on the registration. The company received no explanations from the SFS regarding the hold-up and options for releasing the tax invoices.

Actions taken:

The BOC investigator talked over the specifics of the new system with the Complainant, explaining its working principles and steps that needed to be taken to ensure the timely registration of tax invoices. The investigator also discussed the Complainant's case with members of the SFS working group, sent a written request to support the Complainant's position, and proved that there was no basis for suspending the tax invoices.

Result achieved:

On August 20, the Complainant notified the BOC that the tax invoices had been successfully registered. Thanks to the BOC intervention, the case was closed in a few days.

SFS registers Cherkasy enterprise's tax invoices worth over UAH 680,000**Subject of complaint:**
State Fiscal Service (SFS),
Cherkasy State Tax
Inspectorate (Cherkasy
tax office)**Complaint in brief:**

On September 15, 2017, an enterprise distributing mineral fertilizers applied to the BOC with complaint against the SFS and the Cherkasy tax office. The Complainant could not register tax invoices worth over UAH 680,000.

During August, the automatic tax invoice registration system stopped 11 of the firm's tax invoices. In order to unblock them, the Complainant provided to the SFS through the Cherkasy STI additional confirmation proving validity of the firm's operations, and a taxpayer data sheet. This data sheet explained the nature of its operations, including the codes of goods being purchased and produced by the applicant. However, the SFS commission did not take this information into account and continued to refuse to register the tax invoices. Nor did the Commission offer any reasons for the refusal.

SFS registers agri-firm's tax invoices

Subject of complaint:
State Fiscal Service (SFS)

With its tax invoices blocked, the firm's counterparties could not use a tax credit worth more than UAH 680,000 in time. According to the Complainant, the firm had to compensate the losses to partners in order to continue working with them.

Actions taken:

The BOC investigator officially addressed the SFS Commission chair asking for an explanation for ignoring the Complainant's data sheet and possible ways to resolve the reasons. In addition, the investigator sent a written request to the SFS Complaints Commission to conduct a comprehensive and impartial analysis of the company's case.

Result achieved:

On October 19, the Complainant reported that all 11 disputed tax invoices had successfully been registered. Indeed, since the SFS adopted the company's taxpayer data sheet, this guaranteed that tax invoices on similar operations would not be blocked in future.

Complaint in brief:

On August 14, 2017, a Kyiv Oblast enterprise specializing in growing and selling agricultural production turned to the BOC with a complaint against the SFS. Over July and August, the SFS's automatic monitoring system suspended the registration of several of the company's tax invoices. The system did not take into consideration the nature of the company's business, which is that the firm purchases seeds and consumables such as fertilizers and diesel fuel for farm equipment, but supplies finished products to its customers.

The Complainant tried independently to resolve the issue by first providing additional documents confirming the type of business operations to the appropriate SFS Commission. He then submitted a special taxpayer datasheet that explained the characteristics of the Complainant's business activities. Despite all the Complainant's endeavours, the SFS Commission would not register tax invoices, while offering no explanation for its decision.

Kirovograd Oblast firms are able to properly register tax invoices

Subject of complaint:

State Fiscal Service (SFS), Oleksandriya Joint State Tax Inspection under the Kirovograd Oblast SFS

Actions taken:

On August 16, the BOC investigator turned to the Secretary of the regional working group under the SFS Commission and discovered that the Complainant's case was in the process of being reviewed by the Commission. The investigator also sent a written request to the SFS and its subordinated units asking them to urgently take a decision regarding the registration of the tax invoices, taking into account files and datasheets, provided by the Complainant.

Result achieved:

Within a month, the SFS registered all tax invoices of the company. The case closed successfully.

Complaint in brief:

In July 2017, two enterprises that report to the Oleksandriya tax office turned to the BOC with similar complaints. Both companies had submitted tax invoices in time, but were unable to register them. In one case, the tax invoices simply disappeared from the system after being submitted; in another case, the tax invoices were blocked by the main SFS.

Actions taken:

Having studied the case, the BOC investigator turned to the Oleksandriya tax office with a request to assist the Complainants in submitting their tax invoices and not to fine one of them for submitting the tax invoice late. The BOC also involved both the main SFS and the Kirovograd Oblast SFS in resolving the issue.

Result achieved:

Thanks to the BOC's intervention, the Complainants managed to register their tax invoices. Both cases were successfully closed in a few days.

Subject: VAT refund**SFS refunds VAT worth over UAH 37 mn to TOV Martin****Subject of complaint:**

State Fiscal Service of Ukraine (SFS),
Main Department of SFS of Ukraine in the City of Kyiv (MD of SFS in the City of Kyiv)

Complaint in brief:

On April 24, 2017, a construction company with foreign investment TOV Martin turned to the BOC regarding delay by MD of SFS in the City of Kyiv to refund to Complainant VAT for October 2016 in the amount over UAH 37 mn. The Complainant tried to solve the issue, and turned to the SFS of Ukraine and the Ministry of Finance of Ukraine, but to no avail.

Actions taken:

The BOC investigator found out that the SFS performed unscheduled on-site tax audit of the Complainant and compiled a certificate stating that the Complainant didn't violate the legislation when declaring budget VAT refund.

Thus the BOC investigator addressed the SFS and the MD of SFS in the City of Kyiv of Ukraine with the request to refund VAT to the Complainant. He also presented the case at the meeting of the BOC-SFS expert group.

Result achieved:

On July 11, the Complainant informed the Council that VAT for October 2016 was repaid to him in full. The case was closed.

SFS refunds farming enterprise VAT worth over UAH 44mn**Subject of complaint:**

Main Department of Kherson Oblasts State Fiscal Service (Kherson Oblast SFS)

Complaint in brief:

The Complainant, a farming enterprise, turned to the BOC regarding the Kherson Oblast SFS office's failure to refund VAT worth over UAH 44mn for August-October 2016.

Actions taken:

In December 2016, the BOC addressed officials at the Kherson Oblast SFS office with a request to stop violating the Complainant's rights. The BOC also submitted Complainant's issue for consideration at a meeting of the working group between the SFS and the BOC.

Result achieved:

On December 26, the Complainant informed the BOC that a VAT refund of UAH 28mn had been received. On February 1, 2017, the Complainant informed the BOC that the outstanding VAT liability had been refunded in full. The case was closed.

The SFS refunded over UAH 64mn to an agricultural company

Subject of complaint:
State Fiscal Service (SFS), Main Department of the SFS of Ukraine in the City of Kyiv (GD of the SFS in Kyiv)

Complaint in brief:

On June 8, 2017, a major grain and oilseed exporter turned to the BOC with a Complaint against the SFS. The SFS has been delaying the VAT refund worth over UAH 64mn for the period November 2016-February 2017. The exporter had been trying to receive the refund on his own, however the tax office would organize additional checks of the Complainant's business activities. The delay in VAT refund placed the ongoing risk of the company's current assets' freeze and jeopardized the fulfilment of its obligations to employees and business partners.

Actions taken:

During the month of June the Investigator contacted the SFS representatives several times. Furthermore, the Investigator sent a written request to the SFS asking to solve the Complainant's issue promptly.

Result achieved:

On June 27, the exporter confirmed the VAT refund in full. The case was closed successfully.

SFS refunds over UAH 168mn in VAT to an agricultural exporter

Subject of complaint:
State Fiscal Service (SFS), Bashtanka Joint State Tax Inspectorate of the SFS in Mykolayiv Oblast (Bashtanka tax office)

Complaint in brief:

At the end of March 2017, the BOC received a complaint from a large Mykolayiv Oblast-based agricultural exporter. The Company was unable to recover a VAT reimbursement worth UAH 168 million for the period July 2016-January 2017. The Complainant turned independently to tax offices with this issue. In response, they organized unscheduled inspections of the Complainant's business operations. Instead of actually refunding the VAT, the SFS kept sending the company formal letters. The delay in the VAT reimbursement placed the company at risk of running out of working capital, which jeopardized the ability to meet financial commitments to employees and business partners.

Actions taken:

On April 13, the BOC investigator turned to the Bashtanka tax office with a request to explain the reason for the delay in the refund and to take steps to end the violation of the Complainant's rights. The investigator also raised

the Complainant's case for the review by the expert group with SFS representatives.

Result achieved:

On May 5, the Complainant received the VAT refund in full. The case was closed successfully.

Subject: Tax inspections

SFS disciplines employee for violations during an inspection at TOV "MANAD"

Subject of complaint:

Main Department of State Fiscal Service in Kyiv Oblast (Kyiv Oblast SFS)

Complaint in brief:

On July 20, 2017, TOV "MANAD", a wholesale grain trader from Kyiv Oblast, addressed the BOC with a complaint against actions of an employee at the Kyiv Oblast SFS office. The Complainant disagreed with the inspection report, according to which the company was fined almost UAH 8 million.

According to the Complainant, the inspection was conducted with significant violations. For instance, the SFS employee refused to work with primary documents and instead stated in the final report that they simply weren't provided during the inspection. Then, since primary documents were supposedly not available, he assumed that the company had miscalculated exchange rate fluctuations and underpaid almost UAH 8mn to the budget. The company insisted that the SFS employee had no right to challenge their exchange losses and assess extra profit tax. The Complainant sent his reasoned objections to the Kyiv Oblast SFS.

Actions taken:

The BOC investigator also addressed the Kyiv Oblast SFS asking the office to check the legitimacy of the SFS employee's actions and consider the Complainant's challenge. If there were violations as the Complainant claimed, the BOC investigator insisted on an official investigation to bring those responsible to justice.

Result achieved:

After the BOC intervention, the SFS reviewed the inspection report and initiated a second review of the enterprise. Thus,

SFS drops VAT demand against “Bravo” airlines worth UAH 8 million

Subject of complaint:

Main Department of the State Fiscal Service in Kyiv Oblast (Kyiv Oblast SFS)

the SFS confirmed that the company had not committed any violations. On September 11, 2017, the Kyiv SFS Office informed the BOC that their employee had been subject to disciplinary action and reprimanded.

Complaint in brief:

On July 19, 2017, Bravo Airlines turned to the BOC with a complaint concerning the Kyiv Oblast SFS. The enterprise disagreed with results of a tax audit, according to which it was liable for additional VAT worth UAH 8 million.

According to the SFS, the airline was leasing aircraft on the territory of Ukraine and therefore had to pay VAT. Meanwhile, the Complainant insisted that VAT should not be paid, since the craft were being leased on location from a leasing company registered in the Arab Emirates, Lebanon and Cyprus.

The enterprise sent reasoned objections regarding the conclusions of the tax audit to the SFS, but the tax agency ignored them.

Actions taken:

The BOC investigator sent an official letter to the SFS and took part in a hearing of the airline's case, where he argued in support of its position. The investigator noted that the SFS was incorrectly interpreting provisions of the Tax Code and that, in this situation, the presumption of legality should be applied to the Complainant's decisions.

Result achieved:

With the Council's assistance, on October 27, the SFS accepted the airline's challenge and canceled the decision regarding additional payments. The case was successfully closed.

SFS reduces fertilizer distributor's tax liabilities by UAH 5mn

Subject of complaint:

Odesa Oblast Main Department of the SFS (Odesa Oblast SFS)

Complaint in brief:

On August 23, 2017, a distributor of mineral fertilizers turned to the BOC with a complaint concerning actions of Odesa Oblast SFS. The company was challenging the results of a tax inspection that added taxes and penalties worth UAH 12mn to the company's bill.

The additional VAT and profit tax were related to three episodes in the Complainant's activity:

1. The distributor took a bank loan and paid interest on it. Before the loan had been fully repaid, the company gave an interest-free loan to an employee. Due to what it considered a "commercially unjustified action," the SFS refused to classify the company's interest payments as expenses and to reduce the company's profits by that amount.
2. The Odesa Oblast SFS deemed several of the company's operations with counterparties "unrealistic." Specifically, the tax office was of the opinion that the contractors involved lacked the resources to actually carry out the tasks set out in contracts. As a result, the SFS did not allow the company to treat those payments to costs and claim a tax credit for them.
3. There was a mistake in the Complainant's tax invoices, where, instead of the supplier's tax ID, the tax office tax ID had been written in. The SFS rejected the company's claim to a tax credit for this transaction.

Disagreeing with the SFS assessments in the three situations the Complainant filed a challenge with the Odesa Oblast SFS, but the challenge, too, was rejected. After this, the Complainant submitted a complaint to the national SFS office.

Actions taken:

After examining the circumstances of the case, the BOC investigator sent an official letter to the SFS, in which he presented his position regarding the complainant's operations:

1. Since the Complainant's expenses for loans were real, the enterprise's profit could be reduced by that amount. The SFS judgment as to their relevance was an unwarranted interference in the Complainant's business.
2. The Complainant's documents, confirming the actuality of the transactions with contractors should be taken seriously.

Large Taxpayer Office drops company's technical debt

Subject of complaint:

Large Taxpayer Office of the SFS (LTO)

3. Since the Complainant's technical errors did not lead to any losses to the budget, it was unreasonable to treat the firm as though it had not paid the tax.

In addition, the investigator participated in the SFS hearings of the Complainant's case.

Result achieved:

At the end of October, the SFS partly considered the BOC recommendations, which allowed the company to save UAH 5mn. The distributor plans to appeal the remaining controversial issues in the court.

Complaint in brief:

On September 21, 2017, a global manufacturer of escalators turned to the BOC with a complaint about the LTO.

The company was complaining about a tax audit certificate, according to which it was required to pay taxes and a fine of more than UAH 1.5mn.

In 2013, the company made an advance payment of profit tax that resulted in an overpayment. This, the company used to cover subsequent liabilities for March-July 2014. However, the automated SFS system calculated a debt and penalties on profit tax worth more than UAH 1.5mn. The system did not calculate the tax liabilities as being paid using the firm's overpayment.

The Complainant objected to this approach and appealed to a major business association in 2016. With its help, the company signed an act of reconciliation with the LTO that affirmed that the Complainant had no tax liabilities before the budget. However, in 2017, the situation repeated itself, and the SFS once again saw a "technical debt" in its system. It was then that the Complainant turned to the BOC.

Actions taken:

The BOC investigator participated in an administrative hearing of the complaint at the SFS office. He pointed out that the company had overpaid in 2013 and the SFS verification report in 2016 confirmed this. Specifically, the investigator appealed to the fact that the budget received appropriate tax revenues,

SFS cancels bulk of UAH 400,000 penalty against building materials maker

Subject of complaint:

Ivano-Frankivsk Oblast
Main Department of State
Fiscal Service in (IF SFS),
State Fiscal Service of
Ukraine (SFS)

and that a change in the algorithm for processing the taxpayer's integrated card was not a valid reason for imposing fines on the Complainant.

Result achieved:

With the assistance of the Council, this fairly commonplace situation for business was handled at the level of the SFS of Ukraine.

On November 3, the Complainant informed the Council that the SFS had complied with his request and cancelled the fine.

Complaint in brief:

On May 3, 2017, a manufacturer of building materials registered in Ivano-Frankivsk Oblast addressed the BOC regarding tax notices amounting over UAH 500,000, issued by the Ivano-Frankivsk Oblast SFS, based on a tax audit of the company.

Actions taken:

Having studied the matter, the BOC investigator wrote to the main office of the SFS noting the lack of documented evidence that the Complainant had violated tax legislation, including alleged fictitious transactions with fuel suppliers. On June 20, the BOC investigator attended an administrative hearing of complaint at the SFS where he additionally expressed the position of the Council.

Result achieved:

On July 19, the Complainant informed the BOC that the SFS had reduced the penalty by over UAH 400,000 and the case was closed.

Eskada-M gets tax charge worth over UAH 9mn dropped

Subject of complaint:

Main Department of State Fiscal Service (MD SFS) in Rivne Oblast

Complaint in brief:

On February 8, 2017, a wood-processing company called TOV Eskada-M located in Rivne Oblast requested that the BOC help challenge the results of a scheduled tax audit by the Rivne Oblast SFS office. Based on the conclusions of the audit, the Complainant was expected to pay additional tax invoices and penalties worth over UAH 9mn.

Actions taken:

Having examined the substance of the complaint, the BOC investigator discovered that, when drawing up the formal conclusions of the tax audit, SFS official without justification refused to recognize the Complainant's production costs, which dramatically increased the company's tax liabilities and led to penalties. On February 13, the BOC investigator wrote to the SFS head office, pointing to the unjustified nature of most of the penalties imposed on the Complainant by the Rivne Oblast SFS office.

On February 27, the BOC investigator arranged a meeting between Rivne Oblast SFS officials and the Complainant, where he once more presented the BOC's position, as he had set out in writing.

On March 3, following the Council's suggestions, the Complainant wrote to the main office of the SFS with a request to arrange a new audit of primary accounting documents to prove the actual expenses per unit. From March 20 to April 6, the Rivne Oblast SFS office carried out a repeat tax audit at the Complainant's premises, as a result of which it reduced the penalty amount by UAH 2mn. However, the Complainant and the Council found this result equally unsatisfactory, since the Rivne Oblast SFS still failed to take into account all of the company's production costs during the second audit.

On April 7, the Deputy Business Ombudsman and the investigator attended an administrative hearing of the Complainant's case at the SFS's main office.

Result achieved:

On April 18, the Complainant informed the Council about the positive outcome of the hearing and about the dropping of the tax penalties practically in full. In its turn, Rivne Oblast SFS office sent a letter to the BOC with assurances that the persons guilty of violating the Complainant's rights would be penalized. The case was successfully resolved.

BOC helps one of the world's biggest clothing retailers avoid huge tax penalties

Subject of complaint:

The Pechersk District State Tax Inspection (Pechersk STI), under the Main Department of State Fiscal Service in Kyiv

Complaint in brief:

On March 9, 2017, TOV GAP Ukraine, a subsidiary of one of the world's biggest clothing retailers, addressed the BOC to help challenge a baseless tax notification issued by the Pechersk STI over a supposedly late submission of the company's 2015 corporate profit tax declaration.

The penalty for late submissions is only UAH 170, but by rejecting the Complainant's tax report, the Pechersk STI was challenging the accuracy of GAP Ukraine's calculations and payment of corporate profit tax for the entire accounting period, which threatened the Complainant with considerable additional penalties.

Actions taken:

During his investigation of the complaint, the BOC investigator found that the SFS agency had no basis for rejecting the Complainant's 2015 tax declaration.

The BOC investigator then requested that the SFS ensure an unbiased administrative hearing of the complaint. Next, the investigator took part in the administrative hearing at the SFS of Ukraine. He also asked the MD SFS in Kyiv to verify whether the Pechersk STI had informed Complainant in writing about any issues with the tax declaration, in accordance with Tax Code procedures for corresponding with taxpayers.

In its reply to the BOC's request, the MD SFS informed the Council that the Pechersk STI had not notified the Complainant about issues with GAP Ukraine's tax declaration and had thus violated the procedure.

The BOC investigator passed this information along to the SFS to include it in making a decision in the Complainant's case.

Result achieved:

On April 14, the SFS informed the Council that the Complainant's claim had been satisfied and the penalty dropped. This helped the Complainant to avoid possible serious fines related to the rejection of its 2015 corporate profit tax declaration. The BOC closed the case less than in a month.

Erroneous profit tax charge to Representative office of Kalpataru Power Transmission Limited worth over UAH 41.7mn dropped

Subject of complaint:

Large Taxpayers' Office (LTO), State Fiscal Service (SFS) of Ukraine

Complaint in brief:

On April 27, 2017, the Representative office of Kalpataru Power Transmission Limited, a world famous builder of power stations and telecoms facilities registered in Kyiv, turned to the BOC to help challenge a tax order from Large Taxpayers' Office. LTO officials discovered that, in April 2016, when paying corporate profit tax worth over UAH 41.7mn, the Complainant had used the wrong budget classification code. Due to this violation, the Office imposed on Complainant a fine of over UAH 300,000 and required the company to pay the corporate profit tax a second time.

Actions taken:

On May 10, the BOC investigator took part in an administrative hearing of the complaint at the SFS, where he asked SFS officials to objectively consider the Complainant's case and to facilitate to cancellation of the LTO's unjustified decision.

Result achieved:

The LTO shifted the funds paid by the Complainant to the correct budget classification. On May 23, the Complainant informed the Council that the tax order to extinguish the tax liability had been revoked and the decision to impose a fine cancelled. The Council closed the case less than in a month.

Subject: Problems with the electronic VAT administration

SFS and MinFin changed formula for VAT refund calculations based on BOC recommendations

Subject of complaint:

State Fiscal Service (SFS)

Complaint in brief:

Starting on July 2016, the BOC has investigated three similar complaints about the incorrect presentation of tax audits results in the electronic administration of VAT system (SEA).

After companies submitted VAT refunds declarations for VAT refunds to local tax authorities, the SFS conducted inspections, and found reasons not to completely refund the tax. Yet, in the column "Refund Sum," the SEA automatically showed the original amount claimed and not amount the actually refunded. As a result, the column "Tax Invoice Sum," against which the payer has the right to register additional tax invoices, showed the amount of eligible, but not actually refunded, funds.

In one case, the Complainant filed a declaration of VAT refund worth UAH 10 million. After its inspection, the SFS completely refused to reimburse the VAT, but the company's "Tax Invoices Sum" was reduced by UAH 10 mln. In order to continue business operation, the Complainant had to replenish the VAT account at his own expense.

Actions taken:

After several rounds of negotiations with the SFS, BOC investigators discovered that the situation was simply the result of the SEA's incorrect algorithm. According to the tax office position, the SFS was unable to increase the "Tax Invoices Sum," even if it was reduced to a smaller amount than required. For the tax office to record the amount actually refunded in this column, the BOC recommended that the SFS and MinFin to make changes to Para. 200 of the Tax Code in one of two ways:

- Reduce the "Tax Invoices Sum" by the amount actually reimbursed, based on results of inspections, or
- Allow for the SEA to automatically display the verification results for the declared sum where "Tax Invoice Sum" is automatically reduced: if the declared amount is greater the amount reimbursed, the SEA should increase the previously reduced "Tax Invoices Sum" automatically, without any additional requests from taxpayers.

Result achieved:

After a year of regularly monitoring how its recommendations were being implemented, meeting with the SFS and making dozens of telephone calls, the problem was solved on a systemic level. MinFin prepared a technical amendment to the Tax Code. A, after which approval of the law by the Verkhovna Rada, approved the SFS adjusted the software and documented the correct algorithm for displaying the results of tax audits in the SEA. The BOC recommendations were successfully implemented.

STI renews wholesaler's e-document acceptance agreement

Subject of complaint:

Central Joint State Tax Inspection in Kharkiv

Complaint in brief:

In November 2016, the Complainant, a food product wholesaler, addressed the BOC to help challenge the baseless voiding of an agreement accepting electronic documents by the Central Joint State Tax Inspection in Kharkiv.

Actions taken:

On December 16, the BOC investigator forwarded information about the Complainant's case to the State Fiscal Service for further discussion by an expert group set up according to a Memorandum of Cooperation between the BOC and the SFS.

During an expert group meeting on December 22, the SFS representatives informed the Council that the issue had been resolved and as of December 20, the Complainant was once again able to submit documents in electronic form to tax authorities.

Result achieved:

On January 24, 2017, the Council received a letter from the Complainant confirming that the subject of his complaint had been successfully resolved. The case was closed.

Main Department of SFS in Kyiv refunds VAT worth over UAH 14 mn to trade company

Subject of complaint:

Main Department of State Fiscal Service of Ukraine in the City of Kyiv (MD of SFS)

Complaint in brief:

On June 12, 2017, a trade company registered in Kyiv turned to the BOC regarding delay by MD of SFS to refund to Complainant VAT for January-February 2017 in amount over UAH 14 mn.

Actions taken:

In the course of preliminary assessment of complaint, the BOC investigator discussed the issue of Complainant with VAT refund monitoring department. The Head of the Department informed the BOC investigator that applications for VAT refund submitted by Complainant had been handed over to the Register of VAT refund applications, and would be processed in the nearest time.

Result achieved:

On June 22, the Complainant informed the Council that VAT for January-February 2017 was repaid to him in full. The case was closed within 10 days.

Subject: Termination of agreement on recognition of electronic reporting**A major Ukrainian rice grower's business operation is unblocked****Subject of complaint:**

Pechersk State Tax Inspectorate in Kyiv (Pechersk tax office)

Complaint in brief:

On July 13, 2017, a major Ukrainian rice grower turned to the BOC with a complaint against the Pechersk tax office. The company had changed its name, place of registration and all the registration documents according to the procedure written in law. In addition, the Complainant had signed a new agreement on recognition of electronic documents with the Pechersk tax office. But when the Complainant submitted its very first report, the document was rejected. According to the Pechersk tax office database, the agreement had been terminated. Because the company could no longer submit any electronic documents or tax invoices, its business operation was effectively stopped. The Complainant contacted fiscal agencies more than 10 times, but only received formal letters in response and the problem remained unresolved.

Actions taken:

The BOC investigator turned to the leadership of the Complainant's current and previous tax offices, and pointed out that there were no legal grounds for rejecting tax documents and that the agreement on recognizing electronic documents needed to go into effect immediately.

Result achieved:

On August 1, the Complainant reported that its business activity was restored: the agreement and submission of tax invoices had resumed. The case was successfully closed in less than two weeks.

Tax office signs e-document recognition agreement with TOV "Kornelius Ukraine"**Subject of complaint:**

Joint State Tax Inspection, Kyiv District, Kharkiv (Kyiv District Tax Office in Kharkiv)

Complaint in brief:

On January 19, 2017, TOV "Kornelius Ukraine", a manufacturer of refrigeration and ventilation equipment registered in Kharkiv, addressed the BOC to challenge the failure of the Kyiv District tax office in Kharkiv to conclude an agreement to recognize electronic documents.

The Complainant had changed registered address and sent the Kyiv District tax office new electronic keys and two examples of the agreement to recognize electronic documents. However,

the Kyiv District tax office insisted that the Complainant's director visit their premises in person to provide an explanation for why the taxpayer's address had been changed and a copy of the new rental agreement.

Actions taken:

On January 20, the BOC investigator contacted the Kyiv District tax office in Kharkiv to discuss the Complainant's case. The tax official explained that the delay in signing the agreement was due to a standard risk assessment procedure and that the agreement to recognize electronic documents was to be signed shortly.

Result achieved:

On January 25, the Complainant confirmed that his complaint had been successfully resolved. The case was closed within just one week.

SFS enacts agreement on recognition of electronic reports with trading company

Subject of complaint:

Eastern Joint State Tax Inspection in Kharkiv (Eastern tax office in Kharkiv)

Complaint in brief:

The Complainant, a small trading company, addressed the BOC to help rectify the inability of the Eastern tax office in Kharkiv to accept electronic filings. In January 2017, Complainant sent renewed Agreement on recognizing electronic reports to the Eastern tax office in Kharkiv due to change of the company's management. Eastern tax office refused to accept the Agreement grounding on alleged mismatch of location of Complainant with the statement from Unified Register of Businesses and Organizations. The second Complainant's application to the Eastern tax office regarding acceptance of renewed Agreement was also unsuccessful.

Actions taken:

On February 17, the BOC investigator addressed the Eastern tax office and State Fiscal Service in Kharkiv Oblast with a request to enforce the renewed agreement on recognizing electronic reports.

Result achieved:

On February 23, the Complainant informed the Council that the issue was successfully resolved.

Subject: Other tax issues**Importers of medical equipment can now pay VAT in installments****Subject of complaint:**
State Fiscal Service (SFS)**Complaint in brief:**

On June 16, 2017, the Council received a complaint about actions of the SFS from a leading Ukrainian manufacturer of medical products, when the company was unable to get a postponement of VAT on imported equipment.

On January 1, 2017, amendments to the Tax Code (TC) entered into force that introduced breaks for importers of certain categories of equipment for the production of medical products. They were given the right to pay VAT on the DCV of the equipment not at the time of customs clearance, but in equal installments for up to 36 months.

The Complainant, planning the purchase of preferential equipment in accordance with new rules of the TC, asked the SFS to provide a list of documents required for installment payment of VAT.

However, it appeared that, at the time of filing the complaint, the procedure for allowing taxpayers to pay in installments did not provide for the deferral of VAT when importing equipment into Ukraine. The declared preferences were effectively unavailable to domestic manufacturers.

Actions taken:

After thoroughly examining the circumstances of the case, the Council's investigator sent a letter to the SFS and the Ministry of Finance asking them to work up, agree and submit for Cabinet approval the provisions allowing for VAT to be paid in installments on imported equipment in the preferential categories as quickly as possible.

Result achieved:

With the assistance of the Council, on October 4 the Cabinet of Ministers approved the VAT deferral procedure for importers of the relevant equipment and a system error was successfully fixed.

SFS refunds “Azovmash” a profit tax overpayment worth UAH 2mn

Subject of complaint:

Mariupol Joint State Tax Inspectorate of the Donetsk Oblast Main Administration of the SFS (Mariupol tax office), Mariupol State Treasury Department (Mariupol treasury)

Complaint in brief:

At the end of June 2017, the BOC received a complaint from “Azovmash”, a Mariupol-based manufacturer of railway cars and heavy machinery. The Complainant had been trying to get a profit tax overpayment of UAH 2 million refunded since 2014. The company had addressed the district, appeals and high administrative courts of Ukraine, all of whom had ruled in the Complainant’s favour. Still, the Mariupol tax office and Mariupol treasury failed to carry out these rulings and evaded a refund in every possible way.

Actions taken:

On June 30, the BOC investigator turned to the SFS and the State Treasury Service of Ukraine, requesting to check the procedures for refunding the Complainant. As a result, the State Treasury confirmed that the overpayment was supposed to be refunded to the Complainant.

Result achieved:

On August 2, the Complainant reported that the overpayment had been refunded in full. Due to BOC intervention, a case that had gone unresolved for over three years was successfully closed in six weeks.

SFS refunds LPG carrier UAH 2mn profit tax overpayment

Subject of complaint:

Dolyna Joint State Tax Inspectorate of the Main Office of the State Fiscal Service (Dolyna tax office), General Division of the State Fiscal Service of Ukraine in Ivano-Frankivsk Oblast (Ivano-Frankivsk SFS)

Complaint in brief:

On July 26, 2017, the BOC received a complaint against the Dolyna tax office and the Ivano-Frankivsk SFS from “Ukrspetstransgaz”, an enterprise specializing in transporting liquefied propane gas (LPG). For five months, the Complainant had been appealing to local and regional tax authorities to refund UAH 2 million in profit tax that the firm had overpaid. However, the tax authorities initially rejected the request and then delayed the refund.

Actions taken:

On August 3, the BOC investigator sent a written inquiry to the Ivano-Frankivsk SFS, asking for an explanation for the delay and a refund of the overpayment to the Complainant.

The Council gains fulfilment of the court ruling regarding chemicals manufacturer

Subject of complaint:

Investigations Department of Financial Investigations of Main Department of State Fiscal Service (MD SFS) in Kharkiv Oblast

Result achieved:

On August 7, the Complainant reported that the overpayment had been refunded in full. The case was successfully closed in less than two weeks.

Complaint in brief:

On November 18, 2016, the Complainant, a manufacturer of chemicals, addressed the BOC to help challenge actions of state officials of MD SFS Investigations Department of Financial Investigations in Kharkiv Oblast. The Complainant informed the BOC that investigation officers had seized all necessary for Complainant's normal operation capital assets during the searches carried out within the course of groundless in Complainant's opinion criminal proceeding.

The Complainant turned to the Kyiv District Court of Kharkiv and attained revocation of arrest over the property with the Court Ruling dated February 01, 2017. Nevertheless, the Investigations Department delayed performing the Court Ruling and didn't return the seized property to Complainant.

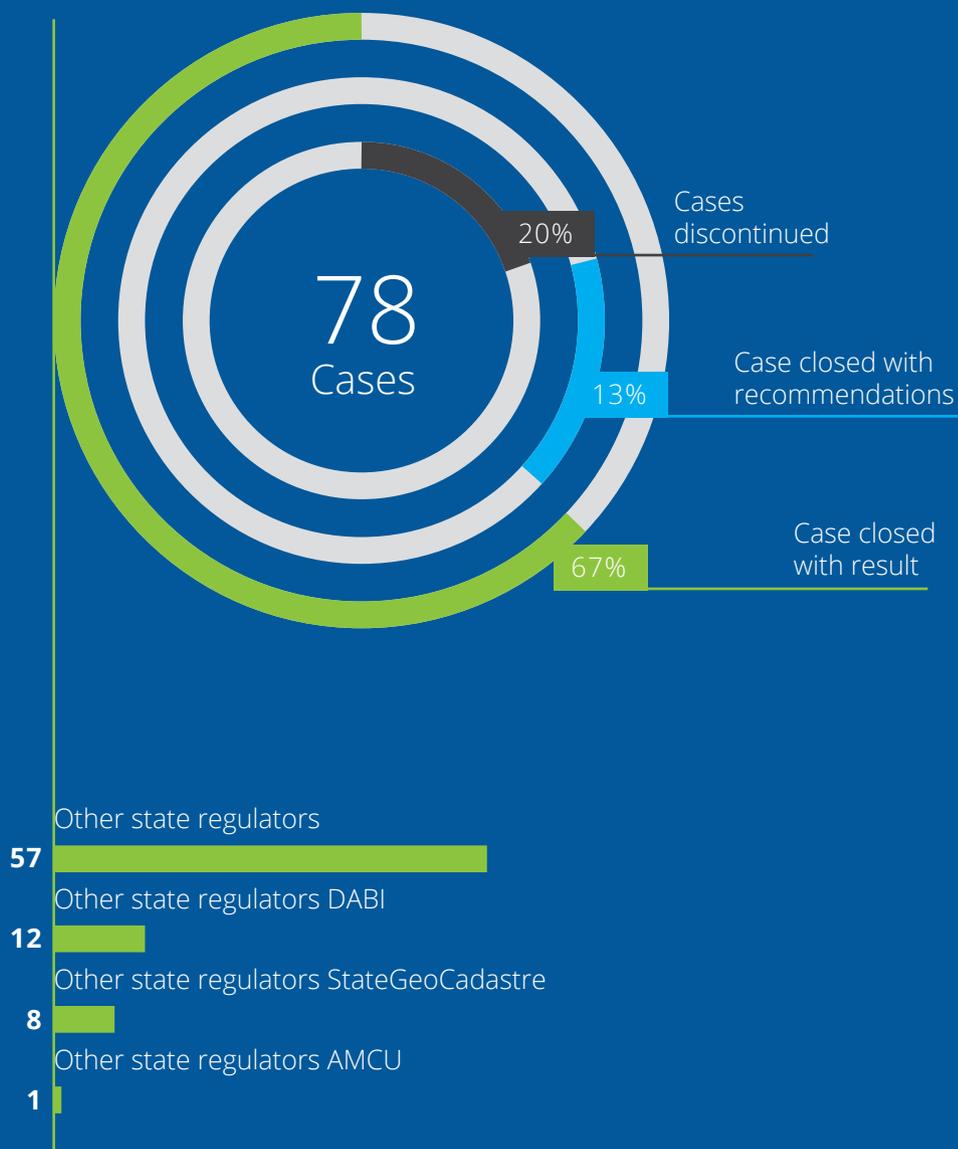
Actions taken:

Having examined the issue of Complainant, on February 22, the BOC investigator recommended the Investigations Department of Financial Investigations to enforce the Court Ruling and to stop violating the Complainant's rights. The BOC investigator also discussed Complainant's issue at the meeting of joint working group of the BOC and the SFS of Ukraine.

Result achieved:

On March 03, the Complainant informed that officials of Investigations Department successfully fulfilled the court ruling. The Complainant got an opportunity to regain the seized property. The case was closed successfully.

ACTIONS OF STATE REGULATORS



Subject: State regulators – DABI**Container maker gets DABI to sign off on completed reconstruction****Subject of complaint:**

State Architectural and Construction Inspection, Rivne Oblast (Rivne Oblast DABI)

Complaint in brief:

In December 2016, the Complainant, a manufacturer of containers located in Rivne Oblast, lodged a complaint with the BOC to challenge the Rivne Oblast DABI's refusal to register the company's declarations that capital reconstruction of its industrial facility had been completed.

The Complainant claimed that the main reason for DABI's refusal to register the declarations was non-payment of a contribution to infrastructure development of the local population center. However, in accordance with the declarations, the land plot with the Complainant's facility is located outside the town.

Actions taken:

The BOC investigator requested the Rivne DABI to clarify the legal grounds for its refusal to register the Complainant's declarations. The BOC investigator also contacted DABI permit departments in other oblasts in order to receive comparable information.

On January 16, 2017 the BOC investigator and the Deputy Business Ombudsman raised the Complainant's case at a meeting with DABI's national leadership. It was agreed that DABI HQ would arrange an internal meeting to make sure its territorial offices followed the same procedures in similar cases.

Result achieved:

Following the BOC's involvement, the Complainant informed the Council on January 25 that the Rivne DABI had registered its declarations. The case was closed successfully.

DABI grants building permit to TOV Morgan Furniture**Subject of complaint:**

State Architectural and Construction Inspection (DABI)

Complaint in brief:

On April 21, 2017, a furniture manufacturer TOV Morgan Furniture, located in Rivne Oblast, addressed the BOC about DABI's refusal to grant a building permit to the Complainant to begin construction on the company's facilities. The DABI office claimed that the Complainant had submitted an incomplete package of documents, yet it did not specify which documents were missing.

Complainant received explanation from MEDT regarding lifting the sanction

Subject of complaint:

Ministry of Economic Development and Trade (MEDT)

Actions taken:

After thorough investigation of the case, the Deputy Business Ombudsman and BOC investigator contacted DABI officials daily over April 24-26 about the matter of the complaint.

Result achieved:

DABI finally told the Complainant which documents were missing, after which the company submitted its documents again. On April 28, the Complainant informed the BOC that DABI had satisfied the firm and issued the necessary building permit. The case was resolved.

Complaint in brief:

A printing company registered in Kharkiv turned to the BOC for help in getting MEDT officials to clarify the steps necessary to cancel a special sanction the Ministry had imposed on the Complainant.

The sanction comprised a regime of individual licensing on foreign economic activity due to a supposed failure to collect outstanding payments from a UK counterparty. The Complainant's debtor could not repay the debt since it was in foreclosure. In response to the Complainant's request, the MEDT temporarily suspended the sanction. By law, however, the sanction could be lifted only after the debt had been collected. This meant that, eventually, the Complainant would need to address the MEDT about its suspension again.

Actions taken:

On May 12, the BOC investigator addressed a request to the MEDT to clarify what the Complainant needed to do in order to cancel the special sanction. In its reply, the MEDT informed the BOC that for the Ministry to consider dropping the sanction, the Complainant needed to provide the MEDT with authorized and translated copies of documents that confirmed the closure of its UK counterparty.

Result achieved:

The Complainant received the necessary written explanation from MEDT confirming the options for lifting the sanction once the Complainant provided documents proving the debtor's liquidation. The case was closed.

Subject: State regulators – GeoCadastr**GeoCadastr issues extract of technical documentation to enterprise with foreign investment****Subject of complaint:**

State Geodesy,
Cartography and Cadastre
Service in Sambir County,
Lviv Oblast

Complaint in brief:

The Complainant, an enterprise with foreign investment (EFI) located in Lviv Oblast, lodged a complaint with the BOC to challenge the Sambir County office of GeoCadastr over dereliction of its duty to issue extracts of technical documentation on the standards for cash value assessments of land with the proper coefficient for an industrial enterprise.

Actions taken:

In January 2017, the BOC investigator addressed the Sambir County office of GeoCadastr with a request to act on the Complainant's request. In its reply, GeoCadastr informed the Council that it would issue an extract of the technical documentation to the Complainant after the company submitted a new application.

Result achieved:

Following the BOC's involvement, the Complainant submitted a new request for an extract of the technical documentation on the standards for cash value assessments of land. On February 21, the Complainant informed the Council that the extract with the proper coefficient for industrial enterprises was received. The case was closed successfully.

Subject: State regulators – other issues**MEDT drops trade sanctions against Italian importer****Subject of complaint:**

Ministry of Economic
Development and Trade
(MEDT)

Complaint in brief:

On August 17, an Italian company that imports walnuts to Italy from Ukraine addressed the Council with a complaint against the MEDT. When irrigation equipment was delivered to a Ukrainian counterparty at the beginning of 2017, the European company turned out to be on the MEDT sanctions list, which that firm did not know. The importer, who has settled its accounts in time and in full with suppliers, became concerned and upset. Moreover, the enterprise had never received any notices from the MEDT regarding the imposition of sanctions. More importantly, this caused the Italian importer difficulties in its international operations, as every delivery now required separate licensing.

Meanwhile, the Complainant had enquired with the MEDT three times to find out why sanctions were being imposed and cancel them. The Complainant found out that the trade restrictions had actually been the initiative of the State Fiscal Service. According to its data, one of the Ukrainian exporters had not received payment from the Complainant for the supply of commodities in time in 2015. After the Complainant's appeal in March 2017, the SFS agreed with the firm's arguments and sent a request to MEDT to drop the sanctions. However, the trade restrictions against the importer were still in place at the time when the Complainant turned to the BOC.

Actions taken:

The BOC investigator determined that yet another international counterparty was involved in the payment scheme between the Complainant and the Ukrainian exporter. This counterparty actually did receive the payment from the Italian company. With this explanation, the investigator turned to MEDT and SFS and proposed that the sanctions against the importer be dropped. The investigator also asked the Deputy EDT Minister to personally follow up on the case.

Result achieved:

On October 5, the MEDT issued an order dropping sanctions against the Italian company. The case was successfully closed.

Officials release cargo of corn for export from Mykolaiv port

Subject of complaint:
Northwest Black Sea Region
Environmental Inspection
(environmental office),
Mykolaiv Customs of SFS
(Mykolaiv Customs)

Complaint in brief:

On October 17, 2017, the BOC received a complaint regarding a prohibition on exports by officials of ecological office and Mykolaiv Customs officials from a port operator that reloads, forwards and registers export goods in the Port of Mykolaiv. The laden ship was not released from the port due to a negative stamp on the manifest of radiological control.

Three days before its appeal to BOC, the Complainant was planning to ship a load of corn for export. The cargo was completely ready to go: phytosanitary certificates and other permits were in hand, all the necessary procedures and inspections had been completed. In addition, the cargo successfully passed radiological control through a special stationary system. Still, ecological inspection officials did not

allow the export of goods because of its alleged environmental hazard.

The Complainant's perishable cargo was then blocked in the Mykolaiv port for an indefinite period.

Actions taken:

After analysing the port operator's various permit documents, the BOC investigator turned to the administration of the regional ecological office and directly to the State Ecological Inspection of Ukraine. Investigator recommended to audit the grounds for banning the cargo's export and to take actions so that the ship would be released to its destination. The investigator emphasized the urgency of the shipment, given its short shelf life.

Result achieved:

On October 20, ecological inspection's officials amended in the Complainant's documents information regarding the radiological control and allowed the vessel to leave the Port. Thanks to the intervention of the BOC, the case was successfully closed within a few days.

The BOC furthers transparency of tenders

Subject of complaint:

State Judiciary
Administration (SJA)

Complaint in brief:

On August 22, 2017 an IT company that is the official distributor of US-made computer equipment turned to the BOC with a complaint against actions by the State Judiciary Administration (SJA).

The SJA had announced a tender worth nearly UAH 50 million for the purchase of server equipment to equip territorial administrations and courts throughout Ukraine. According to the Complainant, the tender conditions set by the SJA included requirements that violated the principles of fair competition. Firstly, the state agency set very short timeframes for providing server maintenance and support services: within 6 hours of receiving a request. Secondly, the original manufacturer of the equipment was supposed to personally confirm such support service with a matching letter of warranty. The IT company claimed that none of the top global manufacturers who were represented in Ukraine could offer such a service.

The IT company had turned to the tender committee several times with complaints about the terms and conditions, but the SJA rejected all the Complainant's most substantive recommendations. However, the Complainant did not stop at this and filed a formal complaint with the Anti-Monopoly Committee (AMC) and turned to the BOC with a request to participate in the review of this case.

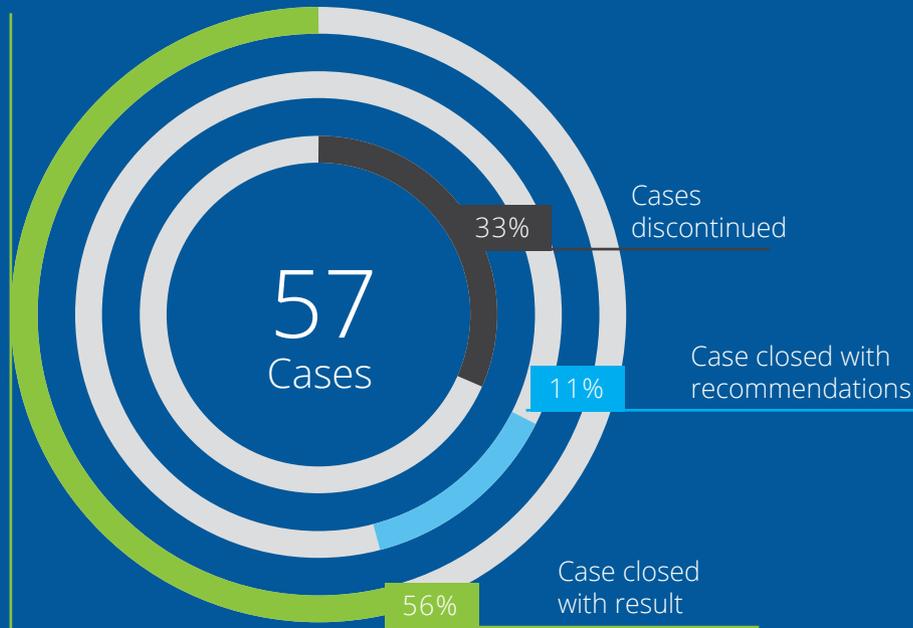
Actions taken:

The BOC investigator looked into administrative practices for resolving similar issues with the AMC. The investigator also brought to the attention of the AMC samples of court rulings in disputes related to public procurements. Based on this analysis, the BOC confirmed that the Complainant was justified in its position and recommended that the AMC satisfy the complaint.

Result achieved:

With the assistance of the Council, on August 31, the AMC issued a ruling in favour of the Complainant, agreeing that the terms and conditions in the tender documents indeed violated the principles of fair competition. The AMC also required that the SJA make the necessary changes to the tender requirements. The case was successfully closed within a week.

ACTIONS OF LOCAL COUNCILS/ MUNICIPALITIES



Subject: Local councils' other actions

Kyivavtodor allows 11 t per axle to be transported on Kyiv's ring road

Subject of complaint:
Kyivavtodor Municipal Road Corporation (Kyivavtodor)

Complaint in brief:

On December 27, 2016, a company transporting oversized farm equipment turned to the BOC with a complaint against Kyivavtodor. When granting permits for the transport of oversized cargo by Route T-10-27, which is part of the Kyiv ring road, Kyivavtodor set more restrictive limits than standard regarding the axle load of the carrier—10 t per axle instead of 11 t. This is why the Complainant could exploit this road.

To transport its oversized farm equipment, the Complainant uses special combine trailers with independent axles that, according to European road transport standards, cause the least damage to road surfaces. Despite the fact that the full weight of the trailer can be up to 40 t, the weight distribution means that the load on a driving axle is no more than 11 t. According to current Ukrainian law and international standards, the load on a trailer axle can be up to 11 t.

In December 2016, the Complainant received an order to transport a large batch of new farm machinery: 580 combines, 750 tractors and 310 items of other large-sized equipment. According to the Complainant it is technically impossible to carry some items from the order with 10 t axle load.

However, Kyivavtodor when granting route use permits insisted that maximum allowable axle load on the Kyiv ring road was 10 t. Such a position of Kyivavtodor jeopardized goods delivery.

Actions taken:

In spring 2017, the BOC investigator turned to the Ministry of Infrastructure, Ukravtodor, the national roadways agency, and Kyivavtodor with a request to clarify the maximum allowable load on the axles of vehicles moving along T-10-27. Ukravtodor answered, that this route was divided into several sections that were controlled by Ukravtodor and Kyivavtodor. The section controlled by Ukravtodor did allow a maximum load of 11 t per axle under normal weather conditions. As to the section controlled by Kyivavtodor, the BOC was not able to obtain full information through official correspondence.

At the request of the Council's investigator, the Infrastructure Ministry held a working meeting on November 7 with officials from Kyivavtodor, Ukravtodor and the State Transport Security Service. At this meeting, Kyivavtodor confirmed that, at present, those sections of T-10-27 that were under their authority were

also adapted for large vehicles with an axle load of up to 11 t under normal weather conditions. Ukravtodor also confirmed that oversized transport was permissible on the sections of the route under its control.

Result achieved:

Thus, due to the BOC investigator facilitation the Complainant in November received permission to transport vehicles with an axle load up to 11.00 t along T-10-27. The carrier is now able to supply farm equipment to Ukrainian enterprises.

Mamalyga gypsum plant receives its mining claim from Chernivtsi Oblast Council

Subject of complaint:
Chernivtsi Oblast Council

Complaint in brief:

On November 17, 2017, the Mamalyga gypsum plant – a leading domestic manufacturer of plaster finishing materials, turned to the BOC with a complaint against the Chernivtsi Oblast Council. The enterprise was unable to get a mining allotment for developing a gypsum deposit.

The Complainant has been mining minerals in the village of Mamalyga in Chernivtsi Oblast for several years already. In February 2017, the State Geology and Subsoil Service (Derzhgeonadra) extended the company's permit to extract gypsum for 20 years. This permit established the geographical coordinates of the extraction area. However, to extract minerals from the soil, the plant had to get a mining claim for the minerals extraction, which gives the right to engage in specific work on a project, directly from the local council.

In May, after preparing the necessary package of documents, the company filed a claim with the Chernivtsi Oblast Council. That was when the delays began. Over five months, the Complainant's issue was not brought up at council sessions, yet the committee said nothing about the package of documents that had been submitted in support of the claim. And in October, the oblast council website posted a draft decision that the plant's claim had been turned down, although the application had never been reviewed at any session.

The Complainant has repeatedly turned to the committee chair and members for an explanation as to why the claim had been turned down, but received no response. Meanwhile, the company's Turkish investors even asked the Turkish Consul, for assistance.

Actions taken:

On November 27, the BOC investigator asked the Chernivtsi Oblast Council a request to explain reasons of not granting the mining claim. The BOC also asked for explanations from the committee chair. On December 4, after analyzing the information received, the BOC investigator turned once more to the oblast council chair with a request to disseminate the claim and the Council's position on the case among the oblast deputies. The investigator noted that there were no valid reasons for refusing to grant the mining claim to the Complainant. The Council also made a written request to the oblast governor. As a result, the oblast governor personally addressed the deputies about this case.

Result achieved:

On December 7, the Mamalyga gypsum plant finally got the right to extract gypsum from the deposit. With the assistance of the BOC, the case, which had been unresolved for more than six months, was closed within a few weeks.

Odesa Oblast grain terminal's developer finally receives permits

Subject of complaint:

State Architectural and Construction Control Department of the Executive Committee of Chornomorsk City Council in Odessa Oblast (Chornomorsk SACC)

Complaint in brief:

On November 3, 2017, the developer of a large grain terminal in Odesa Oblast addressed the BOC, saying that the company couldn't obtain permits for four construction projects.

The company had built a facility for receiving large volumes of grain, processing them, storing them, and loading them onto seagoing vessels. After construction was completed in August 2017, the Complainant sent the necessary applications and documents confirming the facility's readiness for operation to the Chornomorsk SACC. The developer successfully passed the verification of compliance with building codes, standards and rules. In addition, the company paid the required fee for the development of Chornomorsk infrastructure.

But the SACC office neither accepted nor rejected the Complainant's application within the statutory 10 days. At this point, the company had addressed this problem three times to the State Architectural and Construction Inspectorate (DABI) without success.

Grain grower overcomes inaction of county state administration

Subject of complaint:

Radomyshl County
State Administration
(Radomyshl CSA)

Actions taken:

The BOC investigators reviewed the circumstances of the case in detail and received additional information about the registered numbers of the facilities from the Chornomorsk SACC. With this in hand, the BOC staff appealed to DABI with a request to register the Complainant's facilities as soon as possible.

Result achieved:

Within few hours of the BOC's request, records of the company's grain terminals appeared in the registry. On November 9, the Complainant received permits for its real estate. The case was closed successfully.

Complaint in brief:

The Complainant, a grain grower registered in Zhytomyr Oblast, turned to the BOC with a complaint against the failure of the Radomyshl CSA to set up a special Commission to establish and compensate damage to landowners and users caused by the illegal occupation of the Complainant's territory by another enterprise. Starting in December 2015, the Complainant repeatedly submitted applications demanding that the Radomyshl CSA form a Commission and convene to consider compensation of those damages. Although the members of Commission were established, it did not convene to consider the Complainant's case. The Commission explained its delay as due to the need for the State Regulatory Service to confirm and approve a draft Regulation on determining and compensating damages.

Actions taken:

With the BOC's assistance, it was established that there was no need to approve such type of documents with the State Regulatory Service and that there was in fact no reason for the Commission not to convene.

Upon investigation, the BOC recommended that the Radomyshl CSA Commission consider the Complainant's application and formalize its ruling.

Result achieved:

The Radomyshl CSA followed the BOC's recommendation. The Commission met and the case was closed.

**TOV “EuroCape
Ukraine I” gets permit
for land development
documentation**

Subject of complaint:
Zaporizhzhia Oblast State
Administration (ZOSA)

Complaint in brief:

At the end of March 2017, a company TOV “EuroCape Ukraine I” specialized in developing and building wind farms, addressed the BOC to help challenge the Resolution of Zaporizhzhia OSA, which partly met current legislation. Complainant wanted to build objects of wind farm on land parcels, lent to him into lease by the State, which required permit from ZOSA to draw up the working land management plan on recultivation of land, the soil cover of which will be damaged during construction. In its reply to Complainant’s request, ZOSA approved the permission to draw up the plan, yet it obliged Complainant to provide the working plan for state ecological expertize in accordance with the Article 14 of the Law of Ukraine “On ecological expertize”. Complainant didn’t find any legal requirements for mandatory ecological expertize and turned to the BOC.

Actions taken:

Having examined materials of the case, the BOC investigator addressed Zaporizhzhia OSA with request to revise the issued to Complainant Resolution for compliance with legislation, and to make necessary amendments.

Result achieved:

On May 5, the Complainant informed the Council that the Resolution was amended and he was granted permit to draw up the working land management plan. The case was closed.

Subject: Allocating land plots**Boryspil Council signs off on land use docs after continued delay****Subject of complaint:**
Boryspil City Council**Complaint in brief:**

On August 11, 2017, an agricultural enterprise from Kyiv Oblast turned to the BOC with a complaint regarding the inaction on the part of the Boryspil City Council. The Council had been delaying the registration of technical documentation and a land lease agreement for the Complainant's land parcel for a couple of months.

In June 2016, the company had acquired a grain elevator in Boryspil and began registering the land on which it was located. Without the land parcel agreement, the enterprise could not use the elevator properly: hook it up to power and gas, renovate the elevator, and start any new construction. For various reasons, however, the process of getting approvals and registering technical documentation proved very drawn out for the company.

At first, the land use purpose had been incorrectly formulated. After this mistake was corrected, which took over two months, the company faced other problems: for a long time, the City Council did not even consider the Complainant's request. The company turned to the BOC at the point when all the technical documentation had been finalized on its side, but the registration kept being delayed by Boryspil City Council.

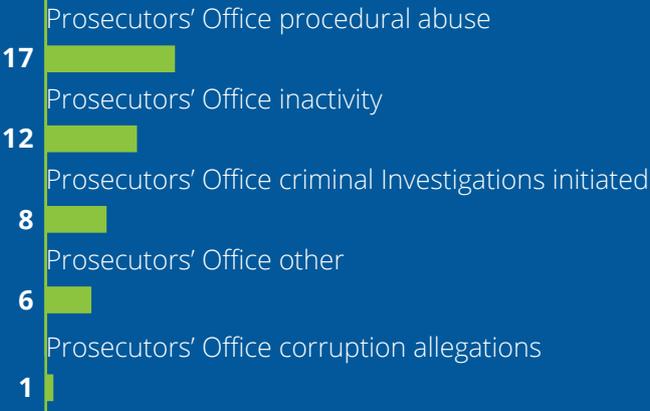
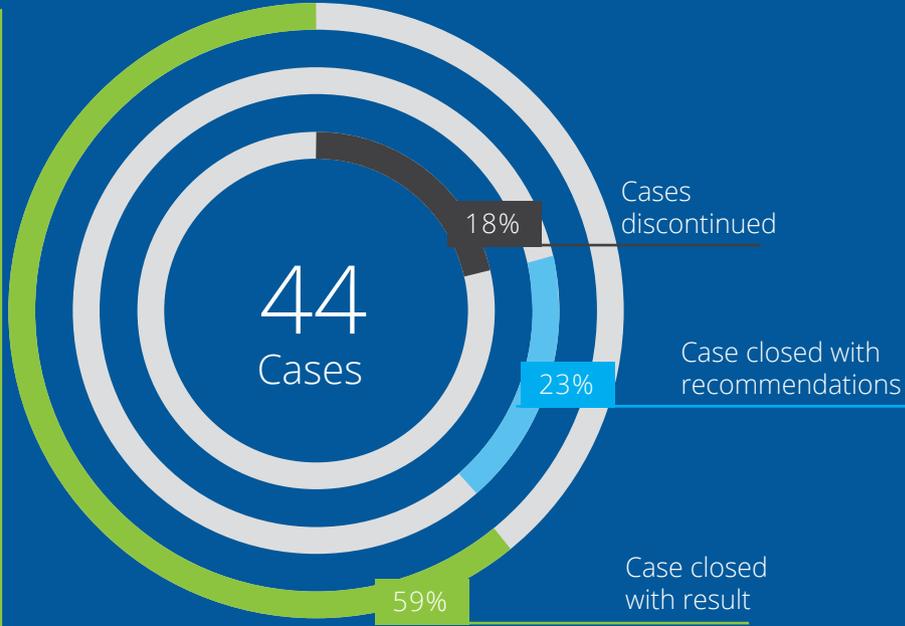
Actions taken:

The BOC investigator studied the details of the case and held a number of conference calls with members of the Boryspil City Council. During these discussions, the BOC supported the Complainant's position and explained the consequences of disrupting the timeframes for registering technical documentation to the City Council officials. The investigator advised the chair of the Land Use Commission to raise the Complainant's case at the next session.

Result achieved:

On September 9, Boryspil City Council finally registered the Complainant's land use documentation. Thanks to the BOC intervention and constructive actions by Boryspil City Council officials, the case, which had dragged on for a long time, was successfully closed in less than a month.

PROSECUTOR'S OFFICE



Subject: Prosecutors' office procedural abuse**Kyiv Prosecutor's Office returns unlawfully seized property to investment firm****Subject of complaint:**

Kyiv Municipal Prosecutor's Office (Kyiv Prosecutor's Office)

Complaint in brief:

On October 26, 2017, the BOC received a complaint from an investment firm concerning the failure to act on the part of the Kyiv Prosecutor's Office.

Over a year ago, in October 2016, the Office's investigative unit had searched the Complainant's offices and removed company equipment and documents without actually having the necessary warrant to remove said property.

A month later, the Pechersk Court ruled in favour of the company and ordered the investigator to return the property seized during his search. However, the inspector was in no hurry to comply with the court order.

The firm spent the following year addressing district courts, the National Police, and the Kyiv Prosecutor's Office in vain. Its property remained confiscated, and its operations were paralyzed.

Actions taken:

After examining the circumstances of the case, the BOC investigator wrote to the Kyiv Prosecutor's Office requesting that the enforcement of the court decision be verified and the Complainant's property returned. While reviewing the complaint, the investigator also contacted the supervisor of the investigator in charge of the case.

Result achieved:

As a result, the Kyiv Prosecutor's Office informed the Complainant that it was prepared to return the company's seized property. On December 20, the Complainant confirmed that all the confiscated property had been returned. The case was successfully closed.

PO stops customs inspections of retailer's imported goods**Complaint in brief:**

In October 2016, the Complainant, a retailer registered in Kyiv, addressed the BOC to help challenge procedural abuses by the Military Prosecutor's Office and the Kyiv Oblast Economic Protection Department during a pre-trial investigation of a criminal case. Specifically, the Complainant noted regular full customs inspections of imported goods that were baseless.

Subject of complaint:

Kyiv Garrison Military
Prosecutor's Office, Central
Region of Ukraine (MPO),
Kyiv Oblast Economic
Protection Department,
Main Department
of National Police
(Kyiv Oblast EPD)

Actions taken:

The BOC investigator sent requests to the Prosecutor's General Office, the MPO and the Kyiv Oblast EPD to review the Complainant's case and indicate whether it was necessary to continue operative and investigative actions as part of the criminal case. In its reply, the MPO informed the BOC that the criminal case and the BOC's request had been forwarded to the Kyiv Prosecutor's Office.

On January 11, 2017, the PGO informed the Council that the Kyiv Oblast Prosecutor had initiated a criminal case over abuse of office by officials at the MPO and the Kyiv Oblast EPD. The PGO had also taken charge of both criminal cases.

Result achieved:

On January 25, the Complainant confirmed that a criminal investigation had been launched against the MPO and the EPD, and that customs inspections of its imported goods had stopped. The case was closed.

PO returns lumber seized from wood-processing company**Subject of complaint:**

Prosecutor's Office
in Volyn Oblast

Complaint in brief:

In November 2016, the Complainant, a wood-processing company, asked the BOC to help challenge the unprofessional behaviour of Volyn Oblast prosecutors.

Specifically, the Complainant claimed that, in the course of an investigation, the Volyn Prosecutor's Office had carried out a search and confiscated the Complainant's lumber. The investigating judge had ruled that the property should be returned to the Complainant, but the Volyn Prosecutor's Office failed to comply with the ruling.

Actions taken:

In November, the BOC investigator addressed the Prosecutor General's Office with a recommendation to verify the legality of the Volyn Prosecutor's Office's actions in failing to return the property seized during a search as part of a criminal case.

The BOC investigator also forwarded the case for discussion to the BOC-PGO working group as an example of kinds of procedural abuses that went on during criminal investigations against business.

Kramatorsk Prosecutor's Office employee incurs disciplinary responsibility for misconduct

Subject of complaint:
Kramatorsk local
Prosecutor's Office
employee (PO employee)

Result achieved:

Due to the BOC intervention, the Volyn Prosecutor's Office returned the Complainant's lumber. The case was closed successfully.

Complaint in brief:

On May 19, 2017 a medical equipment distributor turned to the BOC with a complaint against a PO employee. According to the Complainant, the latter pressured the company and tried to find a formal reason to initiate a criminal case against it.

As the Complainant reported, this began soon after the enterprise won an open tender on medical goods provision to a local hospital. According to the Complainant, the PO had some doubts regarding the legitimacy of the company's primacy in the competition.

Thus, the mentioned PO employee required the enterprise to provide him with original documents, submitted to the "Prozoro" system, allegedly to check their authenticity. As the Complainant mentioned, all the original documents, as well as signed and sealed copies, were submitted to the tender owner, and the credibility confirmation is outside of the PO responsibility.

Actions taken:

On May 31, the BOC Investigator started examining the circumstances of the case and legality of the PO employee actions. He sent two respective requests to the Prosecutor of Donetsk Region. At the beginning of July, the Investigator managed to initiate an internal check, conducted by the Donetsk Region Prosecutor's Office since the PO employee's actions indeed did not meet the legislation.

Result achieved:

On July 31, Donetsk region PO informed the BOC that based on the internal check results the PO employee was imposed to penalties by depriving his financial award. The case was closed.

Kyiv-Sviatoshyn Prosecutor closes the criminal proceeding against the cosmetics company

Subject of complaint:

Makarivskiy Police
Department of Kyiv Oblast
Main Administration
of the National Police
(Makarivskiy Police
Department), Kyiv-
Sviatoshyn Prosecutor's
Office in Kyiv Oblast
(Kyiv-Sviatoshyn PO)

Complaint in brief:

On May 19, 2017, the Ukrainian subsidiary of a world famous cosmetics company turned to the BOC to challenge a pre-trial investigation of the criminal proceeding initiated by Makarivskiy Police Department against the Complainant. Shortly after the Complainant filed a notice of termination of a lease agreement, the lessor turned to the local police and accused the Complainant of deliberately causing damage to the leased premises. The Complainant unsuccessfully addressed the Kyiv-Sviatoshyn PO several times with a request to close the criminal proceeding.

Actions taken:

In investigating the complaint, the Complainant's lawyer provided the BOC investigator with the Act of Return of Leased Premises, where the Lessor testified to the absence of any claims against the Complainant and confirmed the condition of returned premises.

On June 27, the BOC investigator requested that the Kyiv-Sviatoshyn PO audit the appropriateness of the pre-trial investigation of the criminal proceeding, given the documentary evidence provided by the Complainant. The BOC investigator also had a meeting with the Head of the Kyiv-Sviatoshyn PO about the matter.

Result achieved:

Within a week of the meeting between the BOC investigator and the Kyiv-Sviatoshyn PO, the criminal proceeding was closed due to the lack of evidence of a crime.

Subject: Prosecutors' office other actions

Prosecutor General's Office returned the documents of the cement plant

Subject of complaint:

Prosecutor General's
Office (PGO)

Complaint in brief:

On April 6, 2017, the Complainant, a cement plant, addressed the BOC to help challenge the PGO's removal of the company's application to renew a special permit for subsoil use on the previous month. The application was seized during a search of the office of Derzhgeonadra, the State Geology and Mineral Resources Service. This threatened Complainant's operations as he could not timely renew the permit for extraction of limestone used in cement manufacturing.

Actions taken:

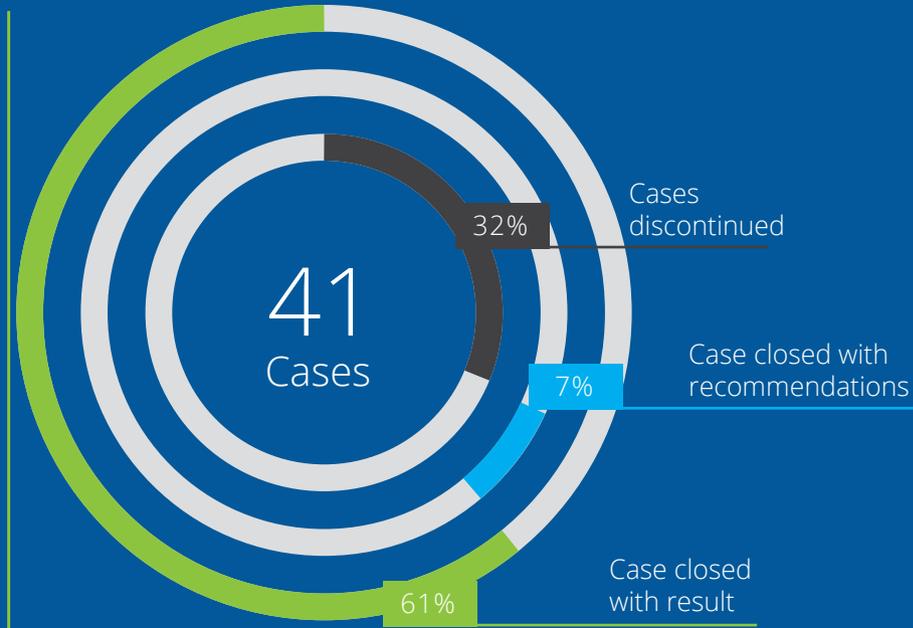
The day after receiving the complaint, the BOC investigator found out in a phone conversation with a highly placed official at the Geological Service that the seizure of the Complainant's documents from the Service was allowed by a March 13 search warrant issued by an investigative judge at the Pechersk District Court of Kyiv. The warrant was related to a criminal case that does not involve the Complainant.

On April 11, the Deputy Business Ombudsman appealed to the PGO to return seized documents belonging to the Complainant, referring to the fact that in case of delayed renewal of special permit, the enterprise would have to stop its operations.

Result achieved:

Following the Council's intervention, the PGO returned the Complainant's papers to the Geological Service on April 12. On April 13, a week after the complaint had been lodged with the Council, the Complainant notified the BOC that the situation had been resolved successfully. The case was soon closed.

CUSTOMS ISSUES



Subject: Customs criminal proceedings**SFS drops a long-lasting criminal case against management of "Agrokhim 2001"**

Subject of complaint:
Cherkasy Oblast Office
of SFS (Cherkasy SFS)

Complaint in brief:

On June 30, 2017, a fertilizer distributor "Agrokhim 2001" turned to the BOC with a complaint about actions taken by the Cherkasy SFS. The Complainant had been unsuccessfully trying for over 18 months to have a criminal case against the company's management closed.

In June 2015, the Cherkasy SFS initiated criminal proceedings over alleged non-payment of taxes by the director of the company for 2013-2014. The distributor challenged the results of the tax audit in the court. The court ruled in the company's favour and declared the tax decision null and void. Nevertheless, the Cherkasy SFS continued to pressure the company and insisted that the investigation continue.

Since there was an open criminal case against the firm, the company lost several customers and was forced to downsize its business. The Complainant even changed its registration address to Kyiv in order to report to a different tax office.

Actions taken:

The BOC investigator thoroughly investigated the circumstances of the case and then sent a request to the Prosecutor General's Office requesting sting to audit the continuation of the pre-trial investigation, since the decisions of the Cherkasy SFS had been declared null and void by the court. The PGO then delegated the case to the Cherkasy Prosecutor's office. However, the CPO sent a form letter saying that there were no grounds for closing the criminal case.

The BOC investigator continued efforts to get the case dropped. In early September, the investigator brought the issue up at a meeting with the SFS expert group. Based on the results, the SFS Investigation Department ordered the Cherkasy SFS to carry out an additional review as to the expediency of continuing the investigation.

Result achieved:

At the end of October, after carrying out the review, the Cherkasy SFS dropped the criminal case against the distributor's management. With the assistance of the Council, a case that had dragged on for more than two years was finally closed.

Subject: Customs valuation**Rivne Customs stops adjusting declared customs value of imported fabrics****Subject of complaint:**

Rivne Customs Office of the State Fiscal Service (Rivne Customs)

Complaint in brief:

On August 28, 2017, a Ukrainian manufacturer of upholstered furniture addressed the BOC with a complaint against Rivne Customs.

The Complainant reported that Rivne Customs did not accept the declared customs value (DCV) indicated in the accompanying documents for fabric imported from China. Instead, it applied another, higher price at which previous supplies from Poland were assessed.

The furniture maker did not agree with the overstated DCV. However, to avoid delays at Customs and promptly import its goods, the firm took the advantage of the "90-day procedure," which allows the release of goods in free circulation while guaranteeing the payment of customs duties, in accordance with Customs calculations. At the same time, the importer may, within those 90 days, request an administrative adjustment to the DCV assessed by Customs.

The company then submitted to Rivne Customs confirmation documents, such as the sales contract, invoice and proof of transport costs, required for a customs value assessment based on the value of the contract. However, Rivne Customs did not change its assessment because it was unclear what is the procedure of payment for the delivered goods.

Actions taken:

At the beginning of September, the BOC investigator sent a written request to the State Fiscal Service regarding the Complainant's case. He also organized and personally participated in a meeting between the importer and Rivne Customs to identify the reasons for adjusting the DCV and to eliminate them. As a result of the meeting, the Complainant made changes to the sales contract that described the procedure for payment of the goods more clearly and confirmed the contract value.

Result achieved:

Rivne Customs agreed with these clarifications, and stopped adjusting the DCV of the goods. The case was successfully closed.

Zakarpattia Customs releases equipment of “Promlyt” factory

Subject of complaint:
Zakarpattia Customs of the SFS (Zakarpattia Customs)

Complaint in brief:

On November 8, 2017, a factory “Promlyt”, importing used equipment from the European Union, turned to the BOC to challenge the actions of Zakarpattia Customs. The Complainant’s cargo had been detained at Customs without explanation.

In early October, five “Promlyt” cars with imported goods came one after another to the Zakarpattia Customs checkpoint. However, on one of the imported spare parts, the year of manufacture did not match the date in the documents, which became the reason for detaining one of the cars.

However, the company only found out the reason after a call to the SFS hotline. In the meantime, customs officers held back for additional checks, not only the cargo that they had questions about, but also all other cars belonging to the importer – without offering the Complainant any reason for delaying other cars.

Actions taken:

The BOC investigator contacted Zakarpattia Customs about the delays in the customs clearance of the Complainant’s cargo. The investigator agreed that inconsistencies in the components of the imported equipment arose indeed. However, since there were no significant violations of customs rules in the Complainant’s case, the inconsistencies could be eliminated on the spot by correcting the accompanying documents.

Result achieved:

At the end of the day during which the BOC investigator spoke to Zakarpattia Customs, three of the importer’s cars were released; the next day, the remaining two were. The case was closed successfully.

Kyiv Customs refunds excess customs duties to pharmaceutical firm

Subject of complaint:
Kyiv Customs of SFS (Kyiv Customs)

Complaint in brief:

On July 11, the BOC received a complaint against Kyiv Customs actions from a major international pharmaceutical company. Kyiv Customs had delayed a refund of UAH 242,000 of excess customs duties paid by the Claimant in the second half of 2016.

The Complainant tried to get the overpayment refunded through the court, and the Administrative Court ruled in the company’s favour. Still, Kyiv Customs refused to issue the refund, claiming

that the case had not been heard by the Court of Appeal and Cassation.

Actions taken:

On August 8, the BOC investigator sent a written inquiry to the Head of Kyiv Customs, asking that the court ruling be enforced and the overpayment refunded to the Complainant. The investigator also raised the importer's case in the course of the Expert's group meeting at the SFS.

Result achieved:

On August 21, the Complainant received a refund of the excess duties in full. The case was closed successfully in less than two-month period.

Subject: Customs clearance delay/refusal

BOC resolves customs clearance delay within a day

Subject of complaint:

Ivano-Frankivsk Customs,
Main Department,
Ivano-Frankivsk Oblast
State Fiscal Service
(Ivano-Frankivsk Customs)

Complaint in brief:

At the end of May 2017, an importer of chemicals based in Ivano-Frankivsk requested that the BOC help challenge a delay in the clearance of industrial chemicals by Ivano-Frankivsk Customs.

Actions taken:

On the day the complaint came in, the BOC investigator organized a conference call between the Complainant and Ivano-Frankivsk Customs officials to clarify the circumstances of the hold-up.

It turned out that Customs and the Complainant had conflicting opinions over procedure of an expert review of the samples of the imported goods. The Customs official asked the Complainant to come to the checkpoint to check the goods in his presence to assign a customs classification. The Complainant instead proposed that Customs take the necessary samples, and to provide him decision of the Head of the Customs to extend the duration of the customs clearance which usually should last not more than 4 hours.

Result achieved:

Through the mediation of the BOC, the Complainant agreed to go to the Customs point the following day and provide the goods for expert review. With the assistance of the Council's experts, the issue was resolved in less than a day.

Violation of rights of liquid gas importers by SSU suspends

Subject of complaint:

Electricity Customs, State Fiscal Service of Ukraine, Ministry of Economic Development and Trade (MEDT), State Security Service of Ukraine (SSU)

Complaint in brief:

In January 2017, several Ukrainian importers of liquefied natural gas addressed the BOC to help challenge the SSU's stoppage of customs clearance of liquefied natural gas. The SSU said it intended to check the safety of the product. Some consignments stayed without customs clearance for over two months. SSU officials also addressed the MEDT with a request to impose penalties on the Complainants in the form of restrictions on their foreign economic activity.

Actions taken:

The BOC investigators determined that the measures regarding the Complainants that the SSU was insisting on were excessive and threatened to stop the Complainants' commercial activity without the necessary court decision.

Over February-March, the BOC investigators several times addressed the SSU, the MEDT and customs authorities with a request to review the appropriateness of the penalties and of blocking the goods at customs.

Result achieved:

In two months after addressing to the BOC, the penalties against the Complainants were dropped. The SSU stopped blocking the goods at customs, and the Complainants were able to resume to their normal activity.

Subject: Customs – other issues

Kyiv Customs agrees that imported goods qualify for zero tax rate

Subject of complaint:

Kyiv Customs of SFS (Kyiv Customs)

Complaint in brief:

On August 4, 2017, a company turned to the BOC with a complaint against the Kyiv Customs office. The Complainant had been importing goods to Ukraine at the zero tax rate for many years, but in March Customs decided to change the product's import code, which increased duty on the goods to 6.5%.

The Complainant tried independently to convince the SFS that the decision was unsubstantiated, but without success.

Actions taken:

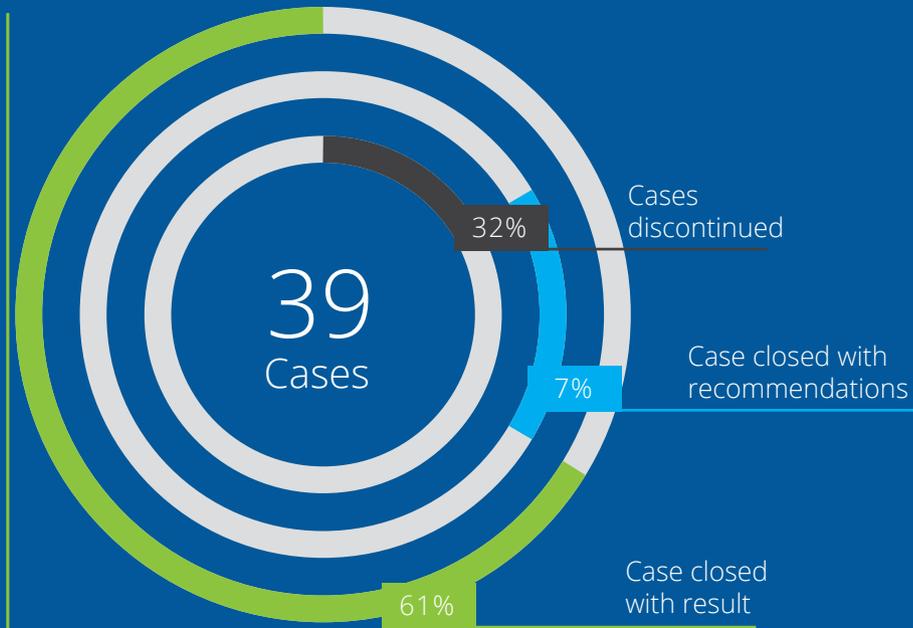
On August 11, the BOC investigator organized a meeting with Kyiv Customs. During the meeting, the two sides thoroughly

studied all the evidence in the case, including lab test results that failed to provide a clear answer about the customs classification of the products. As a result, Kyiv Customs acknowledged that the chemical formula and physical properties confirmed by the manufacturer should be decisive in determining the classification. The parties agreed that the Complainant would prepare additional documents to prove the chemical and physical properties of the imported goods. The Complainant provided experts at Kyiv Customs with the formula for the food supplements, which proved that they did belong to the zero tax group.

Result achieved:

On August 29, the Complainant reported that the company's goods had been set at the zero tax rate. This allowed the company to save UAH 1.2 mn.

NATIONAL POLICE



Subject: National Police procedural abuse**Solomyanska police department returns seized property to complainants****Subject of complaint:**

Solomyanska District Police Department in Kyiv (Solomyanska PD)

Complaint in brief:

On August 9, 2017, the BOC received three complaints against the failure of a Solomyanska PD detective to act from a Group of Companies specializing in manufacture and distribution of power cables. Over half a year, the Complainants were unable to recover their seized property and their business operations were effectively blocked.

The complainant's story started at the end of 2016, the Main Counterintelligence Administration for the protection of the domestic economy under the Security Service of Ukraine (SSU) received a tip that the Group of Companies was manufacturing counterfeits that did not meet established quality and safety standards. The Complainants suspect that this "tip" came from competitors. Operating on this tip, the Solomyanska PD conducted a search and removed products and documents from the Complainants' premises. The Complainants note that the search and confiscation were conducted with numerous violations and the seized goods were partly handed over to the custody of the Complainants' competitors.

The Complainants were unable to solve the problem on their own, so they turned to the court, which ruled in their favour and obligated the Solomyanska PD detective to return the seized property. However, the detective failed to abide by the judgment.

Actions taken:

The BOC investigator sent a written request to the Kyiv Chief of Police Department and to the Solomyanska Chief of Police requesting that the court decision be enforced and the seized property returned to the Complainants. The investigator also provided the Group of Companies with suggestions for follow-up steps. In particular, he explained, that the court can provide proofs, that the Police Department had received the judgment, or repeatedly send it.

Result achieved:

On September 13, the detective implemented the court decisions and explained the reason of the delay – a part of goods was taken for examination. The Complainants received their property and documents back. The case was successfully closed in a month.

PGO restored infringed rights of LLC “Reckitt Benckiser Household and Health Care Ukraine”

Subject of complaint:

Podil Department of National Police in Kyiv (the “Podil Police Department”); the Main Department of Counter-intelligence Protection of the State Interests in the Sphere of Economic Security of State Security Service of Ukraine (the “MD for Economic Security of the SSU”).

Complaint in brief:

On December, 2, 2016, the Complainant, LLC “Reckitt Benckiser Household and Health Care Ukraine”, one of world leaders in household products, medicines and health as well as hygiene facilities, lodged a complaint with the BOC regarding criminal proceeding launched by the Podil Police Department. The Criminal proceeding was launched based on the suspicion that while registering pharmaceutical drugs “Strepsils” with the Ministry of Healthcare of Ukraine the Complainant furnished allegedly false information, thus triggering allegedly illicit decrease of the amount of taxes due to be paid by the Complainant. Operational support of the criminal proceeding was carried out by the MD for Economic Security of the SSU. The Complainant argued that within the framework of the foregoing criminal proceeding officers of the MD for Economic Security of the SSU carried out actions aimed at achieving full blockage of the Complainant’s business in Ukraine, namely: seizure of the financial documentation in servicing banks; seizure from the state regulatory authority registration materials on “Strepsils” medical product; as well as approaching the Ministry of Economy and Trade with the request to impose sanction against the Complainant comprising prohibition to carry out foreign economic activity, etc.

Actions taken:

The Business Ombudsman Algirdas Šemeta personally approached the General Prosecutor of Ukraine Yuriy Lutsenko with the request to address, in his opinion, illegal actions of the Podil Police Department as well as the MD of Economic Security of the SSU

Following the meeting, the General Prosecutor gave instructions to the Public Prosecutor of the City of Kyiv to take immediate measures aimed at protecting the Complainant’s legitimate rights and interests and obliged to promptly report about fulfilment of such measures.

Result achieved:

On January 24, 2017, the General Prosecutor of Ukraine informed the Complainant that the Public Prosecutor of the City of Kyiv decided to close the criminal proceeding. The Complainant thanked the Business Ombudsman Council for attention to the case and objective consideration of its merits, emphasizing that the decision to close criminal proceeding was a serious signal that would facilitate restoration of trust at the part of international companies and investors to Ukraine.

BOC helps agro firm get a criminal investigation on track**Subject of complaint:**

County Police Department of Main Department of National Police in Ternopil Oblast (CPD)

Complaint in brief:

On February 8, 2017, the Complainant, an agricultural firm registered in Ternopil Oblast, requested that the BOC help challenge the inaction of inspectors at a CPD in Ternopil Oblast. The company had filed a criminal case with the courts because company employees had been beaten, yet police inspectors were not taking any steps to investigate.

Actions taken:

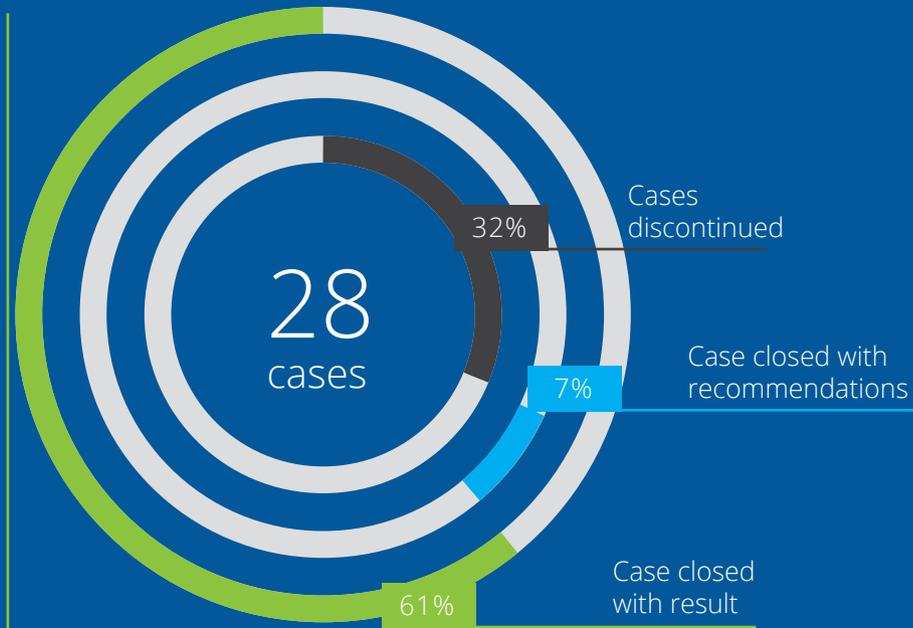
On the day the complaint was received, the BOC investigator arranged a phone conversation, and on February 21 requested in the written form that the Main Department of National Police in Ternopil Oblast look into the circumstances of complaint. In its reply to the BOC, the National Police confirmed that the company's suit was justified. The Police ordered the CPD investigators to get serious about investigating the criminal case. Meanwhile, the National Police also launched an internal investigation regarding the failure to act.

The BOC investigator also discussed the complaint with the official at the Ternopil Oblast State Administration. This led to two meetings between the Management of the Ternopil Administration and oblast law enforcement authorities in February.

Result achieved:

As result of the BOC intervention, the criminal investigation was activated and the police inspectors guilty of inaction received a reprimand and a reminder about the need for proper discipline. The BOC closed the case within a month since receiving the initial complaint. The Complainant thanked the Council for successful resolving the company's issue.

MINISTRY OF JUSTICE ACTIONS



Subject: Minjustice enforcement service**Moj improves the procedure of arrested property disposition**

Subject of complaint:
the Ministry of Justice of Ukraine (Moj), State Enforcement Service Department of the Moj (Moj enforcement service)

Complaint in brief:

On July 4, 2017, UkrSibbank appealed to the BOC with a complaint concerning actions of the Moj enforcement service. The Complainant could not enforce collateral – the property that had not been disposed via electronic auction process.

In September 2016, the Moj enforcement service arrested an apartment located in the center of Kiev belonging to the bank. At the end of May 2017, it was advanced for auction conducted by the state-owned enterprise CETAM. However, the auction was not held due to absence of admitted participants. Therefore, the bank decided to draw on the mortgage title to the property amounting to the owed loan debt.

In order to redeem the mortgaged property at the base initial price, the bank had to receive an act on the disposition of the object of the mortgage loan. However, to issue an act the state enforcement service required a protocol from CETAM on the disposition of property by way of claims set-off.

However, the state enforcement service stated that this was not possible due to the automatic nature of the formation of CETAM protocols. The Moj enforcement service itself acted according to the procedure prescribed by law and insisted on the existence of the aforementioned act. Thus, the situation became a vicious cycle that the Complainant could not resolve.

The bank addressed this issue several times with the management of the Moj enforcement service, however, without success.

Actions taken:

The BOC investigator studied the materials of the complaint in detail and found a systemic fault in the disposition procedure of arrested property as has been approved by the Moj. The BOC addressed the Moj in written form and organized a working meeting with the state body. At the meeting of the working group, the BOC suggested changing the disposition procedure of arrested property, as approved by the act of the Moj on September 29, 2016, No. 2831/5.

Result achieved:

As per the support of the BOC, the Moj has amended the disposition procedure of arrested property. In case auction trading has not taken place, the act of disposition of property by way of claims set-off is issued on the basis of a protocol. The systemic fault has been successfully corrected.

Illegal changes to statutory documents of financial / IT services provider dropped

Subject of complaint:

Illegal changes to statutory documents of financial / IT services provider dropped

Complaint in brief:

On May 25, 2017, a financial/IT services provider registered in Kyiv turned to the BOC to help challenge illegal actions by the Pechersk DSA State Registrar, which had changed the company's shareholder structure and management based on tampered documents. The Complainant also turned to the Commission for Registration Complaints under the Ministry of Justice with a request to organize a hearing on this case.

Actions taken:

On May 30, the BOC investigator participated in the Commission session where he supported the position of the Complainant and stressed the need for an impartial review of the case.

Result achieved:

On June 13, the Complainant informed the Council that the Commission had cancelled the registration entries, and the company returned to normal operations. The case was closed less than in a month and the Pechersk DSA State Registrar had access to the state register suspended for 90 days.

Subject: Moj registration service

MOJ drops seizure of gas station chain "AMIC Ukraine" real estate

Subject of complaint:

Ministry of Justice (Moj), Podil District Office of Kyiv Enforcement Service under the Main Territorial Justice Administration in Kyiv City (Podil enforcement office)

Complaint in brief:

On September 27, 2017, the Council received three complaints regarding the Podil Enforcement office's failure to act, from an enterprise with foreign investments "AMIC Ukraine" that owns a chain of gas stations throughout Ukraine.

More than a year ago, the company was fined UAH 1 mn. In order to ensure this payment, the Podil Enforcement office had arrested all the company's real estate, which is worth much more than the fine. Based on a lawsuit filed by the Complainant, the court cancelled the fine. In order to comply with the court ruling, the Podil enforcement office issued a decree cancelling the seizure in September 2016. However, a year later, it turned out that the arrest still remained effective in the real estate register. The enterprise itself addressed this problem to the Podil Enforcement office, but its requests did not lead to the result, and so, the company could not freely dispose of its property.

Major Ukrainian automobile holding has its ownership of land restored

Subject of complaint:

Ministry of Justice (Moj), State Service for Geodesy, Cartography and Cadastre (GeoCadastre)

Actions taken:

Representatives of the BOC wrote to the Podil enforcement service asking them to investigate the circumstances of the case and to remove it. On October 4, the BOC investigators met with the director of the Podil Enforcement office and discussed withdrawing the arrest and removing of the incorrect record from the property register. In addition, investigators spoke to the state executive responsible for enforcement proceedings against the company.

Result achieved:

On October 23, The Complainant informed the Council that the incorrect entry had been removed from the register. The case was successfully closed within a month.

Complaint in brief:

In June 2017, a major Ukrainian automobile holding turned to the BOC with a complaint against the Moj and GeoCadastre. The Complainant stated that the State Registrar had modified information regarding the ownership of land plots that belong to the Complainant. Eventually, the State Registrar corrected its mistake in the State Register of Ownership Rights. However, the changes were not automatically reflected in the State Land Cadastre. The Complainant had approached Moj over this issue without success.

Actions taken:

On July 4, Deputy Business Ombudsman Iaroslav Gregirchak held a top-level meeting with Moj. BOC experts understood that regulatory acts of the Cabinet of Ministers needed to be amended for data in the State Register of Rights and the State Land Cadastre to be properly synchronized.

Result achieved:

As a result of the meeting, Moj drafted the necessary legislative amendments. On July 12, the Cabinet of Ministers of Ukraine adopted Resolution #509 "Approving the Procedure for access to the state registrars of rights to immovable property and the use of data from the State Land Cadastre." The Complainant's issue was solved in less than a month.

State Enforcement Service lifts freeze on pharma corporation subsidiary's bank accounts

Subject of complaint:

State Enforcement Service
Department of the Ministry
of Justice (SES)

Complaint in brief:

On July 6, 2017, the Kyiv-based Ukrainian division of world famous pharmaceutical corporation turned to the BOC regarding the freezing of its bank accounts by the State Enforcement Service in the course of enforcing a case in which the Complainant was a debtor.

Actions taken:

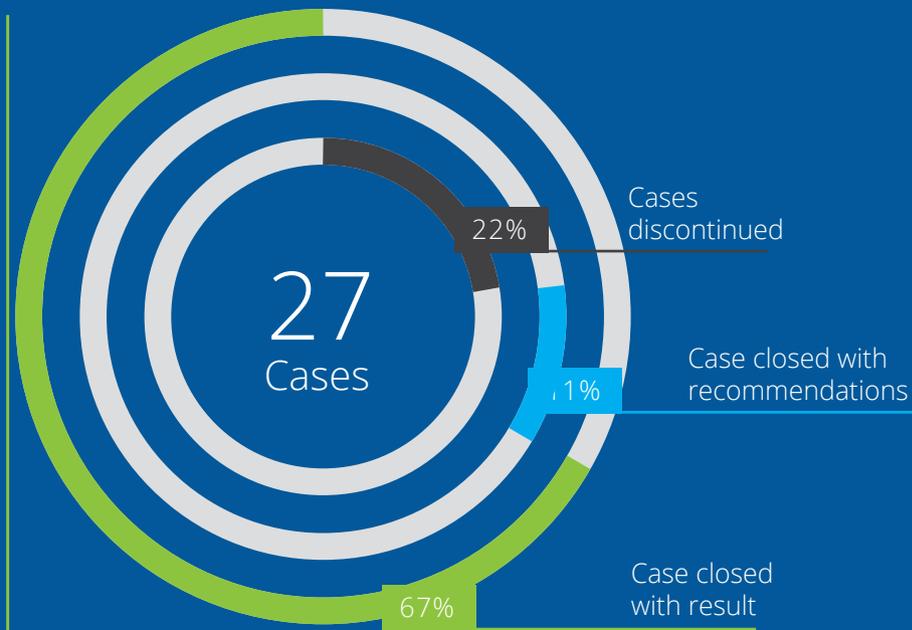
The Business Ombudsman decided to investigate the complaint, despite the fact that current legislation does not give debtors the right to challenge SES actions that are part of an enforcement procedure.

On the day the complaint was received, the BOC investigator discussed the possibility of lifting the freeze on the Complainant's bank accounts with SES officials and wrote about the complaint to the Ministry of Justice.

Result achieved:

On July 13, the Complainant informed the Council that the entire freeze on the firm's bank accounts was lifted. The case was closed within a week.

STATE SECURITY SERVICE ACTIONS



Subject: State Security Service procedural abuse**Poltava region-based
agricompany gets
its seized property
and documents back****Subject of complaint:**

State Security Service
of Ukraine Office in
Poltavska Oblast
(Poltavska SSU)

Complaint in brief:

On May 19, 2017, an agricultural enterprise, wholesale agrochemicals supplier, turned to the BOC with a complaint against the actions of Poltavaska SSU.

According to the Complainant, on April 19 and 21, SSU employees conducted raids at enterprise's warehouses. Security forces seized company's computer hardware, documents, accounting records and agrochemicals.

The reason for the search was suspicion that the company was involved in smuggling poisonous substances and transforming them into counterfeit agrochemicals. However, the enterprise disagreed with this prosecution. It claimed that since the start of operations it had not ever entered into any foreign economic contracts and had not bought any goods from non-residents. The complainant stated that he cooperated with business entities exclusively on the territory of Ukraine, within the limits current legislation requirements. Moreover, the Complainant argued that he proved this during the SSU's searches, but security officials still seized property and documents.

The complainant himself turned to the SSU, the Prosecutor's Office and the district Court in Poltava. The latter decided in his favour and obliged the SSU to return seized property. However, Poltavaska SSU delayed the execution of the court decision. Meanwhile, the Complainant suffered losses due to unfulfilled contract agreements. His business activity was completely blocked.

Actions taken:

After examining case materials, the BOC Investigator sent an official letter to the Prosecutor General's Office of Ukraine (PGO) asking to check the lawfulness of the inspectors' actions during the searches and return documents and property withdrawn during the search to the Complainant. Additionally, the Investigator brought the Complainant's case to the expert group meeting with the PGO and the SSU.

Result achieved:

On July 27, the First Deputy Prosecutor General informed the BOC that documents, computer hardware and most agrochemicals had been returned to the Complainant. The Company also confirmed this information. The case was successfully closed.

Subject: State Security Service – other issues**Individual licensing and longlasting criminal case against agricompany are finally discontinued****Subject of complaint:**

Security Service of Ukraine (SSU), Kyiv Customs of the SFS (Kyiv Customs), Ministry of Economic Development and Trade (MEDT).

Complaint in brief:

From January till September 2017, the BOC had received three complaints from an agricultural enterprise that distributes pesticides, concerning actions of the SSU, the Kyiv Customs and the MEDT.

According to the Complainant, in 2016, the SSU unreasonably opened a criminal case against him for smuggling plant protection products. Company's imported goods worth over UAH 300k were seized.

Apart from it, the MEDT imposed a fine of individual licensing on the company. To conduct any foreign economic transaction, the Complainant had to receive a license.

Agribusiness operations were completely paralyzed and only caused owners losses, employees of the company faced the risk of dismissal.

Actions taken:

During the year, the BOC has been working on the enterprise's complaints. The BOC investigator turned with a reasoned position in support of the Complaint to the Prosecutor General's Office, the National Police, the MEDT and the Kyiv Customs. In addition, the agricompany cases were several times considered at working group meetings of the BOC with appropriate state bodies.

Result achieved:

With the assistance of the Council, the MEDT cancelled individual licensing of the Complainant. In December 2017, the SSU informed that the criminal proceeding against the company is closed and the withdrawn property is returned to him.

Lviv Customs releases soy lecithin shipment**Subject of complaint:**

Lviv Oblast Office of the Security Bureau of Ukraine (Lviv SBU), Lviv Customs of the SFS (Lviv Customs)

Complaint in brief:

On November 3, 2017, a distributor of food ingredients addressed the BOC with a complaint concerning the SBU.

The company has been importing food additives for more than 5 years and supplying them to leading Ukrainian confection makers. In September, however, the Complainant says that Lviv Customs began putting pressure on the company – under orders from the SBU.

Lviv Customs detained two lots of soy lecithin to check the content for genetically modified organisms (GMOs). Subsequent test results from UkrMeterTestStandart, the state food testing agency, confirmed the absence of GMOs, but Lviv SBU officials sent samples for further testing to an unaccredited laboratory in Odesa without any explanation. That lab claimed that the product contained more than 0.01% of GMO content. According to Ukrainian law, a product is considered genetically modified if the content includes more than 0.9% of GMOs.

Nevertheless, the Complainant's shipment remained blocked at the customs for two more weeks, which cost the company in many ways: temporary storage, renting transport, and loading and unloading at Customs. Most importantly, the delivery deadline for the goods was missed. This created problems for the Complainant's contractors, the makers of finished confections. In some cases, they were forced to stop production.

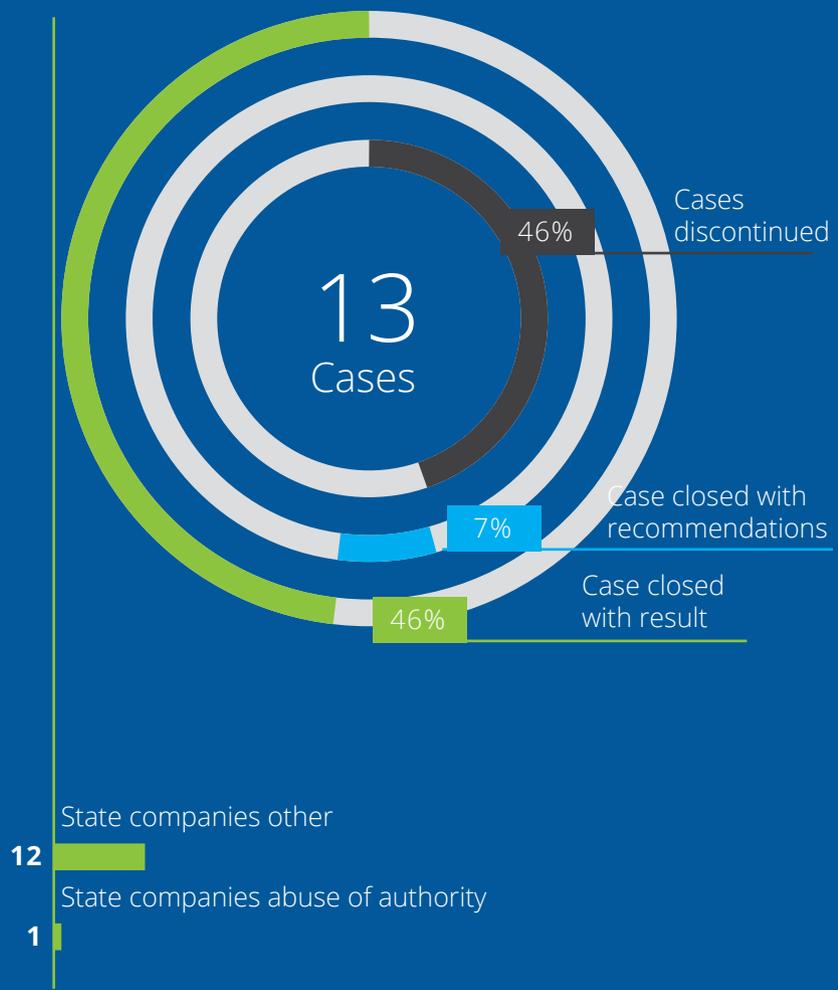
Actions taken:

The BOC investigator thoroughly studied the positions of the Complainant and the state agencies involved. She sent a letter to the SBU and SFS asking to explain why the goods had been re-tested in the first place. The investigator contacted the Deputy Director of Lviv Customs, who announced that a third test would be undertaken to make a final determination of the content of the product.

Result achieved:

The results of the third check showed that GMOs were absent in the imported soy lecithin. On December 6, the Complainant informed the Council that all the company's goods had cleared customs. The case was closed successfully.

STATE COMPANIES



Subject: Abuse of authority**The Council helps to stop abuse on the part of the state enterprise**

Subject of complaint:
Artemsil State Enterprise
(Artemsil SE)

Complaint in brief:

Complainant, wholesale company TOV "Ukrainian National Product", registered in Dnipro Oblast, lodged a complaint with the BOC regarding abuse by Artemsil SE, a state monopoly that controls more than 90% of the salt extraction and supply market in Ukraine. The latter refused to sign direct salt supply contract with the Complainant for 2017. Instead, Artemsil SE suggested that the Complainant sign a supply contract with a distributor, that is, an intermediary.

State company actually carried out the offense, as it is obliged to sign direct contracts for the supply of salt.

The Complainant had already applied to the BOC over similar matter in early 2016, when Artemsil refused to sign a direct supply contract for last year.

Actions taken:

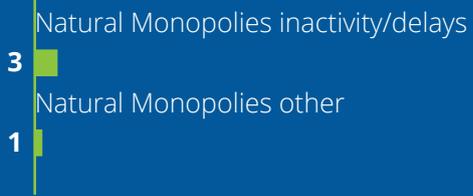
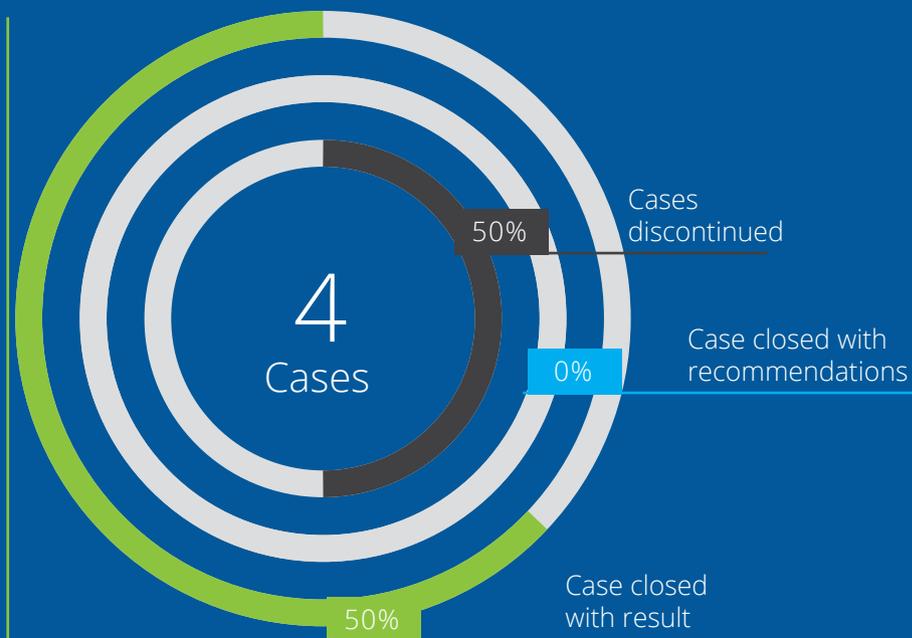
The BOC investigator determined that Artemsil's refusal to sign the salt supply contract might fall within the meaning of monopoly abuse under Art. 13 of the Law "On the protection of economic competition."

The BOC investigator sent a request to Artemsil SE to promptly take all the necessary steps to sign a salt supply contract with the Complainant for 2017.

Result achieved:

Following the Council's involvement, Artemsil SE signed a new salt supply contract with Complainant on January 16, 2017. The case was successfully closed.

NATURAL MONOPOLIES



Subject: Inactivity/delays**Vyshgorod residential complex is finally hooked up to central water and sewage**

Subject of complaint:
Vyshgorod City Council
Executive Committee
(Vyshgorod City Council)

Complaint in brief:

In May 2017, the BOC received a complaint from the developer of the residential complex in Vyshgorod against actions by the Vyshgorod City Council. For two years, the Complainant had been trying to receive the approved technical specifications (TS) to connect a new building to the centralized water supply and sewage systems. The reason of it might be contradictions on other issues between the Complainant and state bodies in the past. The issue of water supply and sewage connections to a 1,100-apartment complex was left up in the air. According to law, such TSs are supposed to be issued within 10 days from the registration of an application. According to the procedure, Vodokanal prepares the TS and the City Council either approves or rejects it. In the second case, the applicant has the right to challenge such a decision in court.

Vodokanal prepared TSs four times and sent each of them to the Vyshgorod City Council, but no decision to approve or reject the TS had been made because each session lacked a quorum for the vote.

Since it was not getting any decision from the city council, the Complainant turned to the Kyiv office of the Antimonopoly Committee. The AMC saw evidence of abuse and raised the issue for internal review, but it didn't facilitate a resolution of the problem. The buildings continued to wait for commissioning.

Actions taken:

The BOC investigator turned to the Mayor of Vyshgorod with a request that the matter be brought up at the next meeting of the City Council.

Result achieved:

On June 23, the Vyshgorod City Council finally approved the request for the complex to be hooked up to the centralized water supply and sewage systems. A case that had gone unresolved for over two years was successfully closed.



5

SYSTEMIC ISSUES AND RECOMMENDATIONS

During this year, the Business Ombudsman Council ran across a series of problems of a systemic nature that constitute risks for Ukraine's business climate as it reviewed the complaints that came across its desk. The Council presented its recommendations for eliminating these problems to the Government, both in thematic systemic reports and during the course of its investigations of specific complaints.

5.1. Systemic issues identified in the reporting period

(Clause 5.3.1 (h) of Rules of Procedure)

Unquestionably, the main source of issues addressed to the BOC concerns the State Fiscal Service. According to our statistics, **tax-related and customs issues** are steadily building up a stake, reaching 64% of total complaints in 2017. Appeals regarding tax inspections became a matter of concern for us this year. Along with the double increase in the number of such complaints, this subject performed a low ratio of successfully closed cases – just 28%. We endeavor to improve the situation through state bodies paying more attention to arguments we raise when supporting

our position. On a more positive side, the number of complaints regarding the most problematic issue of previous periods – dilatory VAT refund – declined by 25% from 2016. In the meantime, appeals concerning VAT tax invoice suspension appeared on agenda. This was obviously driven by the specifics of tax invoices registration system, which was operating during 5 months of 2017, from July 1 to December 1.

Such a big share of complaints regarding **VAT tax invoice suspension** (33% in the total number of appeals) left a notable sign on the profile of the complainant. We can

observe this in terms of: complainants' industries which were influenced the most – growth for wholesale and distribution, manufacturing, agriculture and mining; the size of the business – predominantly small and medium-sized; origin of investment – predominantly local.

The positive trend in dealing with the State Fiscal Service, is that this state body performs a high level of implementing our recommendations. In 2017 it reached a record level of 93%, which is +2pp since 2016.

Summing up annual results, the number of complaints concerning all **law enforcement bodies** (Prosecutor's Office, the National Police, State Security Service) increased more than twice and amounted to 11% in the total number of appeals. The positive tendency, though, is that the share of the National Police's and the State Security Service's cases closed with a positive result for the complainant is 5pp higher than the average one. At the same time, the share of discontinued cases is 10pp lower.

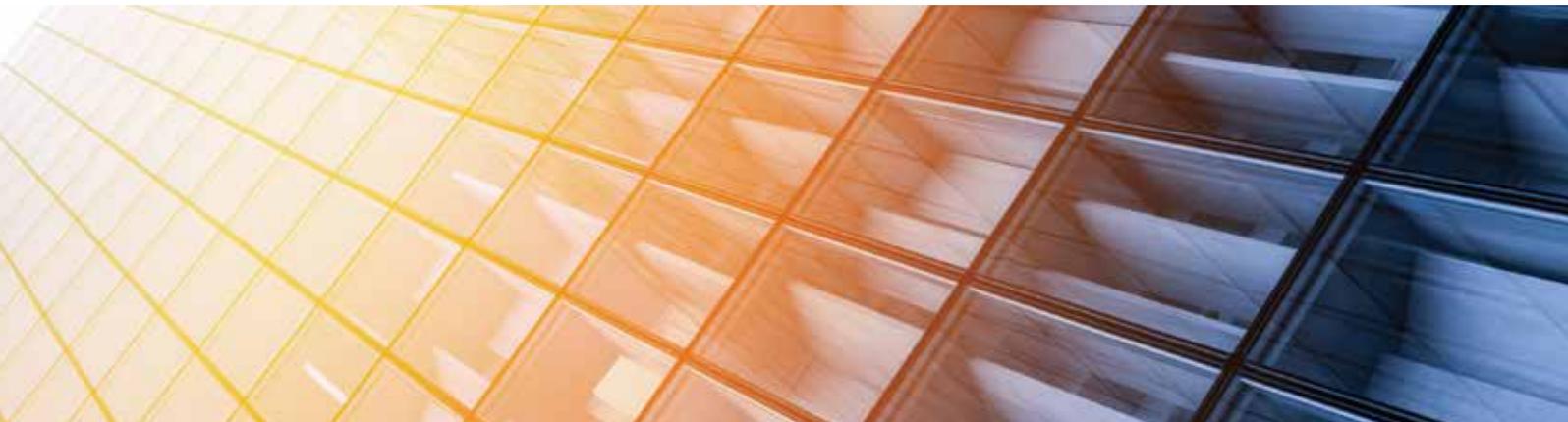
Moreover, this year we significantly progressed in developing communications with these agencies. We signed the Memorandum of Partnership and Cooperation with the State Security Service in September 2017. And in December 2017 the law on business pressure relief, well known as **#MaskShowStop**, providing for mandatory

video recording of searches, came into force. We have been instrumental in drafting the text of this law and took an active part in ensuring its adoption by joining efforts with the Prime Minister, the Ministry of Justice of Ukraine, UkraineInvest and leading Ukrainian business associations.

The other observed factor, which negatively affects quality of the business environment in Ukraine is **raidership**. This problem is evidenced, inter alia, by the statistics of complaints received by the Council. In particular, since launch of operations the Council received circa 20 complaints related to raider attacks on business. That is why we developed a systemic report "Combating Raidership: Current State and Recommendations". This document contains a list of recommendations to the Government aimed at improving the efficiency of fighting raiders and

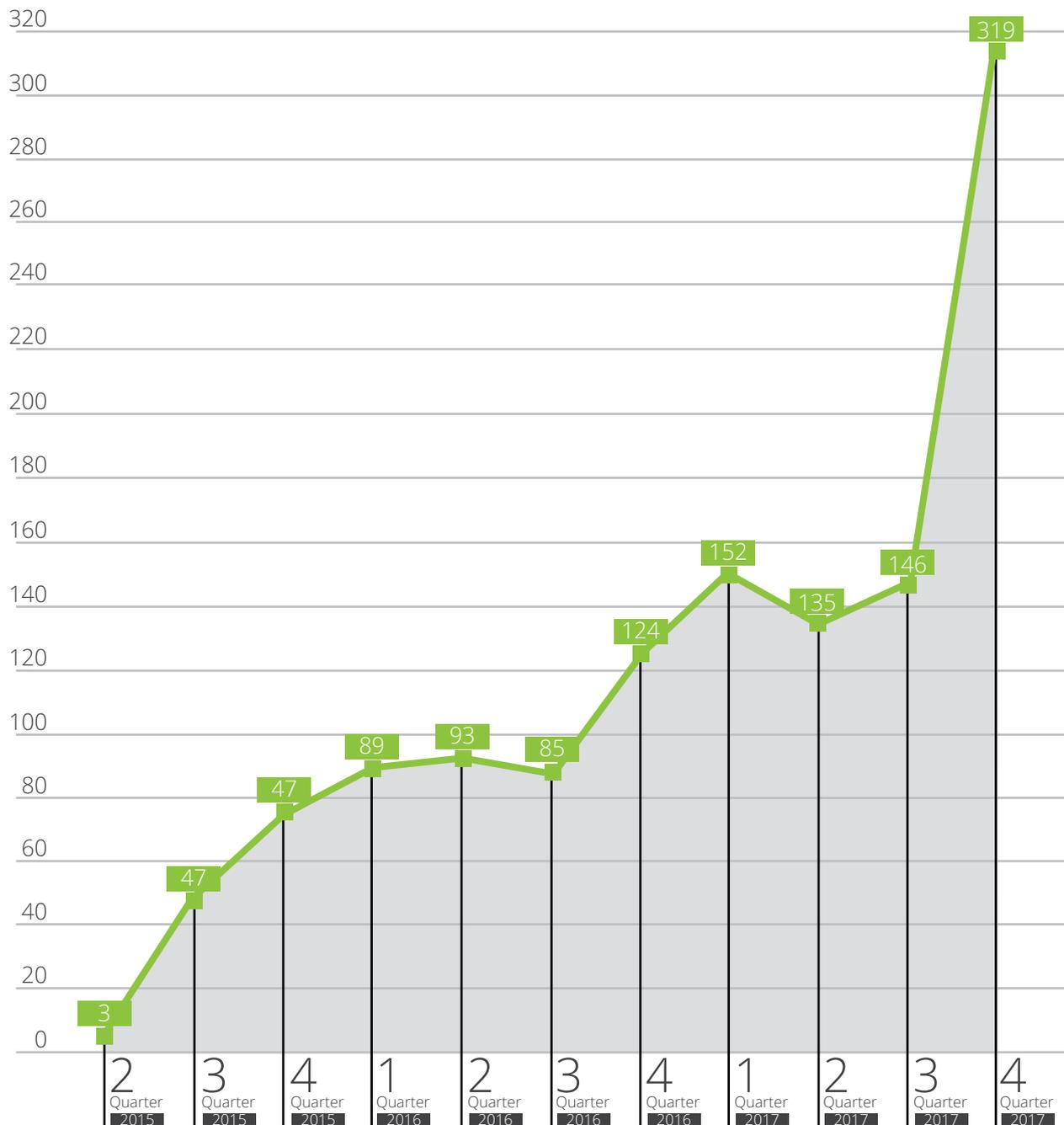
implanting business integrity into the business core.

The BOC's reports not just focus on the problems of systemic nature, but also on the new opportunities for doing business in Ukraine. That is why this year we have prepared a new systemic report concerning **regulatory bodies' reform** "Control over Controllers". We consider this reform being not only inclusive for all business community, but also a successful initiative of the Ukrainian Government. In the report we analysed the legislation related to reform, identified key factors that determine the success of the changes implementation and developed recommendations regarding the reform finalization. We are convinced that recommendations provided will help ensure effective state supervision and alleviate pressures in doing business.

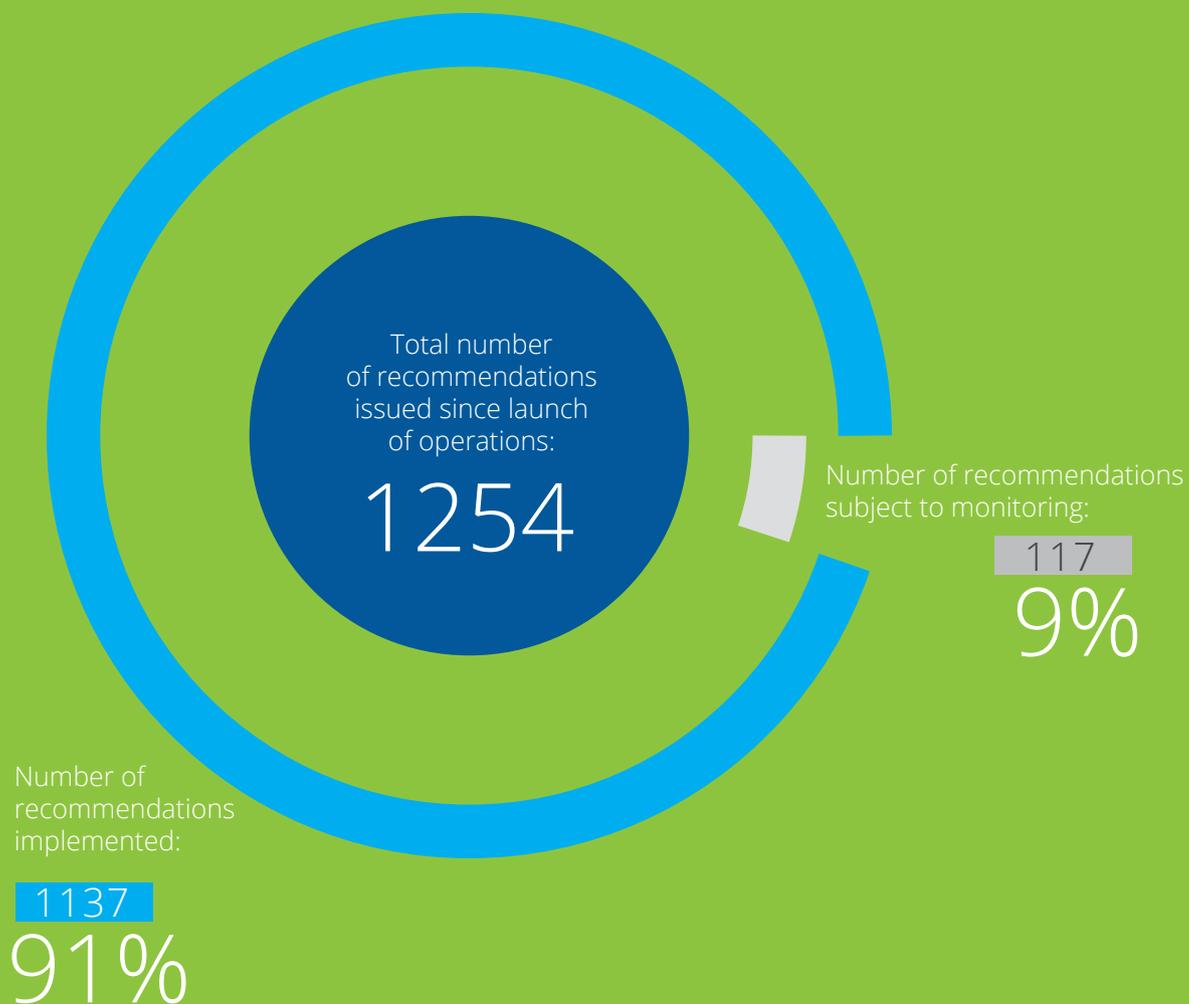


5.2. Recommendations made to relevant authorities and implementation rate

(Clause 5.3.1 (i) of Rules of Procedure)

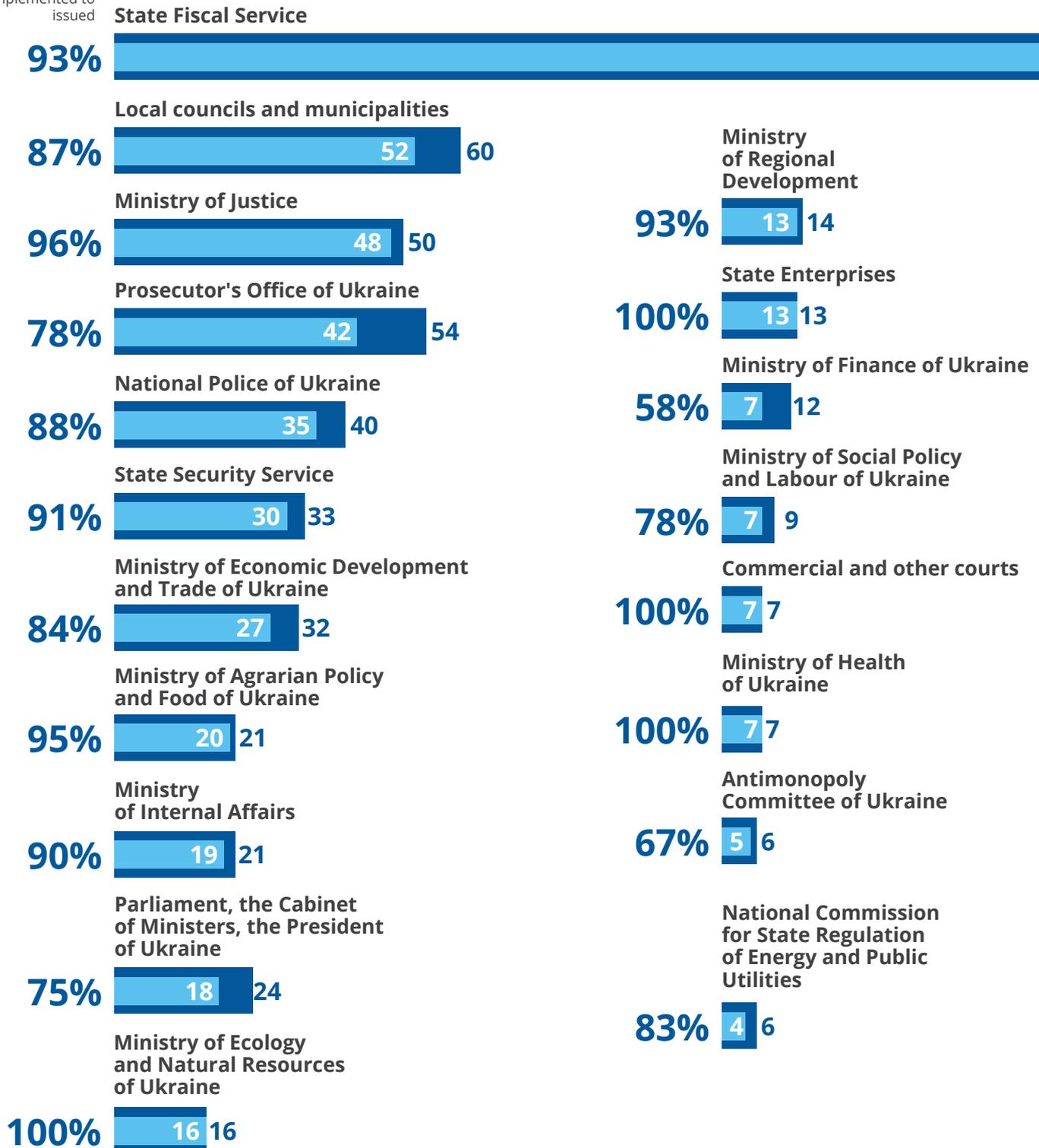


■ The number of recommendation issued by the BOC to state bodies



GOVERNMENT AGENCIES WHOM THE BOC ISSUED RECOMMENDATIONS IN 2015-2017 AND RATIO OF IMPLEMENTATION

RATIO
of implemented to
issued

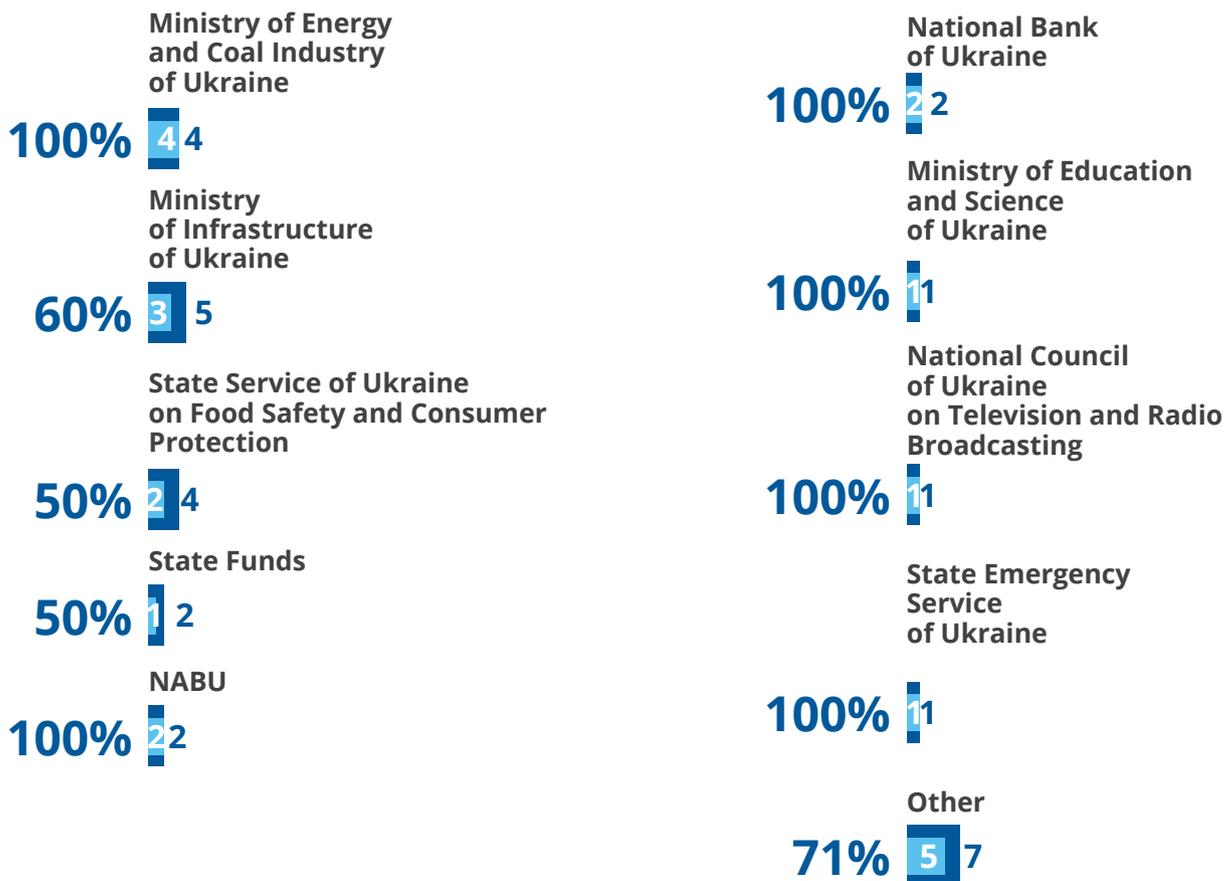


Recommendations implemented

Recommendations issued

745

800



Total implemented

1137

Total issued

1254

Ratio of implemented to issued

91%

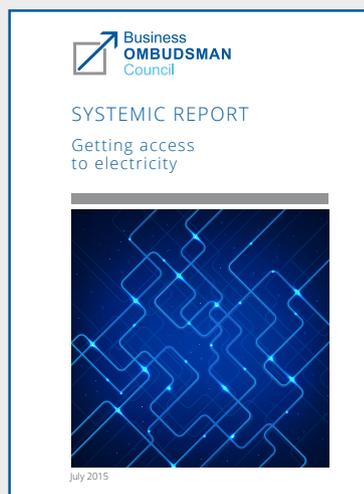
It should be noted that the BOC's dialogue with government agencies reached its all-time high by the end of 2017 with government agencies implementing 91% of all recommendations issued by the BOC. This is a 4pp increase since 2016 which proves that our cooperation with state bodies is becoming more and more efficient.

The State Fiscal Service, concerning which we received the most appeals, performs a very high ratio of implemented recommendations – 93%, which is a 2pp improvement from 2016. Meanwhile, the enforcement block's performance ranges from 91% for State Security Service to 78% for the Prosecutor's Office. National Police improved the ratio of implemented recommendations from 57% in 2016 to 88% in 2017.

Local councils implemented 87% of recommendations issued by the BOC and also performed a significant improvement over the previous year +25pp as compared to 2016.

5.3 Implementation and follow-up of systemic recommendations made to authorities

IMPLEMENTATION OF RECOMMENDATIONS ISSUED IN SYSTEMIC REPORTS



Systemic report

“Getting access to electricity”

July 2015

Rules for Hooking Up Power Units to Electric Power Networks significantly revised

On March 30, 2017 the NCRECS, by its Resolution #441, introduced comprehensive amendments to the “Rules for Hooking Up Power Units to Electric Power Networks” (“Revised Hook-up Rules”), which resulted in implementation of several recommendations set forth in this systemic report, namely:

1. Customers became enabled to file a hook-up application through websites of power supply

companies (i.e., oblenegros) by using electronic digital signature;

2. As getting hooked-up is due to be delivered as “turnkey service”, under the general rule, it is now power supply company that is responsible for:
 - preparation of technical terms and conditions, which are no longer issued to a customer;
 - development of a design documentation, including,

if necessary, its’ approval with other interested third parties as well as allotment of land plots required for placing power supply objects;

- provision of service in compliance with the fixed time frame, that depends upon power unit’s capacity, namely: standard hook-up – within 20-30 calendar days; non-standard hook-up – within 120-350 calendar days;

The Law of Ukraine “On Electricity Market” entered into force

On June 11, 2017 the Law of Ukraine #2019-VIII “On Electricity Market” (the “Electricity Market Law”) has entered into force. As far as the report’s subject matter

is concerned, the Electricity Market Law contains general provisions acknowledging hook-up as “turnkey service”, thus reassuring implementation of the

systemic recommendations originally achieved with the adoption of the Revised Hook-Up Rules (see above).



Systemic Report

“Problems with administering business taxes in Ukraine”

October 2015

In 2017, the State Fiscal Service and the State Treasury of Ukraine implemented the transparent, informative and user-friendly interface of the electronic record system aimed at providing taxpayers with

the information on the status of their VAT accounts (“Single electronic office of the taxpayer”). Such electronic office provides comprehensive information to the taxpayer, so that the taxpayer is now enabled,

albeit not to the full extent, to reconcile the information in the electronic administration system with the records of the VAT reports.



Systemic report

Systemic Report "Problems with cross-border trading in Ukraine"

October 2015

In this systemic report, the BOC focused on certain key issues in the regulation of international trade that affect business transaction costs and constitute an administrative barrier to foreign trade:

- The Head of the Security Service of Ukraine (SSU) unveiled a letter dated November 15, 2017, #878 addressed to the heads of divisions and regional bodies of the SSU regarding the restriction of illegal approaches when applying sanctions in foreign trade.
- In December 2017, the draft Law "In defence of Ukrainian exporters" (On amending the Law of Ukraine "On Foreign Economic Activity") # 7365 to liberalize special

penalties against entities engaged in foreign trade in Ukraine was registered in the Verhovna Rada for considering in the first reading. This draft law was developed by the Working Group which included leading business associations, USAID project, UkraineInvest, and the Business Ombudsman Council representatives.

- In 2017, the Export Control Service has harmonized all changes to the Single List of Dual-Use Goods subject to Export Control, which in its structure corresponds to the List of Dual-Use Items of the European Union, given in Annex I to the Council Regulation (EC) No 428/2009 of May 5, 2009, setting up a Community regime for

the control of exports, transfer, brokering and transit of dual-use items

- In applying customs procedures:

In 2017, after a meeting with the PM initiated and organized by the BOC, the procedure for amending customs declarations was simplified and amendments made to CMU Resolution #450 dated May 21, 2012 "Issues related to the use of customs declarations." The changes improved the mechanism for refunding excess customs duties paid by businesses and regulated the amendment of customs declarations in line with transfer pricing rules.



Systemic report

“Abuse of powers by the law enforcement authorities in their relations with business”

January 2016

Adoption of the Business Pressure Relief Act (#MaskShowStop)

On 7 December 2017, the Law of Ukraine #2213-VIII “On introducing amendments to certain legislative acts aimed at ensuring respect of rights vested with the parties to criminal proceedings as well as other parties thereto at the part of the law enforcement authorities while carrying out pre-trial investigation”, – adopted by Verkhovna Rada on 16 November 2017, – entered into force (the “Business Pressure Relief Act”).

The adoption of the Business Pressure Relief Act marked implementation of the significant portion of recommendations set forth in this systemic report, namely:

1. Anyone who lodged application to report about committed criminal offence is entitled to receive an extract from the Unified Registry of the

Pre-trial Investigations within 24 hours after such an application is made, certifying the fact of such submission; whereas an investigator or prosecutor are respectively obliged to provide an applicant with such an extract (amendments introduced to Articles 60, 214 of the CPCU);

2. Persons, whose rights are restricted during the course of a pre-trial investigation, but are not granted any procedural status (such as a chief accountant, financial director, members of the management or supervisory board) are entitled to approach a prosecutor, investigatory judge or a court with the petition seeking adherence of the course of a pre-trial investigation with the reasonable time principle; or

lodge a protest with the superior prosecutor to challenge failure to observe reasonable terms (amendments introduced to Articles 28, 303 and 308 of the CPCU).

3. Law enforcement officers, in general, are prohibited from seizing computer hardware and must make copies of any required data without seizing the hardware where it is stored (amendments introduced to Article 168 of the CPCU). Further, these copies must now be treated by a court as if they were originals of the documents (amendments introduced to Article 99 of the CPCU).
4. Searches are now subject to mandatory video recordings; those actions taken and/or evidence collected that were not recorded by video

would be inadmissible as evidence in subsequent court proceedings; video recording now constitute an integral part of the search protocol (amendments introduced to Articles 27, 104 and 107 of the CPCU).

5. Adjudication of matters by an investigating judge is also subject to mandatory

video recording (amendments introduced to Articles 27 and 107 of the CPCU); hence, evidence collected during a search authorized by an investigating judge that was not video recorded will similarly not be admissible as evidence in subsequent court proceedings (amendments introduced to Article 87 of the CPCU).

6. When seeking authorization from an investigating judge for temporary access to materials and documents, law enforcement officials are now required to substantiate the necessity to seize not only originals, but also copies of the documents (amendments introduced to Articles 160, 164 and 165 of the CPCU).



Systemic report

“Natural monopolies vs competitive business”

January 2016

Engineering Network Access

Following the BOC’s recommendation, starting from 12 November 2017, the customers may use their online cabinets in order to check the status of processing their applications on connecting to the electricity grid within the established timeframes.

On 27 December 2017, the NEURC adopted its Resolution #1437 that has improved the Gas Distribution System Code. Thus, in particular, the network operators in the gas field are not only obliged to publish information about technological requirements

for hook-ups and warehouse facilities, but also should develop the platform for functioning of the Register of Consumers.

Transparency in Rate-Setting

In the second half of 2017, the NCRECS adopted the necessary legal framework aimed at ensuring the RAB-based rate setting

in electricity, heating, and water supply and sewage spheres (i.e. the respective concepts, control parameters, asset distribution orders,

procedures for setting up fares and establishment of the regulatory income standards were approved).

Quality Assurance

The access of the consumers to the key information on energy and utilities has been enhanced

In particular, the NCRECS has ensured implementation of the Law of Ukraine "On Peculiarities of Access to Information on Power and Natural Gas Supply, Centralized Hot Water, Centralized Drinking (Potable) Water and Sewage Services" and performed the following measures:

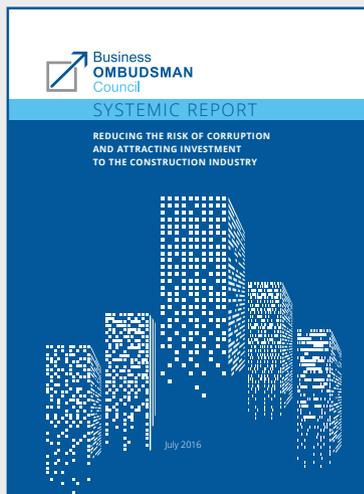
- NCRECS Resolution # 464 "On the annual provision

of consumers with key information on services in the fields of energy and utilities" was adopted on 30 March 2017;

- In April 2017, an additional service - the informational telephone line 044-204-70-72 for the consumers of services in the relevant areas was introduced;
- A series of information leaflets for consumers: <http://www.nerc.gov.ua/?id=26426> was prepared

Quality indicators in the spheres of power, water, sewage and gas supply started to be monitored

During 2017, the legal framework for monitoring the quality indicators was developed in power transmission (NCRECS Resolution, dated 31 May 2017, No. 714), water supply (NCRECS Resolution, dated 23 February 2017, No. 226), and gas supply (NCRECS Resolution, dated 21 September 2017, No. 1156).



Systemic report

“Reducing the risk of corruption and attracting investment to the construction industry”

July 2016

Simplification of obtaining construction permits

On January 17, 2017, the Law of Ukraine #1817-VII “On Amendments to the Law of Ukraine “On Regulating Urban Development Activity” entered into force. This law introduced risk-based supervision in construction in accordance with the European practice.

With this law and subsequent bylaws, a significant part of recommendations has been implemented, namely:

- Reduction of the number of stages and procedures for obtaining construction permits;
- Simplification of the permit system for objects with a minor class of consequences (around 80% of total number of constructions);

- Decrease in the risks of illegal construction;

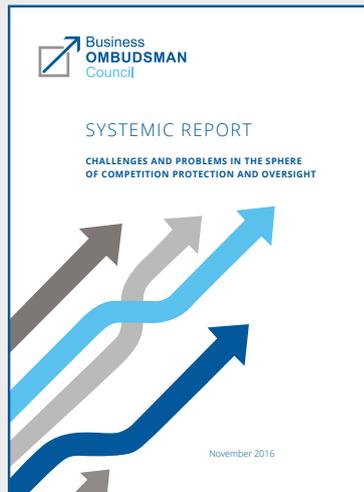
- Strengthening the responsibility of the construction control bodies’ officials.

Harmonization of conditions for placing building materials on the market in line with EU norms and standards

The draft law aims to harmonize conditions for placing building materials on the market in line with EU requirements was submitted to the Verkhovna Rada of Ukraine and registered under #7151 of October 2, 2017. This law implements commitments of Ukraine taken in the framework of the EU-Ukraine Association Agreement.

Access to information on urban development, architecture and territorial planning

In 2017, the Government announced its plans to develop web-portal that incorporates elaborated city planning documentation for all localities of Ukraine. The launch of the web-portal in the test mode is scheduled for May 2018. This is vitally important for attracting investments into the construction industry, since potential investors primarily verify whether the city planning documentation ensures planning, zoning and territory development. In case of absence or imperfection of such documentation, a developer may give up the project implementation.



Systemic report

“Challenges and problems in the sphere of competition protection and oversight”

November 2016

Procedure for Recovery of Illicit State Aid adopted

Aiming to implement the requirements set forth in Section 6 of the Law of Ukraine "On State Aid to Undertakings", the BOC recommended the Cabinet of

Ministers of Ukraine to adopt procedure for recovery of state aid acknowledged inadmissible for competition. On July 4, 2017 the Cabinet of Ministers of Ukraine adopted

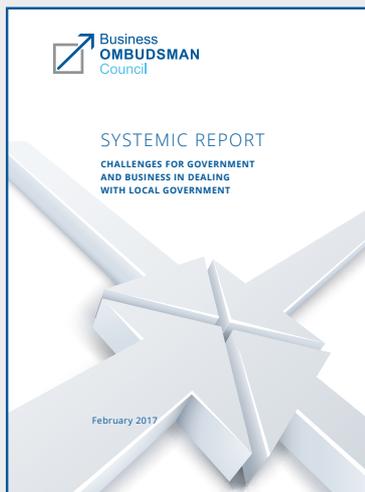
the Resolution #468, which approved the Procedure for Recovery of Illicit State Aid acknowledged inadmissible for competition.

State Aid Registry introduced

To ensure existence of proper state aid monitoring mechanism in Ukraine, the BOC suggested that AMCU conducts inventory of existing state aid measures, including, inter

alia, introduction of the State Aid Registry. In August 2017, the Antimonopoly Committee of Ukraine announced the test mode launch of the “State Aid Portal” (<http://pdd.amc.gov.ua/>). The “State Aid

Portal” is designed to collect information on existing and new state aid, contains state aid register, register of cases, decisions, etc.



Systemic report

“Challenges for the Government and business in dealing with local government”

February 2017

■ Within the context of the report, following the BOC’s recommendation to remove legal gaps and foster voluntary unification of territorial communities, the Verkhovna Rada adopted the laws “On Amendments to Certain Legislative Acts of Ukraine (Regarding Voluntary Accession of Communities)”

(Draft Law No. 4772) and “On Amendments to certain legislative acts of Ukraine concerning the peculiarities of the voluntary association of territorial communities located on the territories of the adjacent areas” (Draft Law No. 5520).

■ On April 20, 2017, the Kyiv City State Administration

adopted the Resolution # 241/2463 “On Approval of the Procedure for Acquiring Rights to Land from Communal Property Land in Kyiv”, which, in particular, has substantially simplified the procedure for the provision of land for use, as well as the terms and the clear algorithm of actions of the lessor and the lessee.



Systemic report

“Combatting raidership: current state and recommendations”

July 2017

Information about sanctions imposed on state registrars became publicly disclosable

According to the BOC’s recommendation, in August 2017, the Ministry of Justice began to publish on its website those cases when, as a result of the off-site documentary audit, a sanction

comprising temporary restriction of access or complete blockage of access was imposed vis-à-vis a state registrar (see <https://minjust.gov.ua/spysok-der-reest-tanot>). Hence, in

the light of foregoing, the Ministry of Justice of Ukraine now remains to ensure disclosure of those cases when, as a result of the off-site documentary audit, no violations were found.

Information interaction between the Registry of Real Rights and the Land Cadastre became fully operational

Starting from 15 November 2017, the proper information interaction between the Registry of Rights and the Land Cadastre, – required by the Resolution of the Cabinet of Ministers of Ukraine No. 509, dated 12 July 2017, – has become

fully operational. From the practical standpoint, it means, inter alia, that a cadastral registrar is now finally granted with the technical opportunity to receive information about right of ownership or lease vis-à-vis a particular land plot

by virtue of the direct access to the Registry of Rights. Moreover, when the state registrar enters certain changes with the Registry of Rights, the respective land plot data is being automatically synchronized with the Land Cadastre.

IMPLEMENTATION OF SYSTEMIC RECOMMENDATIONS ARISING FROM INVESTIGATIONS



STATE FISCAL SERVICE (SFS)



ISSUE ARISING FROM INVESTIGATION

Importers of medical equipment were unable to get a postponement of VAT as envisaged by recent amendments in the Tax Code.

RESULT ACHIEVED WITH THE BOC FACILITATION

With the assistance of the Council, the Cabinet of Ministers approved the VAT deferral procedure for importers of the relevant equipment.



STATE FISCAL SERVICE (SFS)

ISSUE ARISING FROM INVESTIGATION

Tax audits results were incorrectly presented in the electronic administration of VAT system (SEA).

RESULT ACHIEVED WITH THE BOC FACILITATION

MinFin prepared a technical amendment to the Tax Code. After approval of the law by the Verkhovna Rada, the SFS adjusted the software and documented the correct algorithm for displaying the results of tax audits in the SEA.



STATE FISCAL SERVICE (SFS)



ISSUE ARISING FROM INVESTIGATION

According to the procedure for concluding electronic administration agreements tax authorities had 5 business days to decide whether to sign such an agreement with an applicant. The same deadline was for submitting documents and tax invoices. In case the tax payer missed this deadline, he would have to pay a fine.

RESULT ACHIEVED WITH THE BOC FACILITATION

Ministry of Finance of Ukraine approved a new procedure of electronic documents exchange with controlling authorities. The mentioned document stipulates that

the tax authorities shall consider the application on conclusion of the draft agreement on acceptance of the documents in electronic form within one business day.



MINISTRY OF JUSTICE OF UKRAINE (MOJ)

ISSUE ARISING FROM INVESTIGATION

Creditors could not enforce collateral on their claims with respect to property that had not been disposed via electronic auction process.



RESULT ACHIEVED WITH THE BOC FACILITATION

Due to the support of the BOC, the MoJ has amended the disposition procedure of arrested property. In case auction trading has not taken place, the act of disposition of property by way of claims set-off is issued on the basis of a protocol.



SFS, MINISTRY OF FINANCE



ISSUE ARISING FROM INVESTIGATION

Farmers producing biofuel had to create a fuel warehouse supervised by the SFS employee.

RESULT ACHIEVED WITH THE BOC FACILITATION

Ministry of Finance initiated amendments to the Tax Code to solve this inconvenience. Automated fuel production control system, connected to the SFS base, was implemented.



DOBROPILSKYI CITY DISTRICT COURT IN DONETSK OBLAST

ISSUE ARISING FROM INVESTIGATION

Creditors could not collect obligations from persons registered at temporarily uncontrolled territories of Ukraine.

RESULT ACHIEVED WITH THE BOC FACILITATION

Ministry of Justice initiated amendment to legislation to enforce extramural rulings in civil cases when the defendant is registered at temporarily uncontrolled

territories of Ukraine. The procedure, analogous to situation when the registration or location address of the defendant is unknown was introduced.



UKRAINIAN SEA PORTS AUTHORITY

ISSUE ARISING FROM INVESTIGATION

Ukrainian Sea Ports Authority initiated the channel fee, which contradicts the Ministry of Infrastructure directive, for crossing the channel, which leads to Quarantynna, Nova, Cabotazhna and Lanjeronna Harbors of Odessa Sea Port.



RESULT ACHIEVED WITH THE BOC FACILITATION

The Ministry of Infrastructure of Ukraine settled the issue and cancelled the mentioned channel fee in the Odessa Sea Port.



STATEGEOCADASTRE, MINISTRY OF ECOLOGY AND NATURAL RESOURCES

ISSUE ARISING FROM INVESTIGATION

Commission of StateGeoCadastre issuing special permits for subsoil use was blocked, which paralyzed business activity of subsoil users.

RESULT ACHIEVED WITH THE BOC FACILITATION

With the BOC intervention, the Commission renewed its activities.



6

**COOPERATION WITH
STAKEHOLDERS**

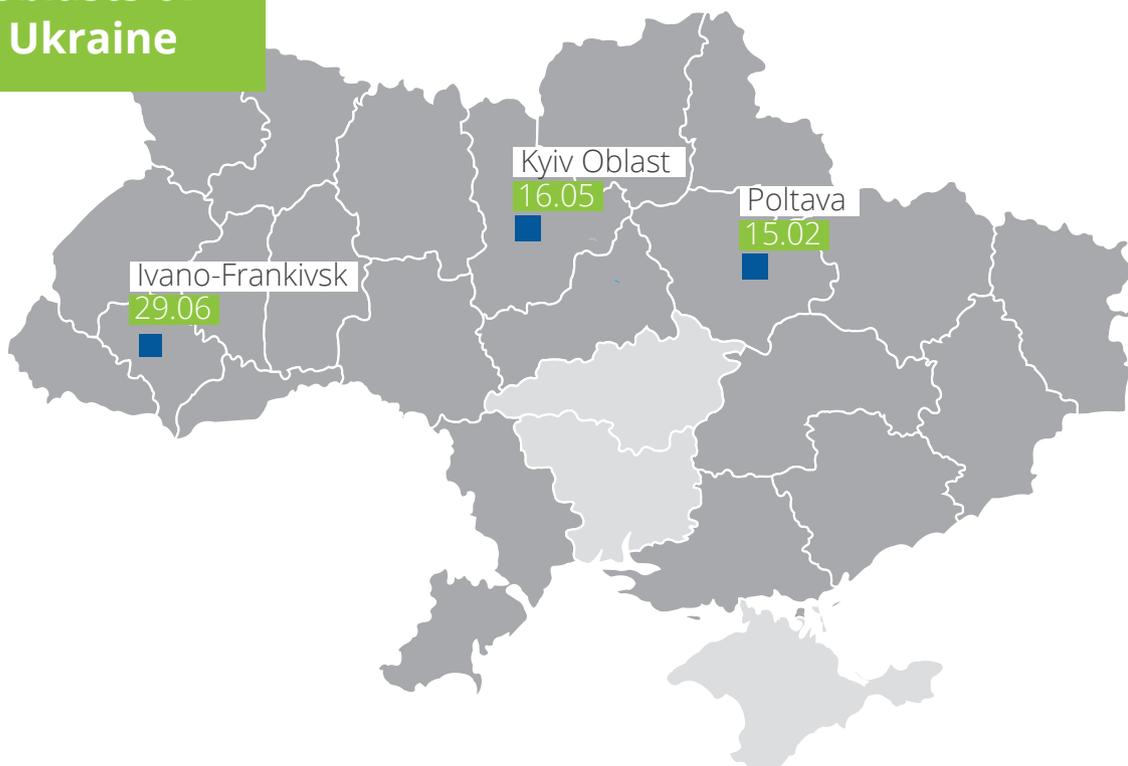
One of the key commitments of the Business Ombudsman Council is furthering progress towards transparency among state, regional and local authorities, and among companies owned or controlled by the state. The Council also facilitates ongoing, system-wide dialogue between business and the government.

6.1. Working visits

In 2017, the Business Ombudsman continued a series of working visits to Ukraine's regions where he met with the leaders of the Regional State Administrations and the representatives of public and business environment. He discussed problem issues existing in regions and requiring Business Ombudsman's intervention.

22
oblasts of
Ukraine

have been covered with regional working visits, designed for Mr. Šemeta to meet with business and government representatives and discuss current problems and opportunities to expand the investment potential of regions.



6.2. Cooperation with government agencies

MEMORANDUM ON PARTNERSHIP SIGNED WITH THE STATE SECURITY SERVICE



On September 11, 2017, The Business Ombudsman **Algirdas Šemeta** and the Head of the Security Service of Ukraine (SSU) **Vasyl Hrytsak** signed the Memorandum on Partnership.

Its purpose is to improve the cooperation between the Business Ombudsman Council and the SSU when dealing with complaints from the business. The Memorandum presumes the establishment of an Expert Group headed by the Deputy Head of

SSU and Deputy Business Ombudsman. The Expert Group will consider specific complaints against the SSU actions and its regional divisions, collaborate in legislation improvement, track and counter violations of the officials.

This memo became the ninth document of the Council on partnership with state authorities. Let us remind you, that previously we have officially signed agreements on cooperation with the following government agencies:



the National Agency on Corruption Prevention



the National Police



the Kyiv City State Administration



the State Fiscal Service



the Ministry of Justice



Ministry of Ecology and Natural Resources of Ukraine



the State Regulatory Service



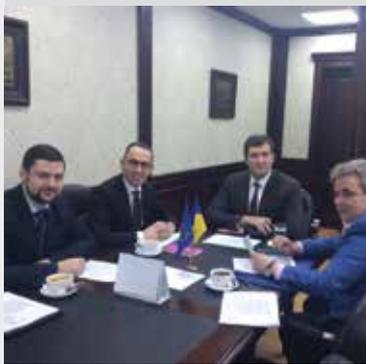
the National Anti-Corruption Bureau

EXPERT GROUPS

Expert Groups are a platform to review particular complaints openly and transparently as well as to improve legislation governing business activities and remove barriers that inhibit doing business in Ukraine.

66
meetings

In 2017, we held 66 expert group meetings with the abovementioned state bodies.



Even though the Memorandum of Partnership with the Prosecutor General Office has not been signed yet, we have established a constructive dialogue with this key law enforcement agency. Thus, in October 2016 a respective Expert Group was created, headed by First Deputy Prosecutor General, and Deputy Business Ombudsman. Since then, we have held 7 meetings, in which 77 (some of them were subject to re-investigation) of the most problematic business complaints regarding actions or inactivity of law enforcement officers, in relation to which the PGO exercises the function of procedural guidance. Among them, 57 cases were closed with a successful result for our complainants.



Since the BOC's launch of operations, we have established close cooperation with the Ministry of Finance of Ukraine. Currently we conduct regular meetings of expert groups, several times a quarter. Among the main issues that we consider jointly with the Ministry of Finance are:

- The tax reform
- The methodology of customs operations
- The budgetary financing of local councils – within the context of specific cases

Ukrainian Network of Integrity and Compliance

On May 19, 2017, the Business Ombudsman Council, with the support of the European Bank for Reconstruction and Development (EBRD) and the Organization for Economic Cooperation and Development (OECD) presented the Ukrainian Network of Integrity and Compliance (UNIC), a new initiative for businesses that aim to work transparently. On October 9, UNIC officially launched its operations.



“Mentality change is an important element in enhancing corporate governance in Ukraine and it is evident the Ukrainian society demands this. Lawmakers, the government and other drivers of corporate governance reforms should highlight the importance of accountability, transparency, corporate social responsibility and work together on finding the most efficient tools to introduce them,” highlights *Olyana Gordiyenko, Associate Director, Governance, EBRD*.

The purpose of this network is to promote the idea of doing business ethically and responsibly. Companies who join the network commit themselves to support a good business reputation and improve the standards of integrity. By instituting responsibility in the foundations of a company's operations, businesses will be able to counter corruption, lighten regulatory pressures, ease access to credits, and foster their entry onto international markets.

UNIC members agreed to support the Network's sustainability through annual membership fee. Depending on the number of employees and annual revenue (or the number of participants for business associations), the fee will range from 100 to 3,000 EUR. International donors, such as EBRD and the OECD, also finance the project.



(as of February 28, 2018)

UNIC IN NUMBERS

59

companies

46

cities

62 805

employees



Applications to join UNIC are being accepted. Companies wishing to join the network should fill in the questionnaire via www.unic.org.ua website. Each candidate shall undergo the open data screening. Reports with results shall be passed to governing bodies to decide on the approving or rejecting the membership. Any company or business association can join the Network regardless of its size or area of activity. The key to becoming a member is to favour a high standard of integrity and compliance in doing business.

MEMBERSHIP BENEFITS:

- 1 Good business reputation
- 2 Collective counteraction to corruption
- 3 Regulatory pressure reduction
- 4 Easier access to crediting
- 5 Sharing best compliance practices
- 6 Using UNIC logo as a marketing tool (upon certification)

"Corruption remains a serious obstacle to economic growth in Ukraine. Transparency International ranks Ukraine 130th out of 180 in the Corruption Perception Index. This network should help bring together leaders in the business community who understand how important transparency is in doing business and who are prepared to offer a role model to other companies. We plan to support the network actively," says *Algirdas Semeta, Business Ombudsman of Ukraine and the initiator of the network concept.*

"The future belongs to creative and brave, not to connected and greedy. By joining the UNIC, the Ukrainian companies are making strategic choice and invest into the future growth based on fair competition and integrity," *comments Olga Savran, ACN manager, OECD.*



6.4. Public outreach and communication

Communication with the public is essential to the Business Ombudsman's role. Our Office uses media and technology wherever possible to engage and inform Ukrainians – and to ensure public appearances by the Ombudsman and his team reach a wide audience.

THE MEDIA

The Business Ombudsman Council communicates with the media to exchange information and does not, in any shape or form, provide financial compensation to editors or journalists for mentioning its activity or its speakers.



Since launch of operations, the Business Ombudsman and his Office were cited in the media

16 000+
times

99%
mentions

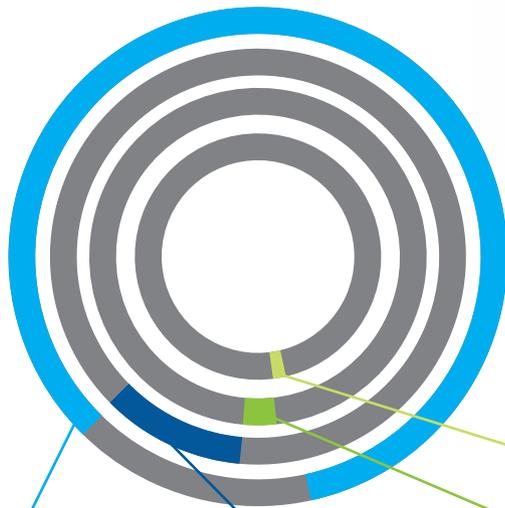
being positive
and constructive

UAH
7.2
million

The estimated advertising value of the articles in 2017 was UAH 7.2 million based on newspaper advertising rates, circulation and page display.

(based on media monitoring by LOOQME).

Together with
FOCUS magazine,



We continued "Business against the system" special project. We feature stories of our complainants – Ukrainian entrepreneurs who faced malpractice in Ukrainian government agencies but solved their problems with the help of the Business Ombudsman Council.

These are stories of businessmen who were not afraid to challenge the system and stand upon their rights.

87%
of mentions
was online

9%
news
agencies

4%
the leading
Ukrainian resources

1%
a range TV and radio
appearances

- business.ua
- bzns.media
- Delo.ua
- finance.ua
- hubs.ua

- Interfax
- Ukrainian News
- Ukrinform
- UNIAN

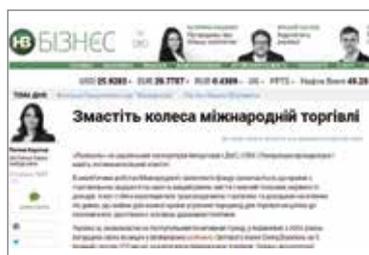
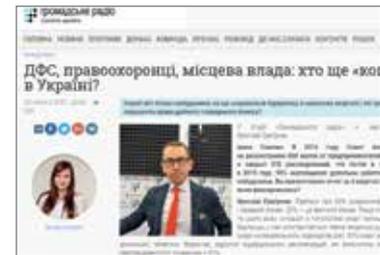
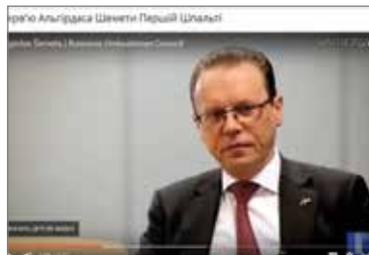
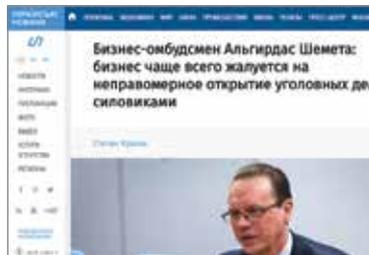
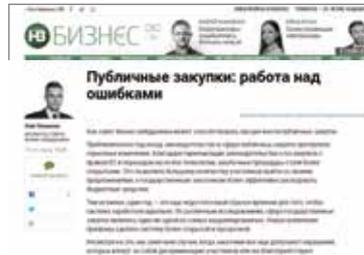
- Business Ukraine,
- Delovaya Stolitsa,
- KyivPost,
- Novoye Vremya,
- Segodnya

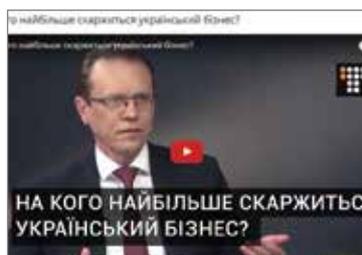
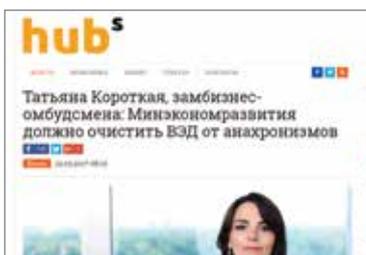
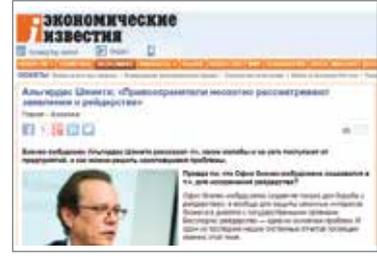
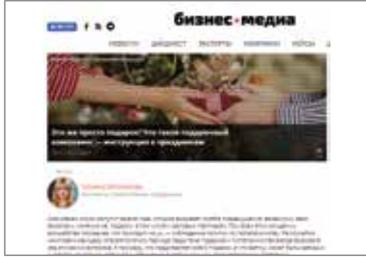
- ICTV
- Ukraine channel
- UA:PERSHYY
- Espresso TV
- Hromadske TV
- ZIK
- 112 channel
- Pershyy Dilovyy

- Golos Stolytsi
- Vesti
- Hromadske radio stations



We organize roundtables on a quarterly basis and invite journalists to see and understand how the Business Ombudsman works.





SOCIAL NETWORKS

We also actively use social media to get our message through.

Зокрема, ми присутні у:



@BusinessOmbudsmanUkraine



Facebook

3400+ followers so far (no paid ads, organic reach only) getting the message in front of around 10,000 people in each post. We use Facebook to share information about our Office, our work, and news of interest in the oversight field.



Рада
бізнес-омбудсмена



YouTube

We produce useful and emotional videos on submitting complaints, cast success stories of our complainants, provide legislative life hacks. YouTube channel enables us to build trust and authority with our audience.

WEBSITE

It is a one-stop shop for anyone who needs

- to submit a complaint,
- access BOC's reports, articles, find news and information about our Office,
- contact us through social media.

The BOC's website

www.boi.org.ua

was launched
on May 20, 2015





LinkedIn

We constantly keep the business community updated about our recent developments.



Instagram

Instagram account enables us to display our work environment and gives a great opportunity to connect on a deeper level with our online audiences by sharing with them what's important to our company's core values.



Twitter

We use this channel to quickly get our message out for the English-speaking audience.

by Google Analytics
in 2017

140 000

pageviews

of our website

There were recorded

46385

sessions

(+32% as compared to the previous year), held by visitors from almost 100 countries all over the world.

OUTREACH

The Business Ombudsman, his Deputies and other BOC's employees speak at various conferences, forums and business meetings on a regular basis.

In general, our team attended more than **200** business events in 2017, where we:



presented the activities of the BOC to the local community at various business meetings



participated in topical discussions on tax issues, activities of law enforcement bodies and other subjects, addressed to us by complainants



attended focused events of international organizations on the formation of a favourable business environment in Ukraine



IMPORTANT UKRAINIAN EVENTS:

24-01

Round Table Discussion – Ukraine’s Economic Reforms in Medium-Term Perspective at CabMin

17-03

Meeting with Prime-Minister and heads of law-enforcement agencies

INTERNATIONAL EVENTS:



27-01 – 29-01

EUROPE-UKRAINE FORUM in Rzeszów, Poland



27-04

Presentation of the BOC’s activities for Organization for Democracy and Economic Development GUAM



15-17 – 11

Ninth Regional Conference on Nurturing an Anti-Corruption Culture in the Asia-Pacific Region in Seoul, Korea hosted by the Korean Government

31-03

Meeting between business community and experts of OECD/ACN anti-corruption monitoring of Ukraine, hosted by the BOC

12-06

European Neighbourhood workshop in Copenhagen, Denmark, organized by Ministry of Foreign Affairs of Denmark

28-11

Workshop on Business Ethics and Compliance organized by the Office of Coordinator of OSCE Economic and Environmental Activities, Bishkek, Kyrgyz Republic



06-07

06-07 Ukraine Reform Conference, London, Great Britain

YOUR FEEDBACK



In the reporting year,
we received almost

500

feedback forms from
our complainants.

*They also indicate what they
are satisfied with most in dealing
with us and what areas need
improvement.*

Complainants assess
our work based
on several criteria:

- client care and attention
to the matter
- understanding the nature
of the complaint
- quality of work product



As a result,

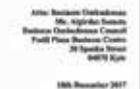
97%

of complainants said
they were very satisfied/
satisfied with working
with us.

“The existence of your office allows businesses to effectively protect their interests. Thank you very much for your efforts and the work of your team”.



“We believe, that it was due to your support that we managed to achieve swift resolution of the dispute and avoided years of judicial appeal procedure. This proved to be invaluable”.

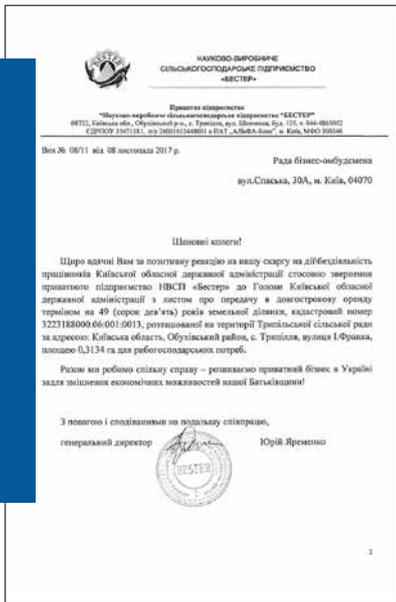


“Thank you for your caring attitude, understanding and support, skills to get to the bottom of the issue, prompt response and professionalism”.

“While repeated complaints to public authorities have been without result, your team’s efforts helped get our issue successfully resolved”.



"We are striving for the common good which is the development of private business in Ukraine for economic empowerment of our Motherland".



"Let us express our deep respect and gratitude for your commitment to high standards of law and equity, European values, interests of state-building through ensuring sustainable and favorable conditions for the functioning and development of entrepreneurship in our country".

"We highly appreciate your efficiency and accountability".



"We greatly appreciate your responsiveness and commitment and hope for further fruitful and mutually beneficial co-operation".



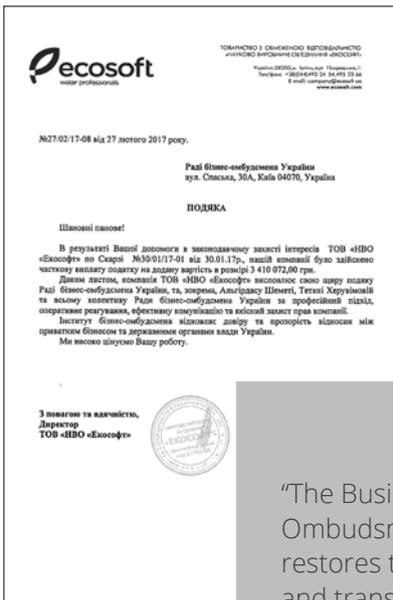
“Your experts were able to objectively understand the situation and took all necessary steps to solve it.”

“Your high professionalism and faith in justice supported and inspired us”.



“Thank you for valuable support in such an important case for our company”.

“We are grateful for your help and hope for further support”.



“Your work was extremely competent, timely, comprehensive and consistent”.

“The Business Ombudsman Council restores trust and transparency in relations between business and government agencies in Ukraine”.



“You have proved, once again, the high-level professionalism of your team as it defends businesses in Ukraine”.

“Your assistance was extremely timely, as we could tell that existing legislation desperately needed to be amended”.

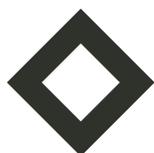




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[BusinessOmbudsmanUkraine](http://www.facebook.com/BusinessOmbudsmanUkraine)





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