

REPORT

QUARTER I 2019

(01 January – 31 March)

REPORT FOCUS

Analysis of complaints
on customs issues

The BOC is funded



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Business
Ombudsman
Council

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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,

It is my pleasure to present you the Q1 2019 report of the Business Ombudsman Council.

In the reporting quarter, we received 408 complaints from enterprises concerning malpractice of state bodies, which is 4% less than in the previous period, but closed 17% more cases – 277. The quarterly financial impact of our operations for businesses amounted to UAH 187 mn. State bodies have already implemented 94% of our individual recommendations. We are proud to have set a new record in terms of customer satisfaction – in 99% of cases we met or surpassed expectations of our complainants.

The reduction in the number of complaints was mainly driven by a decrease in appeals related to tax issues. Compared to the previous quarter, companies addressed us 15% less tax appeals, with the main downfall recorded for the suspension of tax invoices, tax criminal cases and e-administration of VAT. At the same time, tax inspections are seen as an increasingly problematic issue for companies which conduct business in Ukraine. In the first quarter of 2019, we received 93 claims challenging results of tax inspections, which is an absolute maximum since the BOC's launch of operations.

The trend of appeals concerning actions of law enforcers has remained almost unchanged for several quarters in a row. In comparison with

Q4 2018, we received some more complaints on the National Police and the Prosecutor's Office, while the number of complaints against the State Security Service has been decreasing for several consecutive periods. On a separate positive note, the number of reported cases on procedural violations by the National Police and the Prosecutor's Office decreased by 15% and 33%, respectively, as compared to Q4 2018.

Customs issues hit the fourth position in the rating of appeals of the reporting period. Starting from Q2 2018, the number of customs complaints has been increasing, reaching a record high figure in Q1 2019. Although in absolute terms the number of appeals is rather modest (29 complaints), an efficient work of the customs is extremely important for the development of international trade, that's why we decided to dedicate a separate section of the report to the analysis of appeals on customs issues.

Since May 2015, we have received 202 complaints from business regarding malpractice of customs authorities. More than one third of them related to delays in customs clearance, and one third – to customs valuation of goods. It turned out that among companies which filed complaints on customs, the share of foreign (26%) and large companies (33%) was respectively 9 pp and 7 pp higher, than on average. It is noteworthy, that the level of successfully closed investigations was

higher with respect to cases on customs issues (74%) than among all closed cases (67%). From a financial standpoint, we have already helped the complainants to return UAH 21 mn of customs overpayments. This sum mainly derived from the reimbursement of overpaid customs duties and cancellation of the value adjustment of imported goods.

We are pleased to highlight some systemic achievements of the reporting quarter. As set forth in our reports on international trade and customs, the Verkhovna Rada adopted in the 1st reading the draft law, which, inter alia, envisages the introduction of a new form of customs control – post clearance audit. This means that customs procedures will be applicable not at the checkpoint, but after the completion of customs clearance and release of goods into free circulation. Following our recommendations in construction sphere, the Cabinet of Ministers adopted a comprehensive regulation, which defines a required order of assigning postal addresses to new real estate objects. We hope that this will help to eliminate abuses and speed up the procedure on the whole.

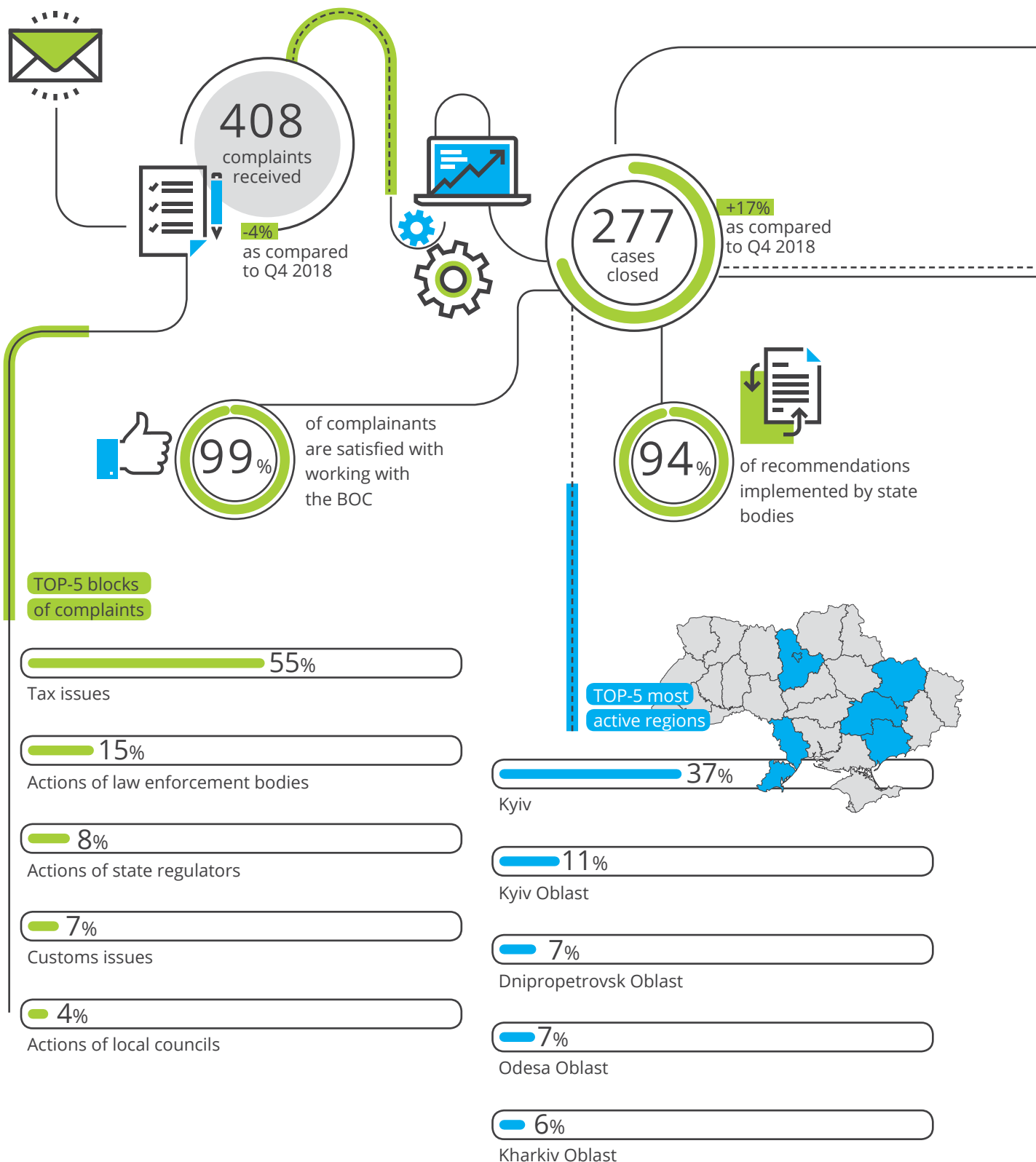
Armed with experience of previous years, developments in solving systemic issues and expertise based on understanding of how processes should operate, in the year ahead, we are committed to working closely with companies and state bodies, in 2019 we keep on supporting business integrity and primacy of law principles in order to improve the business climate in Ukraine.



Algirdas Šemeta
Business Ombudsman
of Ukraine

A handwritten signature in black ink, which appears to read 'Algirdas Šemeta'.

Q1 2019 at a glance



Direct financial impact:

UAH 187 mn

Direct financial impact
of BOC's operations:UAH
13.5 bn

20 May 2015 – 31 March 2019

TOP-5
industries27%
Wholesale
and
Distribution13%
Manufacturing10%
Real Estate and
Construction8%
Agriculture
and Mining7%
Individual
Entrepreneurs

Origin of investment

19%
Foreign
companies81%
Ukrainian
companies

Size of business

64%
Small/
Medium36%
Large

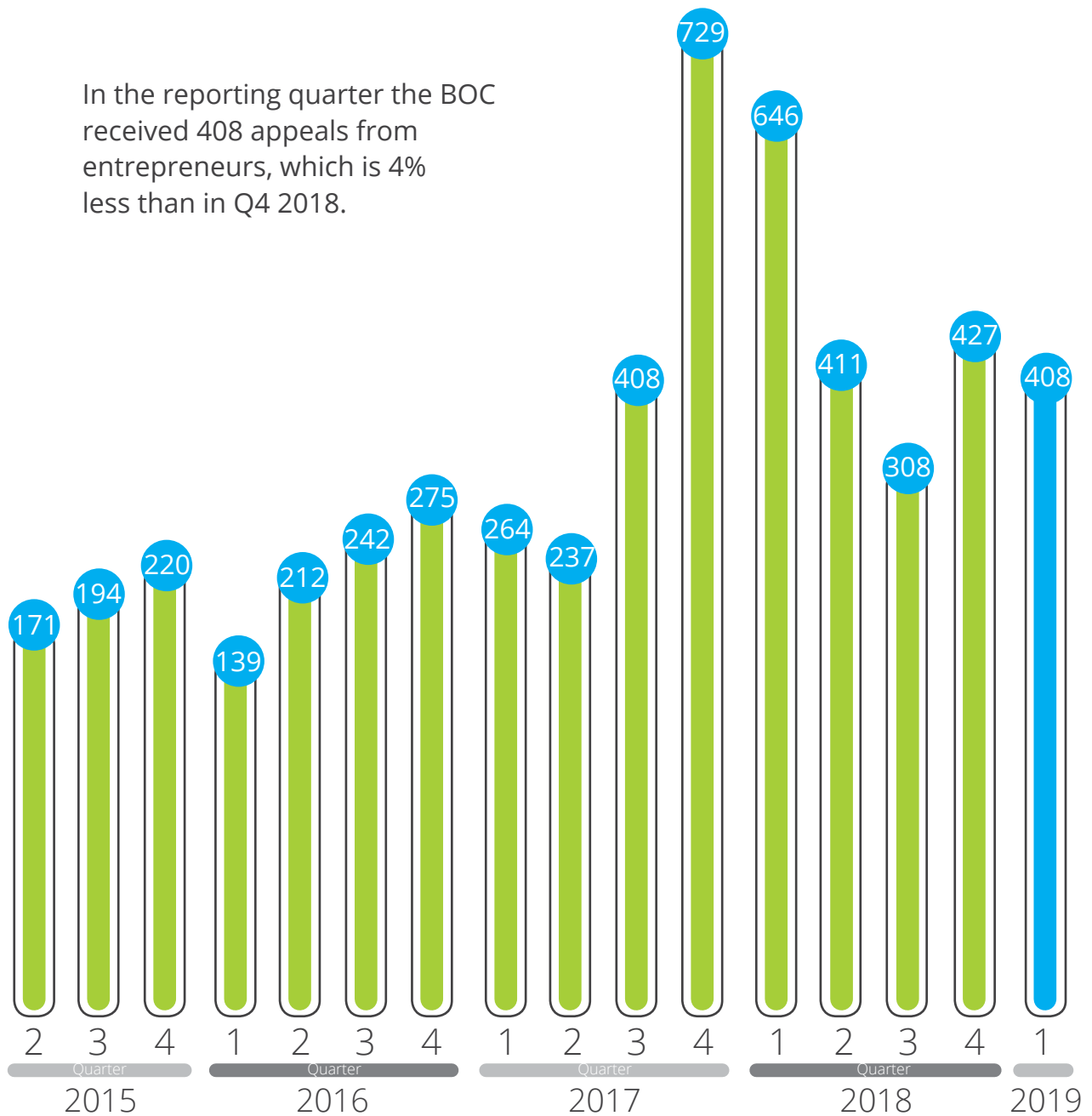
1 Complaint's trends



1.1. Volume and nature of complaints received

(Clause 5.3.1 (a) of Rules of Procedure)

In the reporting quarter the BOC received 408 appeals from entrepreneurs, which is 4% less than in Q4 2018.



TOP-10 Subjects of complaints in Q1 2019

Subject	Number of complaints received in Q1 2019	Change as compared to Q4 2018	Change as compared to Q1 2018
Tax issues	224	-15%	-48%
Tax inspections	93	18%	60%
VAT invoice suspension	64	-38%	-79%
Tax criminal cases	20	18%	0%
VAT refund	8	14%	60%
Tax termination of agreement on recognition of electronic reporting	5	25%	-29%
VAT electronic administration	3	-77%	-86%
Tax termination/renewal/refusal of VAT payers registration	2	-33%	0%
Tax other	29	-19%	81%
National Police Actions	32	7%	3%
National Police procedural abuse	17	-15%	89%
National Police inactivity	6	-14%	-45%
National Police criminal case initiated	4	300%	33%
National Police other	5	150%	-38%
Actions of State Regulators	32	28%	-36%
AMCU	3	200%	200%
StateGeoCadastre	3	-40%	200%
DABI	1	-75%	0%
Other state regulators	25	67%	-47%
Customs issues	29	123%	190%
Customs clearance delay/refusal	15	150%	200%
Customs valuation	11	175%	450%
Customs other	3	0%	0%

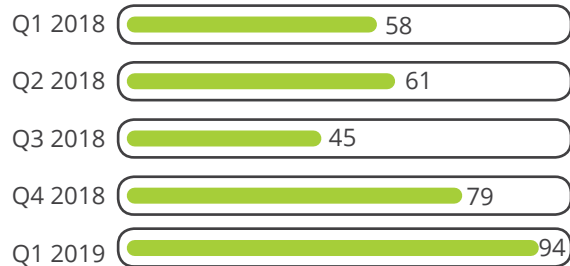
Subject	Number of complaints received in Q1 2019	Change as compared to Q4 2018	Change as compared to Q1 2018
Prosecutor's Office Actions	22	5%	-33%
Prosecutor's Office procedural abuse	12	-33%	33%
Prosecutor's Office criminal case initiated	4	300%	-60%
Prosecutor's Office corruption allegations	2	-	-
Prosecutor's Office other	4	100%	-71%
Actions of Local Councils/Municipalities	17	21%	-6%
Local councils/municipalities land plots	5	150%	-17%
Local councils/municipalities rules and permits	3	-	-
Local councils/municipalities investment disputes	1	-	-
Local councils/municipalities other	8	-33%	-33%
Ministry of Justice actions	17	21%	6%
MinJustice registration service	9	-10%	29%
MinJustice enforcement service	8	100%	-11%
Actions of state companies	8	60%	167%
State companies abuse of authority	2	-	-
State companies other	6	20%	100%
State Security Service Actions	6	-14%	-25%
State Security Service procedural abuse	5	150%	67%
State Security Service other	1	-80%	-80%
Legislation drafts/amendments	4	-64%	-73%
Deficiencies in regulatory framework state regulators	2	-33%	-67%
Deficiencies in regulatory framework customs	1	0%	-
Deficiencies in regulatory framework other	1	-86%	-89%

Tax issues



In general, businesses lodged fewer complaints on tax issues as compared to both Q4 2018 and Q1 2018: -15% and -48% respectively. However, within the tax block various trends of submitted appeals have been observed.

We received an all-time high quarterly number of complaints concerning tax inspections – 93. Moreover, this subject has been gradually accelerating since Q1 2018 with the only drop recorded in Q3 2018:



As compared to the previous quarter, the number of appeals on tax criminal cases edged up by 18%, on termination of agreements on electronic tax reporting – by 25%. We also received more complaints regarding VAT refund, as compared to both Q4 2018 and Q1 2019: by 14% and 60% respectively.

In contrast, companies submitted fewer appeals concerning tax invoices suspension, VAT electronic administration and VAT payers' registration.

Actions of law enforcement bodies



Depending on the state body, various trends of appeals with regard to malpractice of law enforcers, have been recorded.

Complaints related to actions of the National Police performed a single digit growth as compared to both Q4 2018 and Q1 2018: +7 and +3% respectively. Similarly, the number of appeals concerning the Prosecutor's Office slightly (+5%) went up in comparison with Q4 2018. In contrast, businesses lodged fewer appeals concerning actions of the State Security Service. In Q1 2019, we only had 6 such complaints – a record low figure over the past two years.

It should be noted, that companies submitted fewer appeals concerning procedural abuse of the National Police (-15%) and the Prosecutor's Office (-33%) in comparison with the previous quarter.



State regulators



We received almost one third more appeals regarding actions of state regulators in comparison with Q4 2018, but one third less in comparison with Q1 2018. The overall share of state regulators, amounted to 8% of total appeals, which is +2pp since the previous quarter.

Customs issues



Although bearing in mind modest figures, a triple digit growth was recorded in the number of complaints on customs issues as compared to both Q4 2018 and Q1 2018. It was driven by both customs clearance delay and customs valuations. In the reporting quarter the share of customs issues picked up to 7%, which is +4pp as compared to Q4 2018.

Other subjects



In comparison with Q4 2018, companies lodged more appeals concerning actions of local councils and the Ministry of Justice (+21% each), as well as state-owned companies (+60%). In contrast, we received almost two thirds fewer complaints related to amendments to legislation.



"We express our respect and gratitude for your operational help and assistance in considering the situation."

Volodymyr Patis,
President of the Ukrainian Association
of Furniture Manufacturers

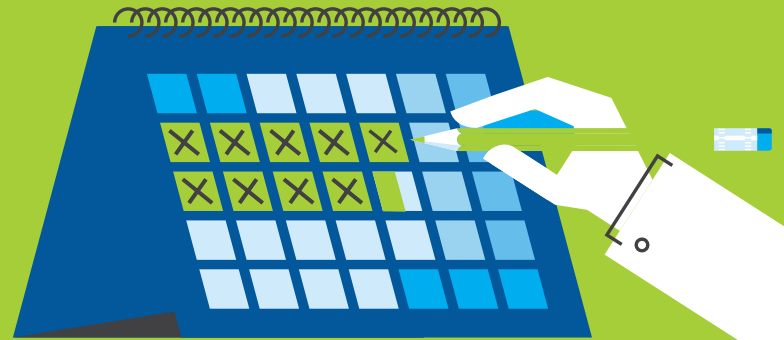
1.2. Timelines of the preliminary review of complaints

(Clause 5.3.1 (b) of Rules of Procedure)

The average time for preliminary review of a complaint:

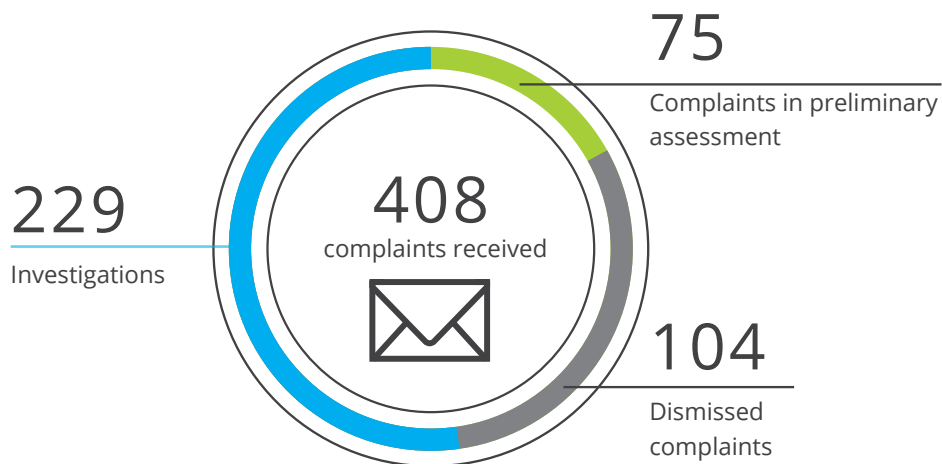
9.7 working days

For reference – according to our Rules of Procedure, the average time for preliminary review should not exceed 10 working days.



1.3. Number of investigations conducted and grounds for declining complaints

(Clause 5.3.1 (c) of Rules of Procedure)

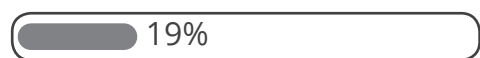


Number of initiated investigations:

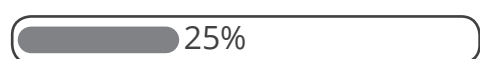


QI 2018

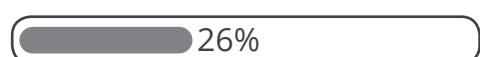
Ratio of dismissed complaints:



QIV 2018



QI 2019



Main reasons for complaints dismissal in Quarter I 2019

	Q1 2019	Change as compared to Q4 2018	Change as compared to Q1 2018
Complaints outside Business Ombudsman's competence	37	3%	-5%
Complaints subject to any court or arbitral proceedings, or in respect of which a court, arbitral or similar type of decision was made	18	-10%	-10%
The complaint had no substance, or other agencies or institutions were already investigating such matter	15	7%	25%
Complaints in connection with the legality and/or validity of any court decisions, judgments and rulings	9	200%	13%
In the opinion of the Business Ombudsman, the Complainant did not provide sufficient cooperation	7	-50%	-50%
Complaints arising in the context of private-to-private business relations	3	-25%	-25%
Complaint relates to an issue that has already been addressed by the Business Ombudsman in his/her previous decisions	3	200%	200%
Other reasons	12	-8%	-48%

The most widespread reason (36%) for complaints dismissal – they were outside the Business Ombudsman's competence. Active court proceedings (17%), absence of substance (14%) and appealing the court decision (9%) were also prevalent in the reporting period.

In the reporting period the Council received three times more repeated appeals and appeals related to the validity of the court decisions. At the same time, the number of claims when the complainant didn't provide sufficient cooperation reduced by 50% as compared to both Q4 2018 and Q1 2018.

1.4. Timelines of conducting investigations

(Clause 5.3.1 (d) of Rules of Procedure)

In the reporting quarter, the BOC closed 277 cases, which is 17% more than in the previous quarter.

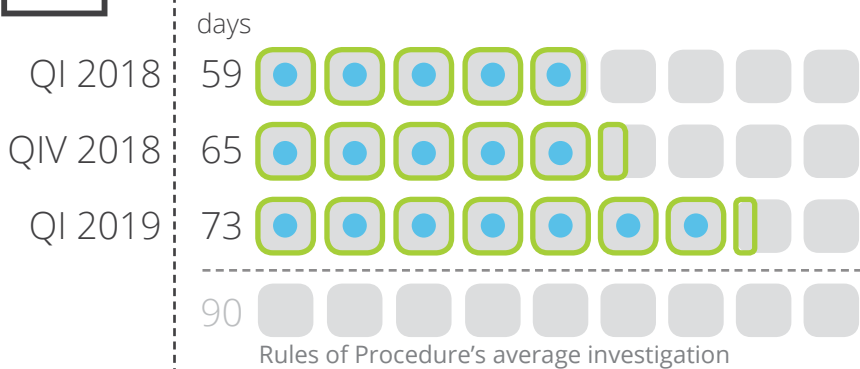
Average duration of these 277 investigations was

73 days,

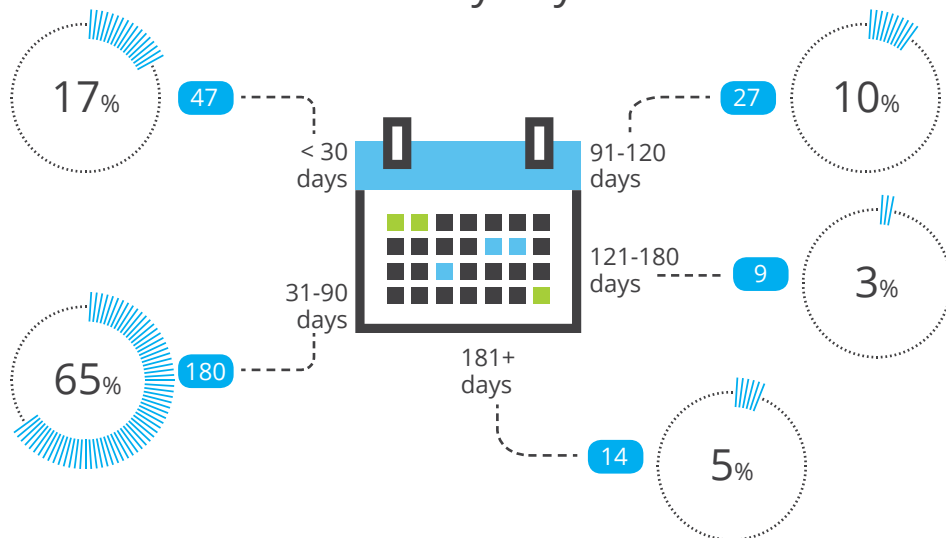
which means that we perfectly fit our Rules of Procedure's average investigation duration of 90 days.



Average time for conducting investigations:



Ratio of closed cases by days:



The majority of cases – 227, which is 82% of all closed investigations in Quarter I 2019, was investigated within 90 days as envisaged by our Rules of Procedure.

1.5. Government agencies subject to the most complaints

TOP-10 Complainees

	Complaints received in Q1 2019	Change as compared to Q4 2018	Change as compared to Q1 2018
State Fiscal Service	257	-8%	-43%
National Police of Ukraine	31	3%	11%
Prosecutor's Office of Ukraine	22	5%	-35%
Local councils and municipalities	17	21%	-11%
Ministry of Justice	17	6%	0%
Ministry of Social Policy and Labour of Ukraine	8	100%	100%
Ministry of Infrastructure of Ukraine	5	-	67%
State Security Service	5	-29%	-38%
Ministry of Economic Development and Trade of Ukraine	4	300%	-20%
Ministry of Finance of Ukraine	4	-20%	-69%

The share of complaints concerning actions of the SFS, which includes both tax and customs issues, amounted to 63% in Q1 2019. In absolute figures we received fewer appeals with respect to this state body in comparison with both Q4 2018 and Q1 2018.

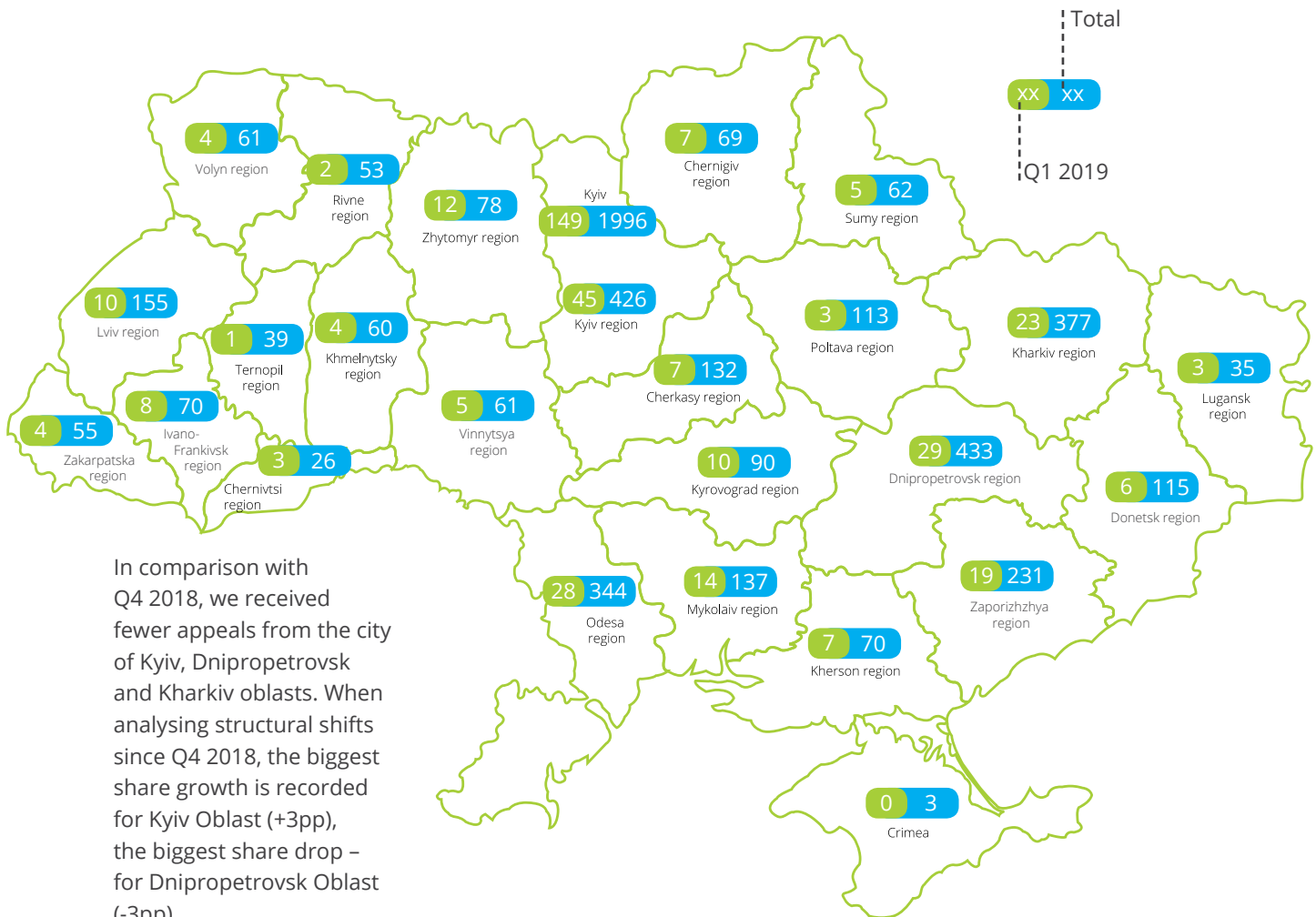
At the same time, business filed more complaints regarding the National Police (+3%) and the Prosecutor's Office (+5%) than in the previous quarter. The only state body from the law enforcement block, against which we received fewer appeals, was the State Security Service – one third less than in both Q4 2018 and Q1 2018.

In comparison with Q4 2018, entrepreneurs filed twice more complaints concerning the Ministry of Social Policy and Labor and four times more regarding the Ministry of Economic Development and Trade. In the meantime, we received one fifth less appeals with respect to actions of the Ministry of Finance.

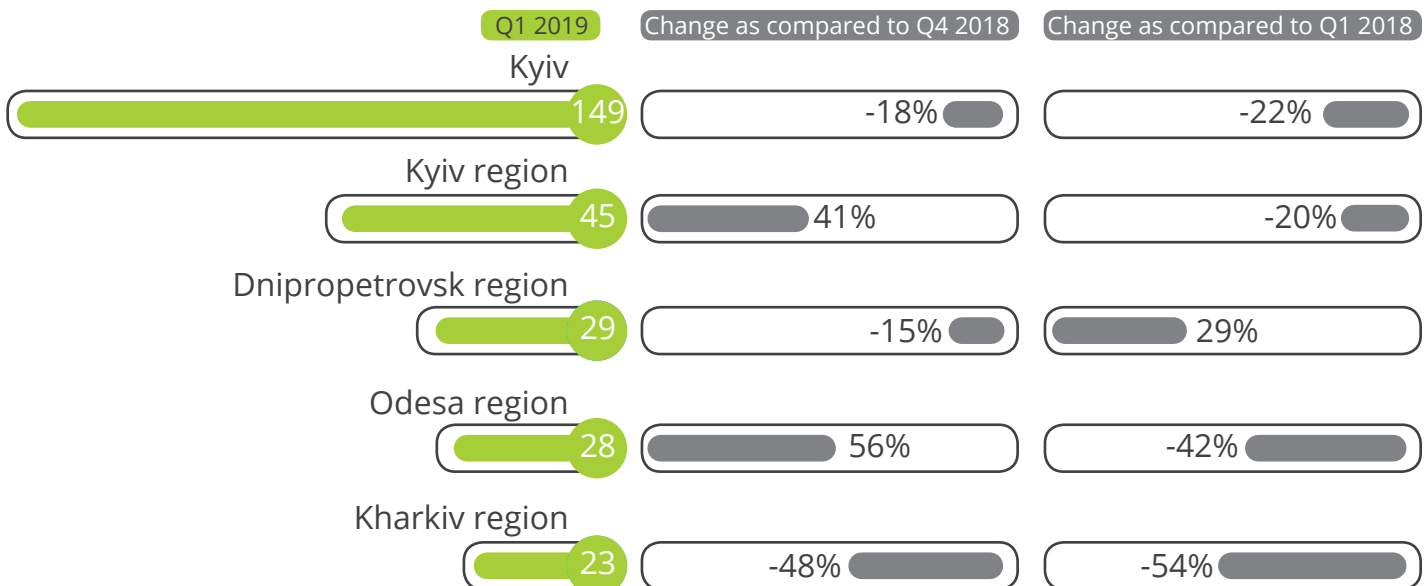
Other complainees include:

	Complaints received in Q1 2019	Change as compared to Q4 2018	Change as compared to Q1 2018
Ministry of Regional Development	4	-60%	300%
State Enterprises	4	-20%	0%
Antimonopoly Committee of Ukraine	3	50%	50%
Ministry of Ecology and Natural Resources of Ukraine	3	0%	-63%
Ministry of Internal Affairs	3	-	-
NABU	3	0%	-25%
Parliament, the Cabinet of Ministers, the President of Ukraine	3	-63%	-25%
Ministry of Agrarian Policy and Food of Ukraine	2	100%	-33%
State Service of Ukraine on Food Safety and Consumer Protection	2	-33%	100%
Commercial and other courts	1	-67%	-86%
Ministry of Energy and Coal Industry of Ukraine	1	0%	-92%
State Border Guard Service of Ukraine	1	-	-
State Emergency Service of Ukraine	1	-	-
Other	7	-42%	-65%

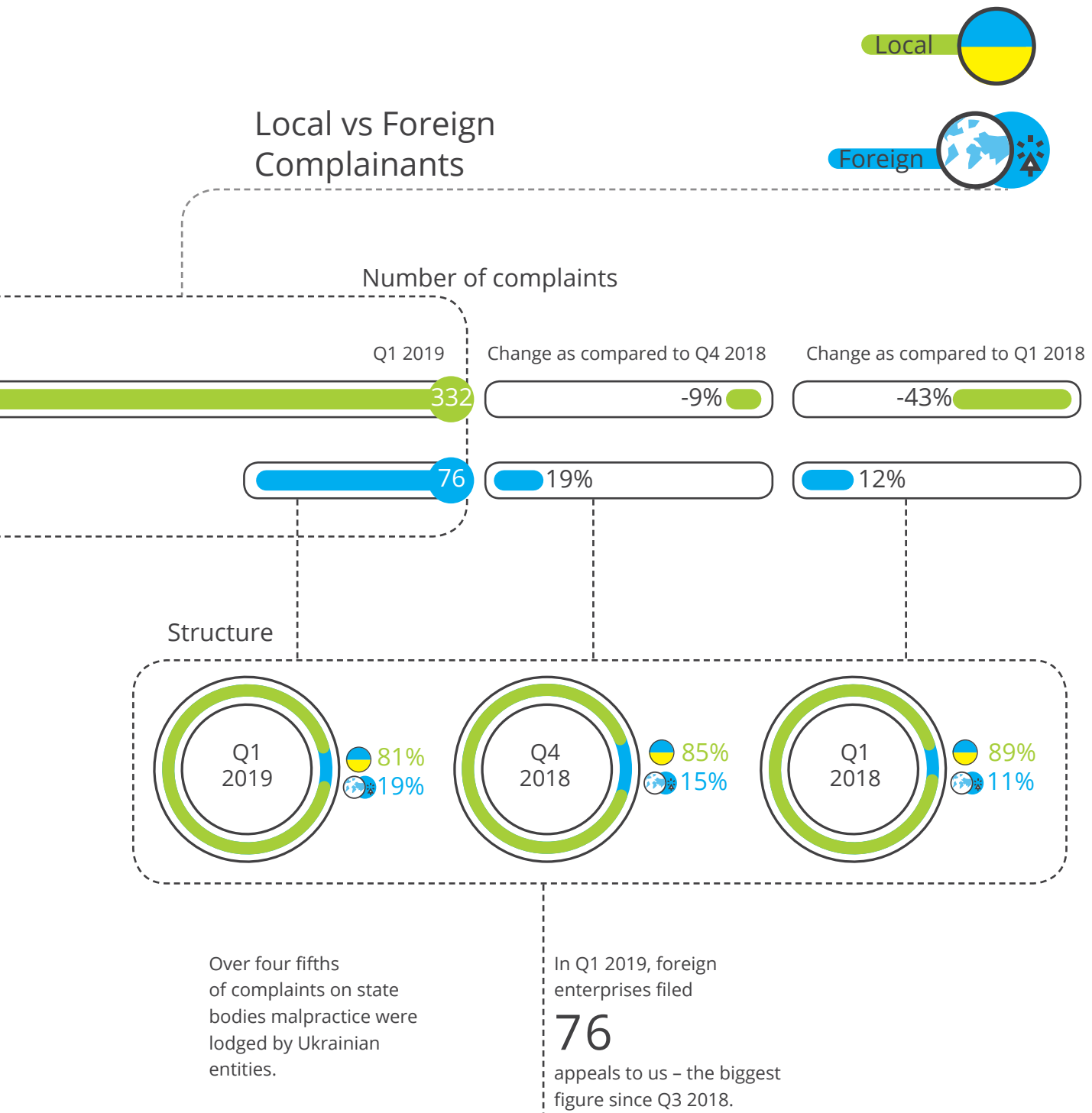
1.6. Geographical distribution of complaints received

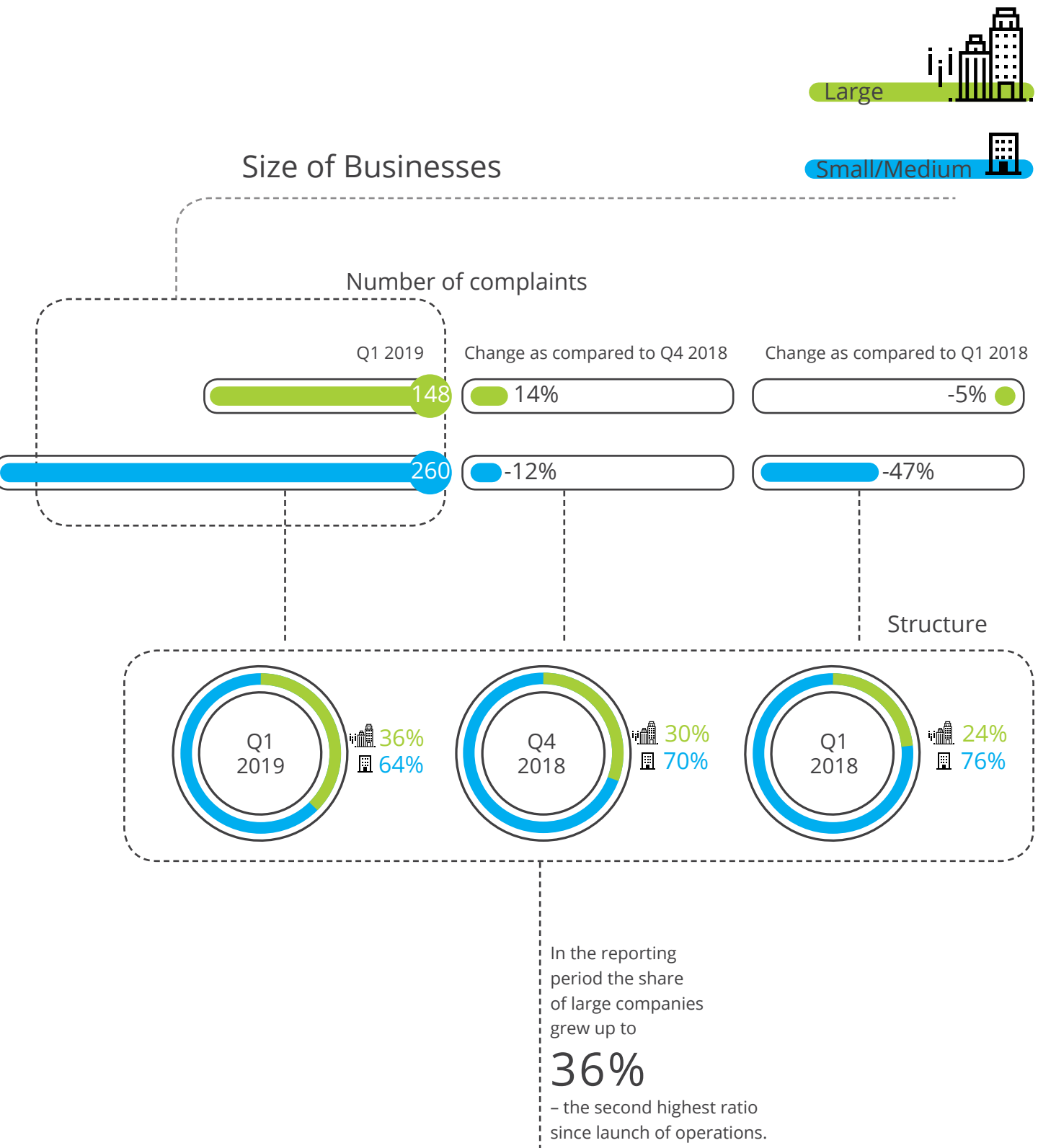


In comparison with Q4 2018, we received fewer appeals from the city of Kyiv, Dnipropetrovsk and Kharkiv oblasts. When analysing structural shifts since Q4 2018, the biggest share growth is recorded for Kyiv Oblast (+3pp), the biggest share drop – for Dnipropetrovsk Oblast (-3pp).

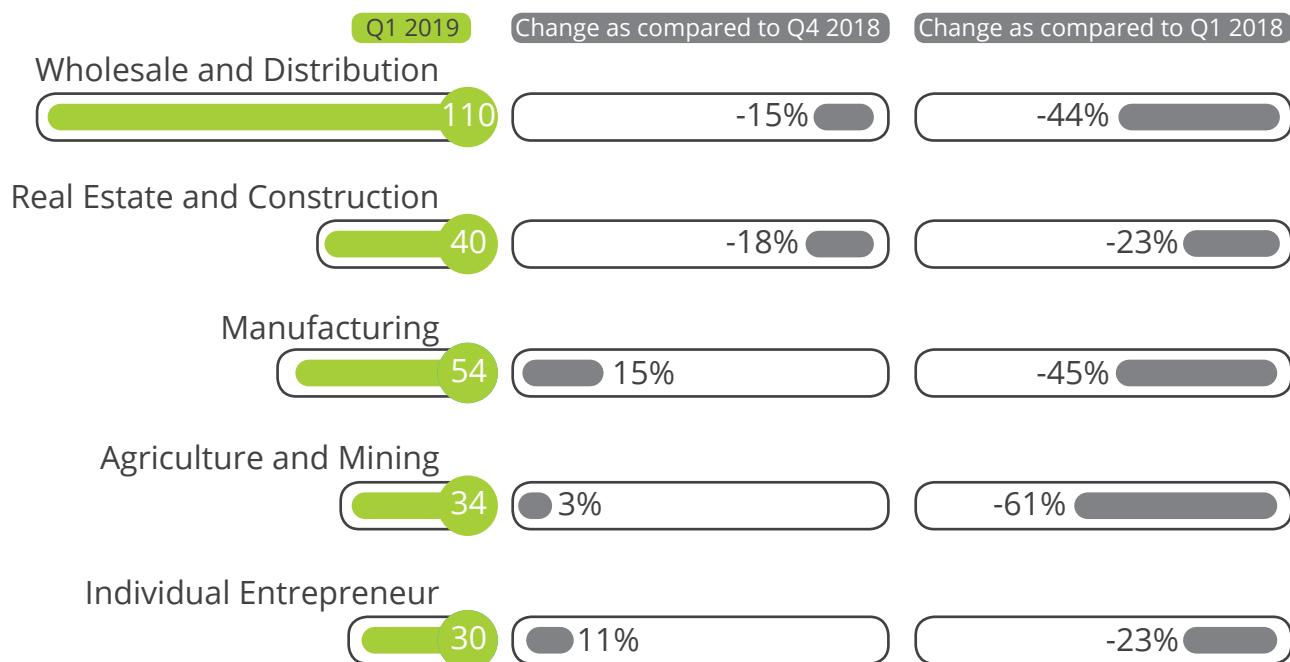


1.7. Complainants' portrait





TOP-5 Complainants' Industries

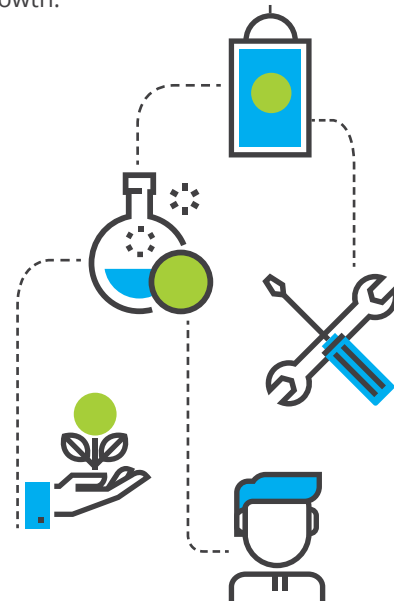


The majority of appeals was submitted by wholesalers (27%), manufacturers (13%), developers (10%), agribusiness (8%), as well as individual entrepreneurs (7%).

In comparison with Q4 2018 companies lodged fewer complaints from wholesalers and developers, while other industries from the TOP-5 performed a modest growth.

"We highly value that your participation, legal arguments and impartial position allowed us getting a positive decision in our case."

Nataliya Hryshko,
Director of Winner Group Ukraine, LLC



Other industries include:

Retail	25	Maintenance of buildings and territories	2
Auto transport	13	Oil and Gas	2
Supply of electricity, gas, hot water, steam and air conditioning	10	Other	2
Physical person	8	Public Organizations	2
Repair and Maintenance Services	8	Publishing and printing services	2
Farming	7	Activities in the field of employment	1
Financial Services	6	Activities in the field of architecture	1
Health, Pharmaceuticals, and Biotech	5	Air Transport	1
Waste collection and disposal	4	Auto dealers	1
Advertising	3	Building of ships and floating structures	1
Delivery services	3	Business services	1
Electric installation works	3	Cleaning services	1
Information and Telecommunications	3	Energy and Utilities	1
Scientific research and development	3	Engineering, geology and geodesy areas activity	1
Warehousing	3	Forestry and logging	1
Computer and Electronics	2	Freight maritime transport	1
Consulting	2	Funds management	1
Education	2	IT companies	1
Ground and pipeline transport	2	Restaurant business	1
Hire, rental and leasing	2	Transportation and Storage	1
		Wastewater treatment, sewage	1



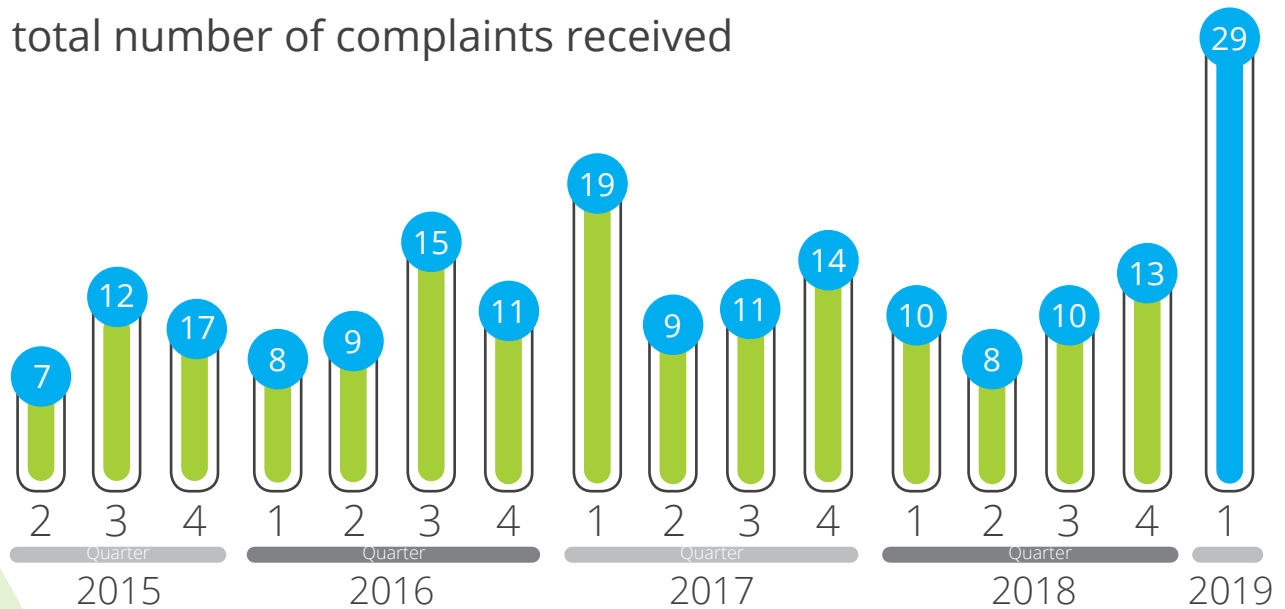
Report focus:

1.8. Report focus: analysis of complaints on customs issues

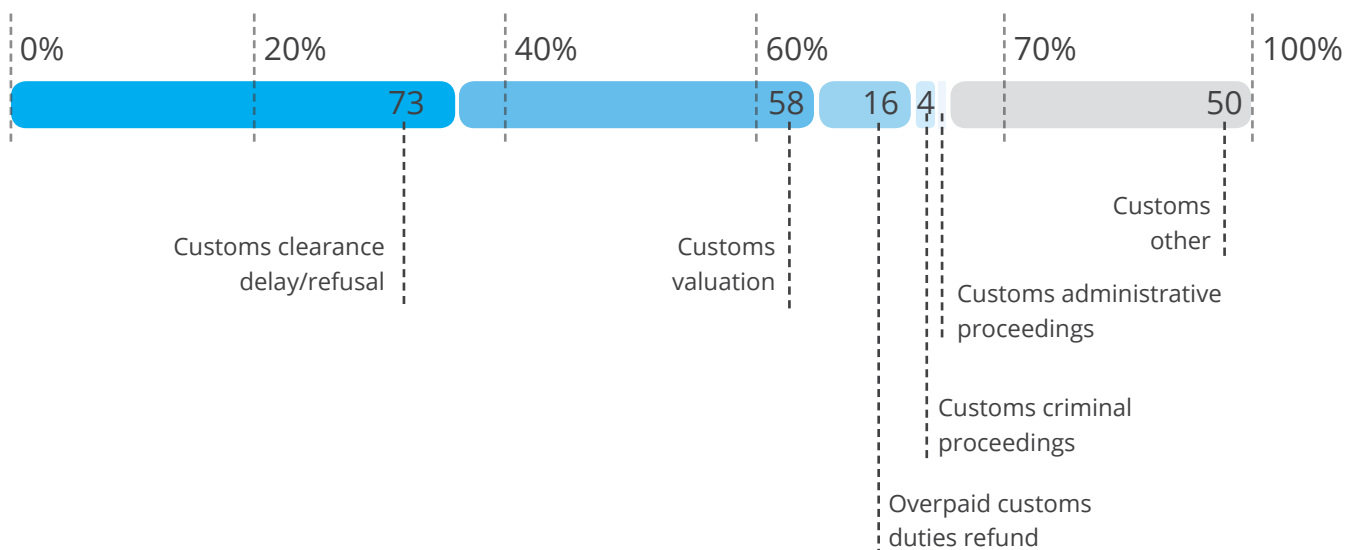
Since launch of the Business Ombudsman Council operations in May 2015 we received 202 appeals on customs issues, which amounts to less than 4% in the total number of complaints.

Starting from Q2 2018 the number of appeals on customs issues has been gradually increasing, peaking in Q1 2019. Over one third (36%) of all complaint on customs issues related to delays in customs clearance, 29% - to customs valuation of goods. Overpaid customs duties was a subject of appeal in 8% of cases.

Customs issues: total number of complaints received



Customs issues: subjects of complaints received



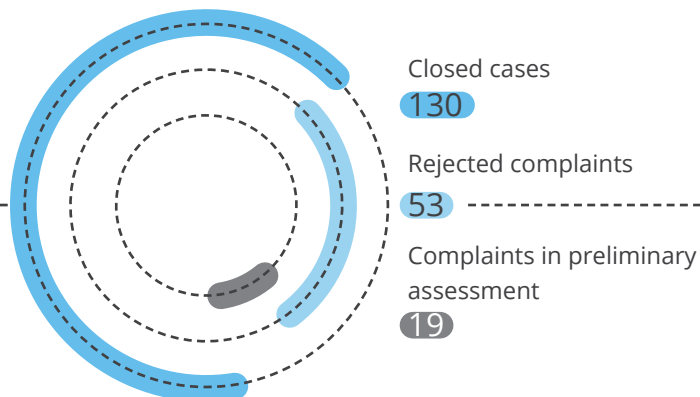
Customs issues: closed cases

Out of

202

complaints on customs issues received we have already closed two thirds of cases.

We are pleased to mention, that almost three quarters of cases were closed with immediate desirable result for the complainant, which is 7 pp the average figure of 67%.



Successfully closed cases

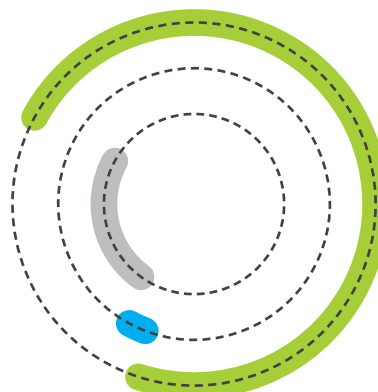
96

Closed with recommendations

3

Case discontinued

31



That said, the largest number of successfully closed investigations is recorded for cases concerning delays or refusal during the customs clearance.

Customs clearance delay/refusal



Customs valuation



Overpaid customs duties refund



1 Customs criminal proceedings

1 Customs administrative proceedings

Customs other



Overpaid customs
duties refund

7,018,323



In financial terms, we have
helped complainants to recover

UAH 21
mn

mainly on account of refund
of overpaid customs duties
and cancelled price adjustment
of imported goods.

Customs valuation

4,555,196

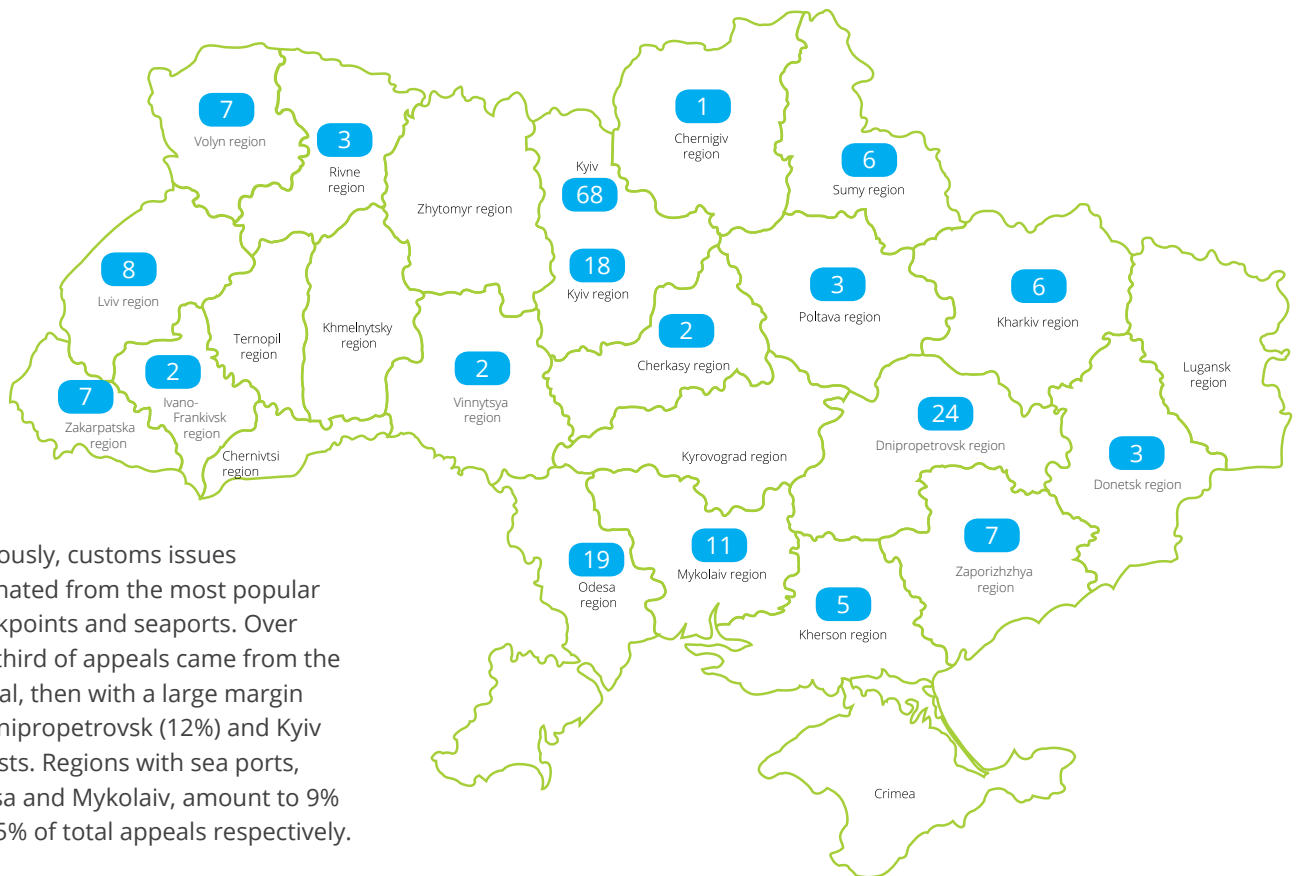
Customs clearance
delay/refusal

617,553

Customs other

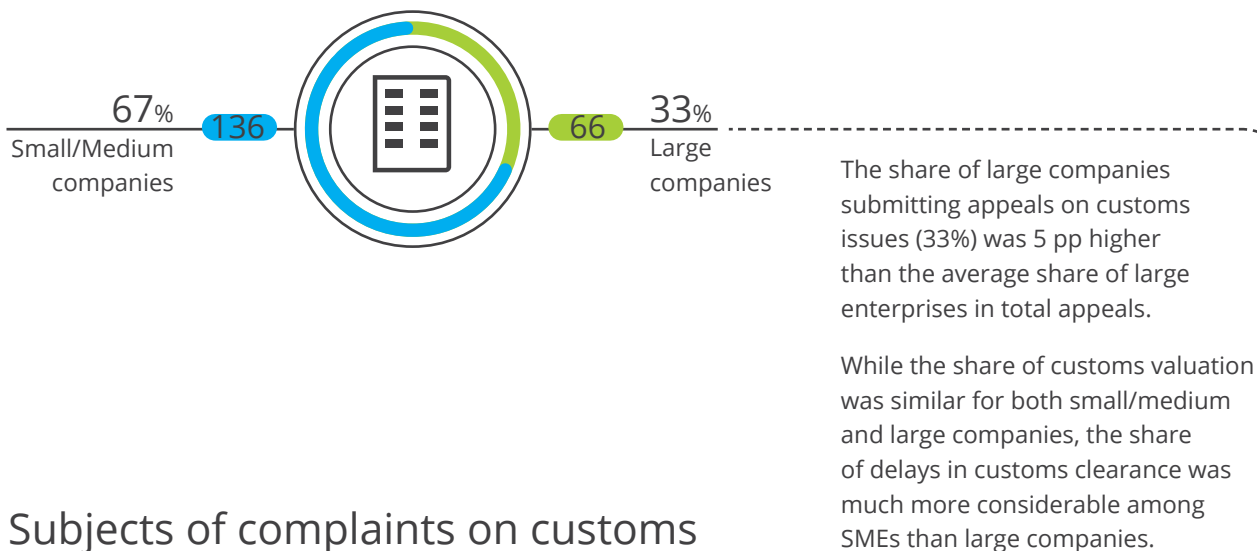
8,774,504

Customs issues: geography of received complaints

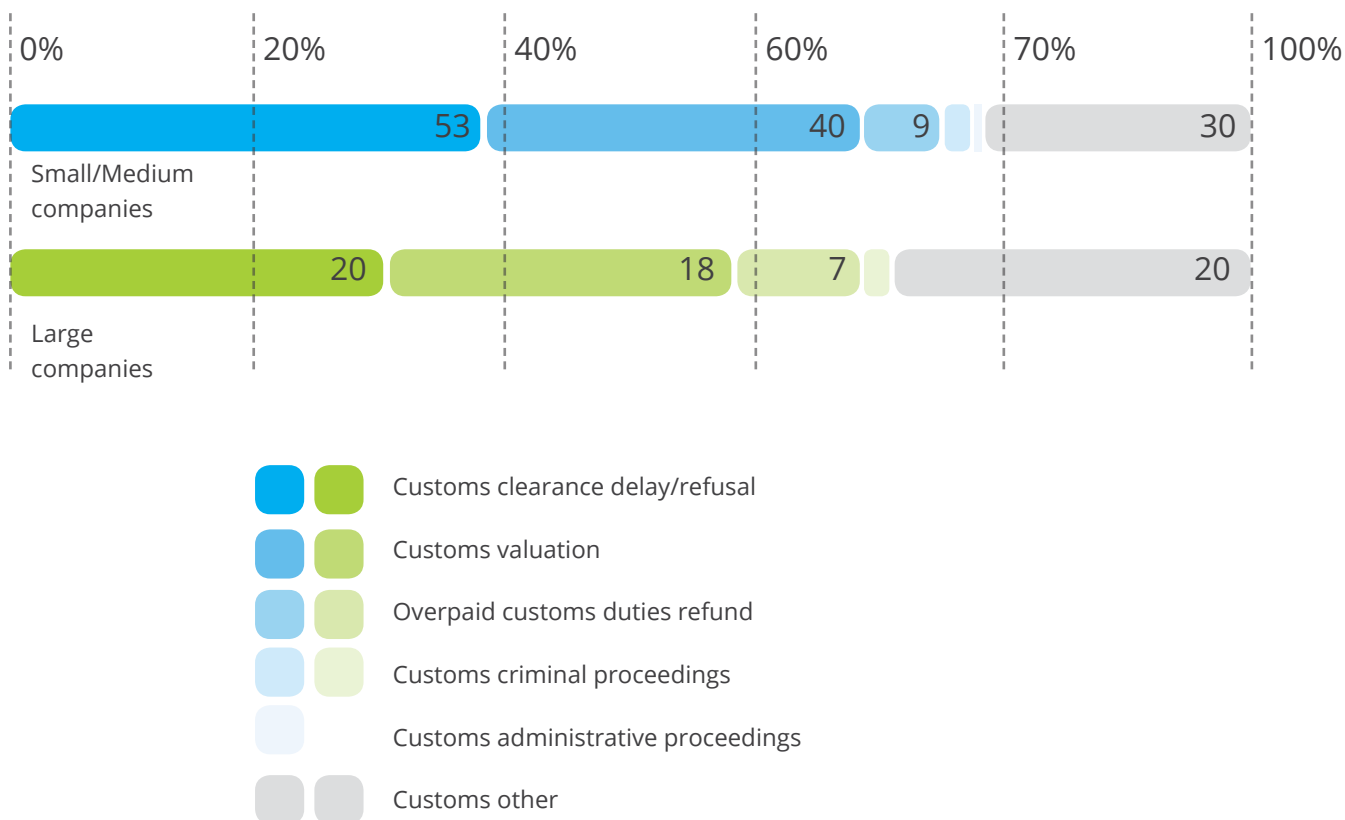


Obviously, customs issues originated from the most popular checkpoints and seaports. Over one third of appeals came from the capital, then with a large margin go Dnipropetrovsk (12%) and Kyiv Oblasts. Regions with sea ports, Odesa and Mykolaiv, amount to 9% and 5% of total appeals respectively.

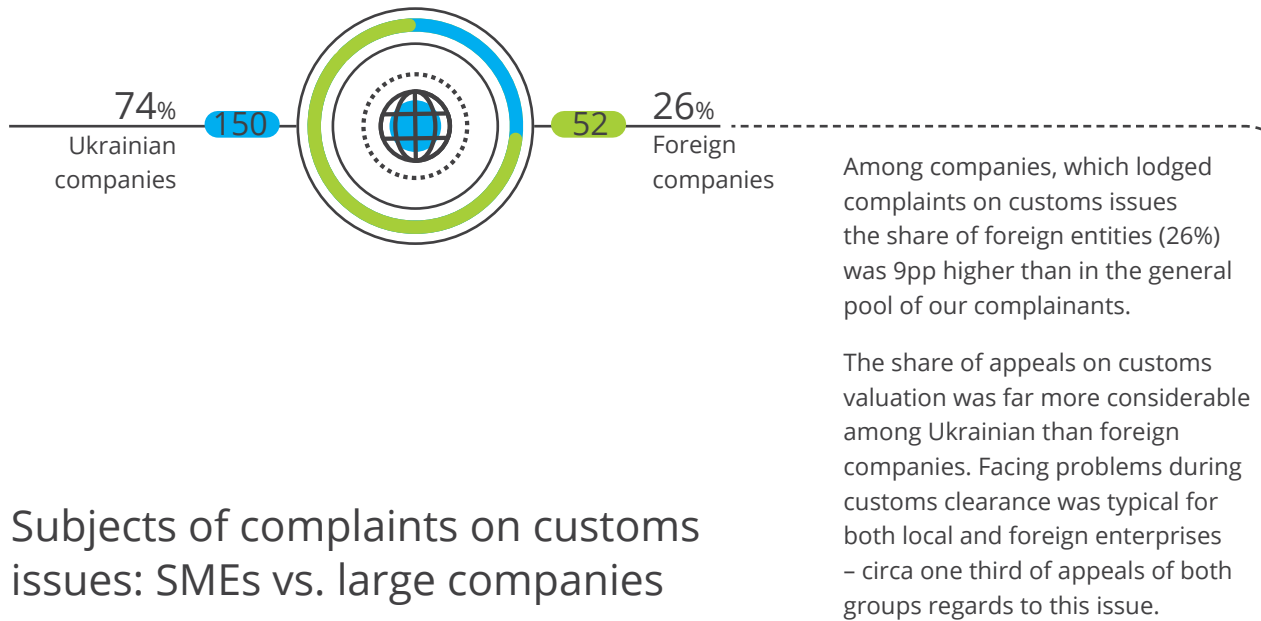
Customs issues: size of company



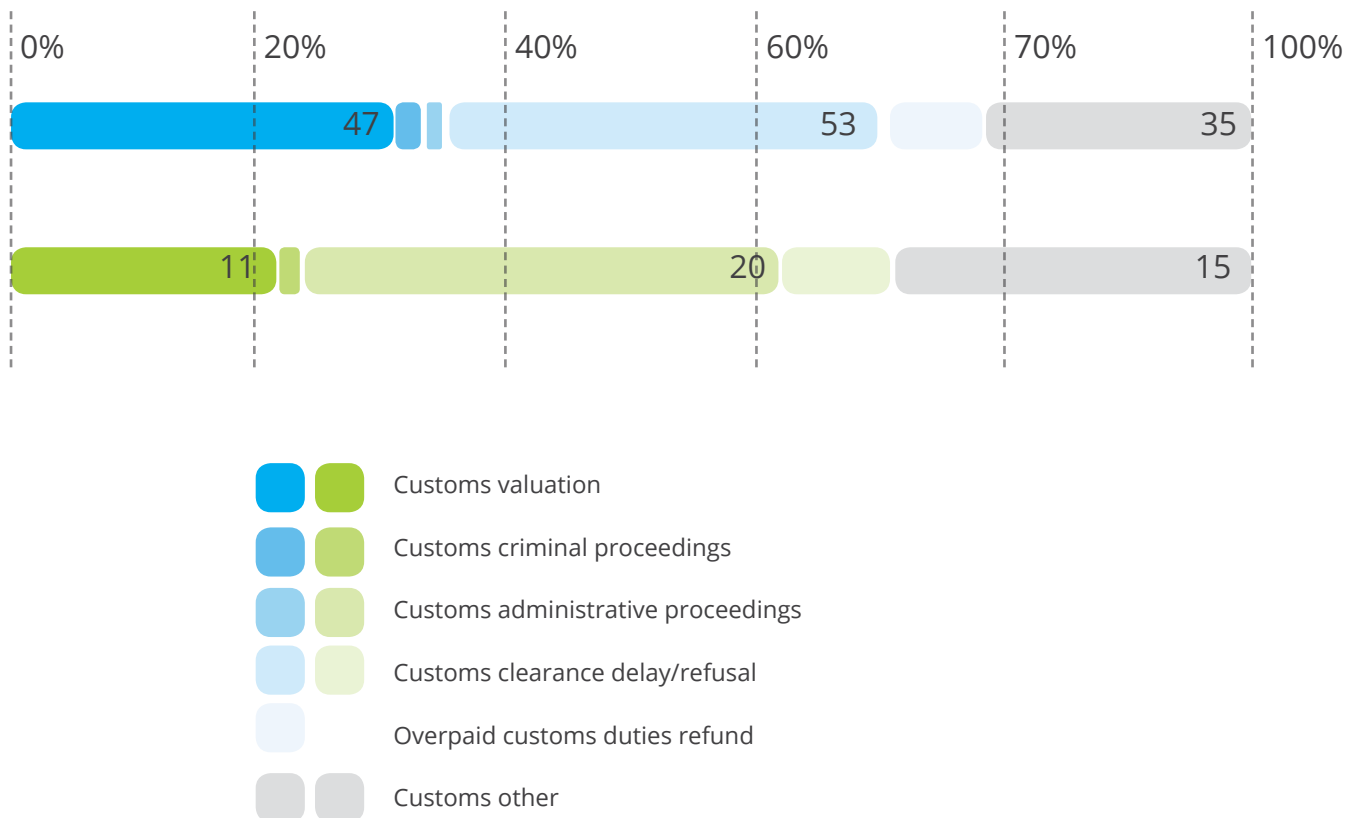
Subjects of complaints on customs issues: SMEs vs. large companies



Customs issues: size of company



Subjects of complaints on customs issues: SMEs vs. large companies



1 In July 2018, the Council presented to the Government a package of recommendations aimed at solving systemic issues faced by business in customs sphere. Currently, state bodies have already implemented 4% of them.

2 As set forth in our recommendations, in February 2019, the Verkhovna Rada adopted in the 1st reading a draft law that envisages introduction of an "authorized economic operator" concept (AEO) in Ukraine. Its key idea is that the customs trusts compliant businesses and checks only those foreign economic operations, where there is a real risk of violation of the law. The company, having the status of an AEO, has a number of advantages: its cargo is less subjected to customs inspections, customs clearance and customs control are carried out as a matter of priority, the company can seal the cargo in its own warehouses of production facilities. This significantly accelerates customs clearance and simplifies the export and import of goods.

3 The Ministry of Finance is currently implementing our recommendations aimed at streamlining refund of excessively paid customs duties and fees. Besides, the Ministry of Finance and the SFS set as a priority creation of a public register of decisions on goods classification, based on the EU best practices. We also believe that it's important to ensure a gradual shift of the primary form of customs control from the stage of customs clearance to the post clearance audit (except for cases when the fiscal body has reasonable doubts). A comprehensive reform of legal framework governing administrative liability for infringing customs rules and protection of intellectual property rights while moving goods across the border are also pending.

4 In accordance with the Association Agreement between Ukraine and the EU, Ukraine has committed itself to implementing the provisions of the EU legislation relating to the common transit system and the single administrative document. It is about the possibility of introducing a system of joint transit with the European Union and some other countries using the New Computerized Transit System (NCTS).

5 Business Ombudsman Algirdas Semeta is a member of the Interdepartmental Working Group on reforming of the SFS. According to the Memorandum with the International Monetary Fund the SFS will be reorganized into two separate state services: tax and customs. We hope that newly created institutions will actively pursue the implementation of the Council's systemic recommendations.

1.9. Feedback



“The level of professionalism in exercising its powers by the Business Ombudsman Council employees gives hope for the real establishment of the principle of freedom of entrepreneurship in Ukraine in interrelations between companies and state bodies”

Igor Tynny,

Founder of Hydroenergoresurs, LLC

2 Summary of key matters and follow-up of recommendations

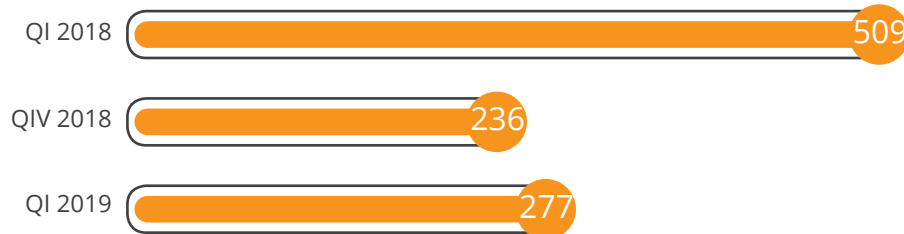
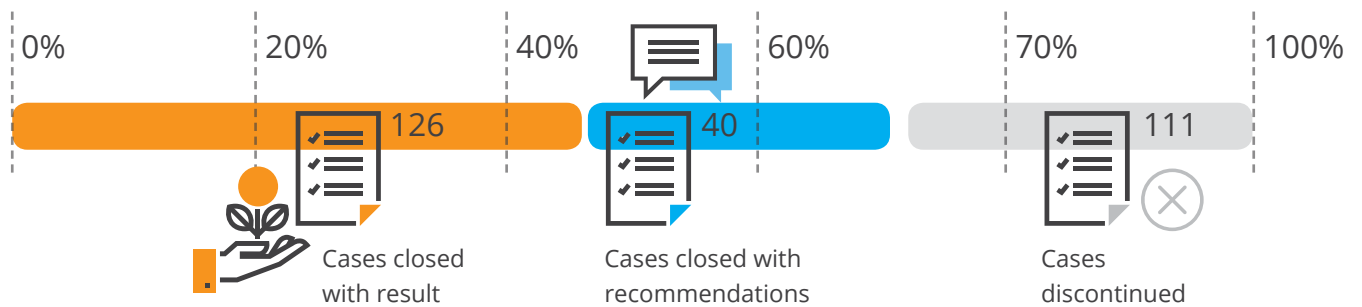
Total number of closed cases
since launch of operations:

3517

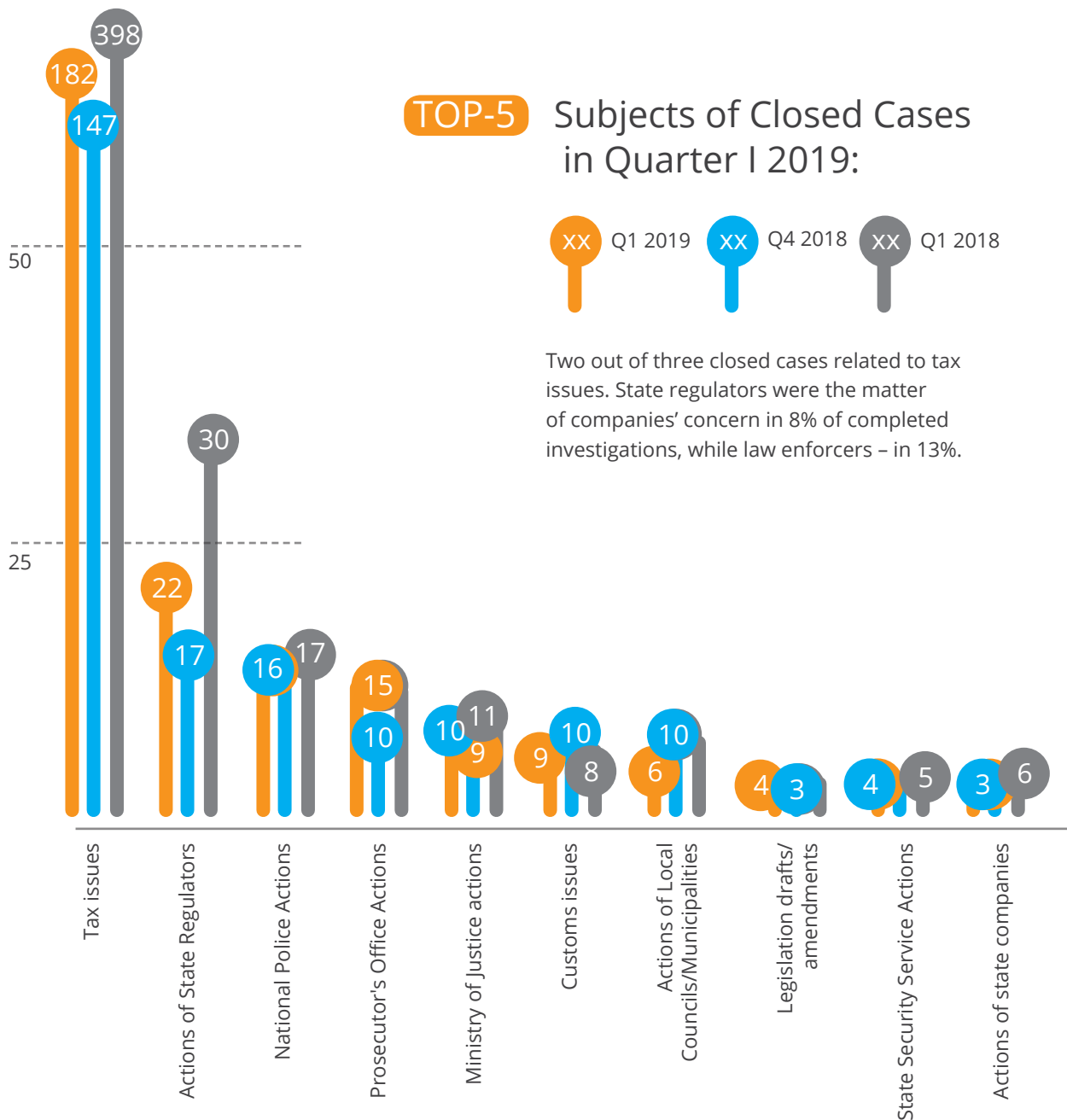


2.1. Information on closed cases and recommendations provided

Closed cases



In this reporting quarter, we closed 277 cases. Almost a half of these cases were closed with immediate desirable result for complainants.



“We express our sincere gratitude to the Business Ombudsman Council for the effective protection of violated rights of our company.

Denys Yanyshhev

Director of Zmina, LLC



Financial impact
in Quarter I 2019:



Over three quarters
of financial impacts
was due to cancelled
decisions of tax
inspections.

Direct financial impact of
BOC's operations 20 May
2015 – 31 March 2019:

UAH
13.5bn

Tax inspections

143,424,864

Other - Deposit Guarantee Fund
of Ukraine - Debt settlement

27,415,229

Tax VAT refund

7,174,254

Tax VAT electronic administration

3,389,515

Customs valuation

2,629,932

Tax VAT invoice suspension

2,443,217

National Police procedural abuse – funds refund

500,000

Tax other

313,465

Natural Monopolies other

68,000

Overpaid customs duties refund

36,726

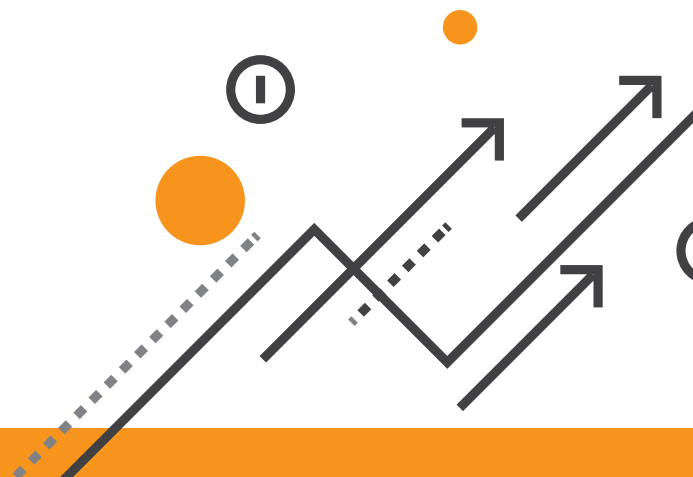
State companies other

32,220

Non-financial impact of BOC's operations in Quarter I 2019:

	Q1 2019	Q4 2018	Q1 2018
Malpractice ceased by complaine	43	26	46
Criminal case against the Complainant closed; property/accounts released from under arrest	7	8	9
Legislation amended/enacted; procedure improved	6	5	4
Tax records reconciled, tax reporting accepted	6	3	27
Permit/license/conclusion/registration obtained	4	6	8
Claims and penalties against the Complainant revoked Sanction lifted	2		
State official fired/penalized	2	3	1
Criminal case initiated against state official/3rd party		2	
Contract with state body signed/executed			1

Officials' ceased malpractice remains the key non-financial impact of our work. Closed criminal cases, amended legislation and obtained licenses were also among our key intangible results of our work in Q1 2019.



Recommendations provided

Recommendations
issued in Quarter I, 2019:

155

Total number
of recommendations
issued since launch
of operations:

2340

2209

94%
Number
of recommendations
implemented

131

6%
Number of
recommendations
subject to
monitoring

"We express our sincere gratitude for
your enormous work in helping legitimate
Ukrainian business."

Daniel Saksik,

General Director of Consumers-Sklo-Zorya, LLC

Government agencies whom the BOC issued recommendations in 2015-2019 (case-by-case basis) and ratio of implementation

	Recommendations implemented	Recommendations issued	Q1 2019	Q4 2019	Q1 2018
			Ratio implemented to issued		
State Fiscal Service	1605	1547	96%	97%	96%
National Police of Ukraine	105	92	88%	85%	84%
Prosecutor's Office of Ukraine	105	85	81%	81%	81%
Ministry of Justice	83	81	98%	95%	97%
Local councils and municipalities	81	72	89%	86%	84%
State Security Service	50	48	96%	94%	94%
Ministry of Regional Development	48	46	96%	95%	100%
Ministry of Economic Development and Trade of Ukraine	41	38	93%	84%	85%
Ministry of Ecology and Natural Resources of Ukraine	34	33	97%	94%	91%
Parliament, the Cabinet of Ministers, the President of Ukraine	25	21	84%	79%	78%
State Enterprises	25	21	84%	86%	82%
Ministry of Social Policy and Labour of Ukraine	21	19	90%	89%	73%
Ministry of Finance of Ukraine	17	16	94%	93%	75%
Ministry of Health of Ukraine	11	11	100%	100%	100%
Ministry of Internal Affairs	12	11	92%	91%	90%
Ministry of Infrastructure of Ukraine	10	9	90%	90%	100%
Other	9	9	100%	100%	86%
Ministry of Energy and Coal Industry of Ukraine	8	8	100%	88%	80%
Antimonopoly Committee of Ukraine	8	7	88%	100%	83%

	Recommendations implemented	Recommendations issued	Q1 2019	Q4 2019	Q1 2018
			Ratio implemented to issued		
Commercial and other courts	7	7	100%	100%	100%
Ministry of Agrarian Policy and Food of Ukraine	8	7	88%	88%	93%
National Commission for State Regulation of Energy and Public Utilities	8	7	88%	88%	83%
NABU	3	3	100%	100%	67%
State Service of Ukraine on Food Safety and Consumer Protection	6	3	50%	75%	75%
National Bank of Ukraine	2	2	100%	100%	100%
State Funds	4	2	50%	50%	33%
Communal Services of Ukraine	1	1	100%	0%	0%
Ministry of Education and Science of Ukraine	1	1	100%	100%	100%
National Council of Ukraine on Television and Radio Broadcasting	1	1	100%	100%	100%
State Emergency Service of Ukraine	1	1	100%	100%	100%
Grand Total	2340	2209	94%	94%	93%

In the reporting quarter state bodies implemented 153 more individual recommendations of the Council, thus keeping a high ratio of 94%. The majority of state bodies, whom we issued the most recommendations, improved their performance in Q1 2019.

The SFS, whom we addressed 69% of all individual recommendations since launch of operations, performed a minor slowdown in the ratio of implemented recommendations: -1pp to 96% as compared to the previous quarter.

In Q4 2018 the performance of law enforcement bodies was the following: the State Security Service (96%) and the National Police (88) improved it performance, while the Prosecutor's Office (81%) remained stable.

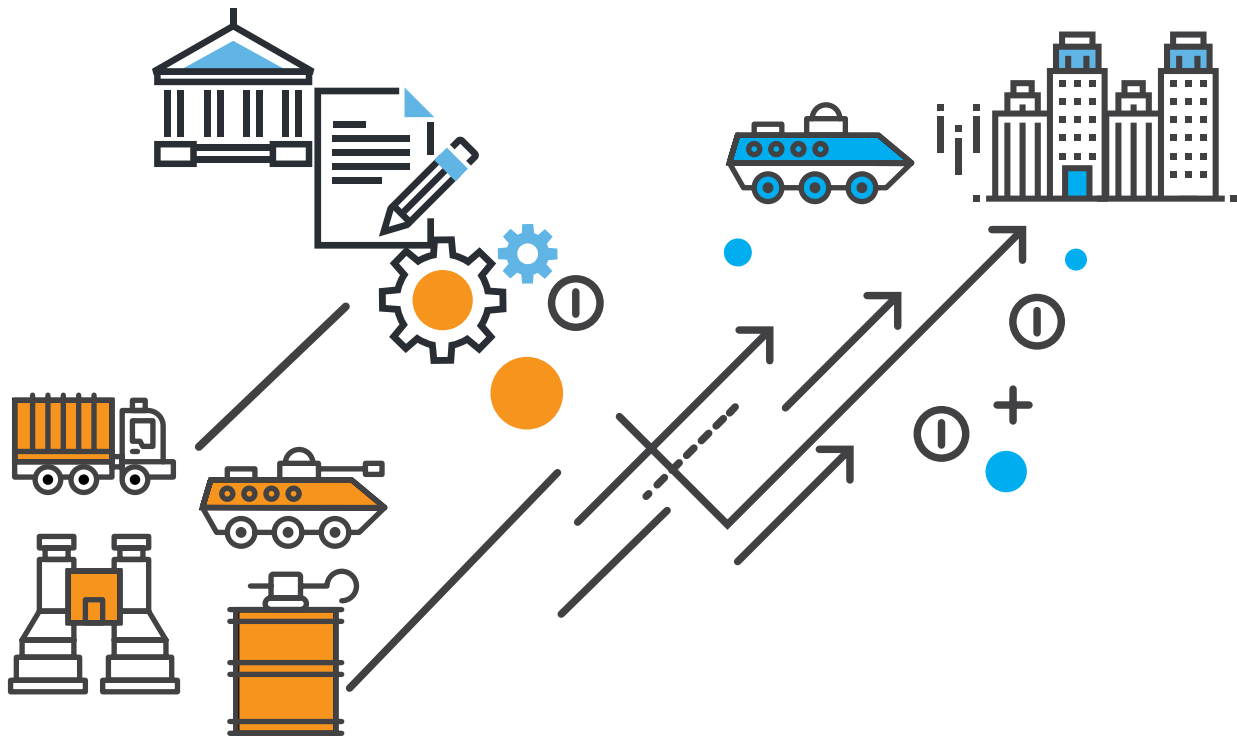
On a separate positive note, we would like to mention state bodies, that implemented over 20 recommendations in total and performed a significant growth as compared to Q4 2018: the Ministry of Economic Development and Trade (+9pp) and the Parliament, the Cabinet of Ministers and the President of Ukraine (+6pp).

2.2. Systemic issues identified and solved

Systemic issues identified

- In the reporting quarter the Council received 4% fewer complaints from businesses regarding malpractice of state bodies. This was mainly driven by the decrease in the number of appeals concerning tax issues.
- In comparison with the previous quarter, companies addressed us 15% fewer complaints on tax issues, with major declines recorded in the number of appeals regarding tax invoice suspension, tax criminal cases and VAT electronic administration. At the same time, tax inspections have been increasingly seen as a major constraint for companies conducting business in Ukraine. In Q1 2019 entrepreneurs addressed us 93 appeals on this subject, which is almost a quarter of all appeals received and an absolute maximum since the BOC launch of operations.
- The number of complaints concerning actions of law enforcements bodies has remained almost unchanged for several quarters in a row. In comparison with Q4 2018, the National Police and the Prosecutor's Office both performed a single digit growth, while the number of complaints regarding the State Security Service has been steadily decreasing for several quarters already. On a separate positive note, the number of reported episodes on the procedural abuse of the National Police and the Prosecutor's Office went down as compared to Q4 2018 by 15% and 33% respectively.
- With respect to actions of state regulators the Council received almost one third more complaints as compared to Q4 2018. Although the number of appeals regarding malpractice of the DABI and the StateGeoCadastre reduced significantly, in Q1 2019, the companies addressed us concerning actions of a wider range of other state regulators.
- Customs issues became the fourth most common subject of appeals in Q1 2019. Since Q2 2018 complaints on customs issues have been up, edging to an all-time high figure of 29 appeals in Q1 2019. Although the share of customs issues in total appeals is quite moderate, the effective customs operations is vitally important for the development of international trade and business environment in the country in general. That's why we decided to conduct a deeper analysis of customs related complaints received from businesses.
- Since May 2015 companies addressed the Council us 202 appeals on customs issues. Over one third of them related to delays in customs clearance, about another one third – to customs valuation of goods. In contrast to the general bulk of appeals, the share of foreign (26%) and large companies (33%) was higher – 9 pp and 7 pp respectively. It is noteworthy, that the level of successfully closed investigations was higher with respect to customs issues (74%) than to total closed cases (67%). From the financial perspective, we have helped complainants to recover UAH 21 mn, mainly on account of refund of overpaid customs duties and cancelled price adjustment of imported goods by the SFS.

Systemic issues solved



Government agency

The Cabinet of Ministers

Issue arising from the investigation

The Council faced a gap in the legislation on import of demilitarized equipment.

In practice, it was not easy to figure out which government agency is responsible for issuing permits for civil use. The Ministry of Defense, MOD and State Service for Export Control only forwarded the appeal to one another.

Result achieved with the BOC facilitation

The Ministry of Economic Development and Trade (MEDT), which implements export control policy, was involved in the dialogue, and eventually the issue was brought up at the CMU leadership team level. When it became clear that a quick compromise could not be achieved, the parties decided to initiate amendments to the legislation.

In the summer of 2018, the President enacted the National Security and Defense Council decision "On Improvement of the State Policy on Provision of the Armed Forces of Ukraine and Other Military Units with Foreign Produced Defense Products, as well as Promoting Cooperation of Defense Enterprises of Ukraine with Foreign Partners."

Only at the beginning of 2019, based on the experience of other market players, we made sure that the procedure worked indeed.

Systemic recommendations implemented



Systemic Report

PROBLEMS WITH CROSS-BORDER TRADING IN UKRAINE



Systemic Report

MAIN PROBLEMS FACED BY BUSINESS IN CUSTOMS SPHERE



Systemic Report

REDUCING THE RISK OF CORRUPTION AND ATTRACTING INVESTMENT TO THE CONSTRUCTION INDUSTRY

Issue

Delays in checking and accepting customs declarations mean goods detentions at customs, failure of delivery terms, additional logistics costs for businesses.

BOC's recommendation

To transfer customs control from the stage of customs clearance to the post clearance audit. This means that customs procedures are applicable not at the checkpoint, but after the completion of their customs clearance and release of goods into free circulation.

Actions taken by government agencies

The draft law "On amendments to the Customs Code of Ukraine" was adopted in the first reading, which, in particular, envisages introduction of a new form of control – post clearance audit.

Issue

The lack of a clearly defined procedure for assigning postal addresses to finished construction sites. Prior to this, the provision of postal addresses was carried out by local authorities at their own discretion. This often resulted in abuses: artificially delaying the procedure and creating further obstacles to registration of new real estate objects.

BOC's recommendation

Establish a single, transparent and business-friendly order for the assignment of postal addresses to construction sites and real estate objects.

Actions taken by government agencies

The Cabinet of Ministers of Ukraine adopted a comprehensive regulation, initiated and developed by MEDT, which defines the required order of assigning postal addresses.

2.3. Summary of important investigations

In this chapter, you may read the illustrations of recommendations the BOC issued to various government agencies and the results of their implementation.

TAX ISSUES

Subject: Tax inspections

SFS drops UAH 76 mn in taxes and fines against distributor from Lviv Oblast

Subject of complaint:
General Directorate of the SFS in Lviv Oblast (SFS)

Complaint in brief:

The Council received a complaint from a wholesale distributor from Lviv Oblast. The company did not agree with the tax audit conclusions.

When auditing the distributor's activities, the SFS questioned the reality of its transactions with several counterparties. Accordingly, the tax authority decided to additionally charge a profit tax and fines to the company worth over UAH 76 mn.

Disagreeing with the tax authority conclusions, the company appealed the decision but received only a formal rejection in reply without arguments and substantiated replies to objections. Considering its legitimate rights violated, the company turned to the SFS and the Council for support.

Actions taken:

The Council's investigator analyzed the circumstances of the complaint and prepared written proposals to the SFS. The Council also participated in the company's case consideration at the SFS.

Result achieved:

After receiving additional explanations from the Complainant, the SFS took them into account and cancelled audit conclusions. The case was closed successfully.

Subject: Tax inspections

**Ukrainian division
of the world's leading
telecommunication
equipment manufacturer
saves UAH 15 mn**

Subject of complaint:

General Directorate
of the State Fiscal Service
of Ukraine (SFS) in the city
of Kyiv

Complaint in brief:

A Ukrainian division of the world's leading telecommunication equipment and mobile phones manufacturer turned to the Council. The Complainant disagreed with the SFS tax audit conclusions.

The tax authority checked how the company paid taxes and complied with currency legislation rules in 2015-2018. As a result, it found violations for the amount of over UAH 1.5 mn.

Disagreeing with the tax authority findings, the company appealed them in the SFS and turned to the BOC for support.

Actions taken:

After examining case materials and analyzing provisions of the law, the Council supported the company's position in writing. In addition, the Council's investigator participated in the consideration of the case at GD SFS in Kyiv and at the SFS of Ukraine. In particular, the investigator stressed that the company really paid the VAT and had the right to a tax credit.

Result achieved:

The SFS accepted the Council's arguments and cancelled audit conclusions. It allowed the Complainant to avoid unreasonable additional payments worth over UAH 1.5 mn. The case was closed successfully.

Subject: Tax inspections

**Signify Ukraine defends
right to tax credit**

Subject of complaint:

General Directorate
of the State Fiscal Service
of Ukraine (SFS) in Kyiv city

** Here and further
in the report the
Complainant
kindly agreed
to disclose his name
for communication
purposes*

Complaint in brief:

A world's leading LED lamps manufacturer, Signify Ukraine LLC (until January 24, 2019 Philips Lightning Ukraine), turned to the Council. The company did not agree with the tax audit conclusions, according to which it had to additionally pay over UAH 1 mn.

During the company's activities audit in September 2018, the SFS found a violation of the tax law. In the SFS's view, the company engaged promoters to boost their products in distribution networks without proper reasons, as the goods no longer belonged to the Complainant. The SFS concluded that after goods had been purchased by partners for distribution in the network, it was economically inexpedient to spend money on its promotion. Because of this, in the tax authority's view, the company did not have the right to attribute such services to costs, thus reducing the tax basis.

The Complainant disagreed with the SFS position. It insisted it was the one and only distributor of the brand, and any promotion activities had a direct economic effect both for the company and the trademark. Considering that the SFS did not investigate all the circumstances of the company's activities and groundlessly concluded on the tax law violation, the Complainant approached the Council.

Actions taken:

After examining case materials and analyzing provisions of the law, the Council upheld the company's position in writing. In addition, the Council's investigator participated in the consideration of the case at the GD SFS in Kyiv, SFS in Kyiv and the SFS of Ukraine. In particular, he presented judicial practice in similar cases involving retail networks, which testified in favor of the Complainant.

Result achieved:

The SFS accepted the Council's arguments and cancelled audit conclusions. It allowed the Complainant to avoid unreasonable additional charges of over UAH 1 mn. The case was closed successfully.

Subject: Tax inspections

SFS approves classification of equipment and drops additional payment to sweets manufacturer

Subject of complaint: Large Taxpayers' Office of the SFS (LTO)

Complaint in brief:

A Ukrainian company, belonging to the group of the world's largest chocolate products, cookies and sweets producer, appealed to the Council. The Complainant did not agree with the tax inspection conclusions.

In 2016, the company purchased a cookies packaging machine and imported it, according to the imported goods classification, at a zero duty rate. The equipment started running, products appeared on shelves.

However, in two years, the LTO decided to carry out an inspection whether the classification of equipment was performed correctly. Insisting on the fact that the packaging machine had to be imported at a rate of 2%, the tax authority additionally charged UAH 140k to the company in taxes.

Disagreeing with the tax authority conclusions, the company appealed them in the SFS of Ukraine and turned to the Business Ombudsman Council.

Actions taken:

The Council's investigator analyzed case materials and upheld the Complainant's position in writing. In addition, he participated in the consideration of the case at the SFS of Ukraine. During the hearing, the parties agreed that the Complainant would provide tax authorities with additional documents and cookies packaging process photos confirming correct classification of goods.

Result achieved:

Having received the mentioned documents and photos, the SFS of Ukraine accepted the position of the company and dropped the additional payment. The case was closed successfully.

Subject: Tax inspections**SFS drops fine worth UAH 2.9 mn against agricompany from Luhansk Oblast****Subject of complaint:**

The General Directorate of the State Fiscal Service of Ukraine in Luhansk Oblast (SFS)

Complaint in brief:

An agricompany from Luhansk Oblast approached the Council. The company did not agree with the tax audit conclusions, according to which the Complainant had to additionally pay over UAH 6 mn.

In September, the SFS conducted an unscheduled inspection of the company and identified a number of violations. In particular, the agricultural company incorrectly specified a classification code of the goods in tax invoices. In addition, according to the tax authority, the Complainant had to register additional property. The tax authority valued the identified violations at several million hryvnias. However, according to the agricompany, audit findings were unfounded, and the SFS put pressure on the company due to the fact that the Complainant sought to obtain a VAT refund from the budget.

Actions taken:

The Council's investigator examined case files and determined that in two of three episodes of the complaint, legal rights of the agricompany had been violated. Therefore, he prepared arguments and upheld the Complainant's position. The investigator asked the SFS in writing twice to properly consider the company's appeal. In addition, the Council participated in the case consideration at the SFS.

Result achieved:

With the Council's involvement, the SFS dropped an additional payment and fines worth UAH 2,9 mn. The case was closed.

Subject: Tax inspections**BOC defends the company's legal right to a tax credit****Subject of complaint:**

General Directorate of the State Fiscal Service in Kyiv city (GD SFS), The SFS of Ukraine (SFS)

Complaint in brief:

A Ukrainian subsidiary office of the world's leading manufacturer of farm machinery turned to the Council. The Complainant did not agree with the GD SFS conclusions of the legitimacy of a tax credit amounting to UAH 7 mn.

In 2016-2017, the company signed a farm machinery supply agreement for a total amount of over UAH 400 mn. According to the Tax Code (TC), such an import transaction is subject to VAT. Accordingly, upon receipt of the goods, the Complainant paid the VAT and received the tax credit for its amount.

During two years the Ukrainian company was paying for the received machinery in instalments. However, when it was necessary to pay the last 9% of the cost, the company faced financial problems. The Complainant could not repay the remaining amount. Taking this into account, the parent company did a favor and waived a debt worth about EUR 1 mn.

When auditing the company's activities in 2018, GD SFS treated this debt waiving transaction as free of charge goods. According to the TC, under these conditions the Complainant is not entitled to the tax credit. Disagreeing with the tax authority position, the company filed a complaint with the SFS and the Business Ombudsman Council.

Actions taken:

The Council's investigator examined a case file, investigated relevant legislation and judicial practice. He made sure that the right to the tax credit arises in case of payment of tax when importing goods and provided the reality of the transaction and availability of primary documents. The Tax Code does not contain any other requirements to get the tax credit. In the event of debt waiving – as in the Complainant's case, – there is no change in compensation and the seller is not obliged to issue a calculation adjustment to the buyer.

Therefore, the Council wrote to the SFS of Ukraine regarding possible violations of the company's legitimate interests. The Council recommended the tax authority to comprehensively and impartially consider the Complainant's case. The investigator also participated in the consideration of the case at the SFS, where he articulated the arguments outlined earlier and supported the Complainant's position.

Result achieved:

With the Council's support the Complainant managed to convince the tax authority. The SFS satisfied the company's complaint. The Complainant reserved his right to the tax credit of UAH 7 mn. The case was closed successfully.

Subject: Tax inspections

SFS drops a fine for a sewing equipment supplier

Subject of complaint:

General Directorate of the State Fiscal Service of Ukraine in Khmelnytskyi Oblast (Khmelnytskyi SFS)

Complaint in brief:

A sewing equipment supplier, Shveymash, addressed the Council. The Complainant disagreed with the tax audit conclusions according to which he had to pay a fine of UAH 28k.

According to the SFS, their "Mystery Shopper" visited the Complainant's store, ordered a sewing machine and made a down payment for it. In confirmation thereof, the buyer received a sales invoice. The invoice was the ground for the company to be accused of making settlements off the books.

However, according to the Complainant, there was no such a purchase at all. The sales invoice contained the other company details, as well as the buyer's and supplier's representative details unknown to the Complainant. Moreover, the seller did not have the item shown on the invoice at all. The enterprise did not agree with the audit findings and appealed them in the SFS.

Actions taken:

The Council's investigator studied case materials. He paid attention to the fact it was incorrect to conclude on improper accounting of the Complainant based on the sales invoice that became the "evidence" of the SFS. In particular, the sales invoice neither contained the necessary details to be considered an original document, nor any sufficient identification information that would give grounds to state this document had been issued by the Complainant. Having made sure that the facts and evidence testified in favor of the Complainant, he promptly sent a letter to the tax authority and also upheld the company's position during the hearing of the case in the SFS of Ukraine.

Result achieved:

With the Council's involvement the SFS reviewed the audit conclusions and dropped the fine. The Complainant thanked the BOC for its active participation and support in resolving the case. The case was successfully closed.

Subject: Tax criminal cases

Criminal proceedings against event agency closed due to absence of crime

Subject of complaint:

Investigative Department for Financial Investigations of the General Directorate of the State Fiscal Service in Kyiv city (Tax Police)

Complaint in brief:

An event agency specializing in organizing events in the B2B segment turned to the Council. The company complained about a groundlessly initiated criminal case.

In September 2017, the tax authority audited the company's activities and concluded the profit tax and VAT were underestimated for the total amount of UAH 18.5 mn. The company appealed the SFS's decision in court. The County Administrative Court ruled in favor of the Complainant and the Appellate Court affirmed it.

However, it did not stop the tax authority. The Tax Police initiated criminal proceedings against the company under a "tax evasion" article. The Complainant repeatedly appealed to the Investigative Department of the Tax Police with a request to close the criminal case due to absence of a crime but in vain. Therefore, the company filed a complaint with the Business Ombudsman Council.

Actions taken:

After examining the circumstances of the case, the Council's investigator considered the company's position lawful. He sent letters to the Kyiv City Prosecutor's Office (Prosecutor's Office) and the Investigative Department for Financial Investigations of the General Directorate of the SFS and the Tax Police in support of the Complainant. However, the tax authorities replied there were no grounds for closing the criminal proceedings.

Since there were none of the crime required elements, such as debt or agreed tax liabilities in the Complainant's case, the Council's investigator applied to the Prosecutor General's Office (PGO) requesting to comprehensively and impartially consider the company's complaint. He also recommended checking the effectiveness of the pre-trial investigation, as well as presence of violations in the government officials' actions.

Result achieved:

After that the case got underway. The PGO handed the case over to the Prosecutor's Office and the latter – to the Tax Police. With the Council's involvement, on December 13 the criminal proceeding against the Complainant was closed due to absence of a crime. The case was successfully resolved.

Subject: Tax criminal cases

Repeated searches based on one court order are forbidden!

Subject of complaint:

Investigation Department for Financial Investigations of the General Directorate of the State Fiscal Service in Kyiv city (Tax Police)

Complaint in brief:

The company providing visa services addressed the Council. The company complained about unlawful actions of the Tax Police – law enforcers searched the Complainant twice, though they had a court permit only for one search.

Based on a court order, an investigator and other Tax Police officers legally got into the Complainant's office for the first time and started the search. After spending some time there, all the law enforcers left the premises. They returned the next day to renew the search. However, they presented the same court order as the first time.

However, the Complainant objected to it – in its view, a court order allowed only one entry into the office, which had already been completed, as law enforcers conducted the search and left the premises.

Actions taken:

The Council's investigator analyzed case files and relevant legislation and concluded the Complainant was right. The second entry into the office that took place on another day couldn't be considered authorized by a court and, therefore, was illegal. The Council wrote about it to the Tax Police and brought up the Complainant's issue at the Expert Group meeting created based on Memorandum on Partnership and Cooperation between the Council and the SFS of Ukraine.

During the meeting, the government agency expressed an alternative approach to interpretation of the law. The Tax Police responded the Complainant's case was a controversial issue having different practices. Therefore, it did not see any violations in the investigator's actions.

However, being convinced of its legal position correctness, the Council did not give up. The Council's investigator conducted an additional analysis of court judgements on this issue, including both investigating judges' and appellate instance courts' decisions. Everything pointed towards legitimacy of the Complainant's position.

Therefore, the issue was again brought under consideration at the Expert Group meeting. At the meeting the Council's representative presented findings of an in-depth research as well as arguments in favor of the company. The Council asked to officially inform all the Tax Police authorities that one mustn't conduct a repeated search based on one court order.

Result achieved:

During the second Expert Group meeting, the Council managed to persuade the state authority. The Tax Police sent a directive to the heads of all branches of the Tax Police in oblasts, the city of Kiev and Large Taxpayers' Office to be followed in their work. Taking the existing judicial practice into account, the document determined a re-entry into the dwelling or other possession of the person that had been previously entered into based on the investigating judge's order for a search as forbidden. The case was closed successfully.

Subject: Tax criminal cases

Law enforcers return illegally seized property to GT Group

Subject of complaint:

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

Complaint in brief:

A group of energy companies, GT Group, approached the Council. The LTO did not return the seized property to the Complainant, despite the respective court order.

The SFS investigators conducted searches in company's offices in Kyiv and Kharkiv. According to the Complainant, searches were performed based on a court order concerning legal entities, which had nothing to do with the GT Group. Nevertheless, investigative actions were large-scale – over 30 law enforcers simultaneously arrived at offices. During the search, law enforcers seized the equipment and documents that were not mentioned in the decision.

Disagreeing with it, the company appealed to Shevchenkivskyi District Court requesting to recognize illegal actions of law enforcers and recover the property. The court ruled in favor of the company and ordered the LTO to return the property.

However, the Complainant was told by phone that investigator in charge was on vacation until mid-February and no one else could return the property. In addition, nobody in the registry knew who was handling the company appeal and when it would be considered.

Having faced the state body inactivity, the company turned to the Council for help.

Actions taken:

The Council's investigator promptly engaged in the investigation. On the day the complaint was received, he contacted the LTO Investigative Department. The BOC investigator stressed it was necessary to implement the court order as soon as possible to unblock the Company's activities.

Result achieved:

With the Council's facilitation the seized computer equipment and property were returned to the company within two business days. The Complainant wrote in this respect "thanks to established communication with the SFS LTO Investigation Department, professional approach and prompt actions of the Business Ombudsman's team our company operations had been renewed. We admire the level of efficiency, professionalism and the team commitment, support and promotion of transparency for doing business in Ukraine".

The Council's investigator also informed the SFS Investigative Department top management on circumstances of the case, thanking for the quick response to the Council's requests. The case was closed successfully.

Subject: Tax criminal cases

The Tax Police returns unreasonably seized property

Subject of complaint:

The Investigative Department for Financial Investigations of the Large Taxpayers' Office of the State Tax Service (Tax Police)

Complaint in brief:

A leading Ukrainian metallurgical enterprise turned to the Council. The Complainant could not return the documents and property seized during a search.

In June of 2018, the Tax Police initiated the search of the enterprise. According to its results, law enforcers seized documents and money not specified in the court order for a search. They tried to arrest property through the court, however, it refused to.

Under the law, the seized property, which the court did not allow to seize and rejected the seizure of, has to be returned to the owner by the police. However, the investigator did not return the money and documents to the Complainant. It significantly limited normal economic activities of the plant and completely blocked the work with some counterparties.

Actions taken:

The Council's investigator thoroughly studied the circumstances of the case and found out that law enforcers unreasonably kept the Complainant's property for which the court did not grant the seizure permit. He requested the Prosecutor General's Office of Ukraine (PGO) in writing to return documents and money to the owner.

In response to the Council's appeal to the PGO, the property was returned to the enterprise. However, not all of it – the investigator kept some documents for himself “for additional studying”. Because of this, the Council had to address the PGO and the Tax Police for the second time.

Result achieved:

Law enforcers returned the rest of documents to the Complainant. The actions of the investigator who refused to return the property were found to be illegal. One conducted an explanatory work on the necessity to comply with the current legislation with him. The case was closed successfully.

Subject: Tax VAT refund

**SFS finally refunds
UAH 4 mn to Procter &
Gamble Ukraine**

Subject of complaint:

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

Complaint in brief:

The Council received a complaint from the Ukrainian representative office of the world's leading FMCG manufacturer. The Complainant tried to align its integrated card information taking into account court decisions that cancelled SFS tax audits findings.

In 2013, the Complainant's company was reorganized, and all the rights and obligations of the former legal entity were transferred to a new company. Integrated cards merging of two companies took place. The SFS had to correctly display overpayments on legal successor's accounts and refund the VAT for almost UAH 4mn. However, when a new legal entity applied to the tax authority, it was refused by being instructed on the necessity to address the LTO where the legal entity was registered. In turn, despite numerous appeals of the company, the LTO was also slow on solving the issue by redirecting the Complainant to oblast tax authority.

The Complainant appealed to the Council with the said issue.

Actions taken:

Having examined the circumstances of the case, the Council's investigator addressed the LTO in writing. In addition, Council representatives held a working meeting with the LTO top management. The Council asked to reflect information on available overpayments as well as the VAT refund in the Complainant's integrated card. The investigator stressed it was required by the relevant court decisions.

Result achieved:

With the Council's facilitation, the LTO promptly teamed up with the regional tax authority and gave the latter corresponding instructions. At present all changes in the taxpayer's integrated card are displayed correctly. The Complainant confirmed that the problem that lasted several years was successfully resolved.

Subject: Tax other**District Tax Administration returns erroneously paid funds to enterprise****Subject of complaint:**

The State Tax Inspectorate in Sobornyi District of Dnipro city of the General Directorate of the SFS in Dnipropetrovsk Oblast (STI)

Complaint in brief:

An engineering company from Dnipropetrovsk Oblast approached the Council. The Complainant could not return UAH 340 000 erroneously transferred to the SFS.

In July, the company erred in favor of the SFS by accidentally paying extra UAH 340 000. The Complainant appealed to the STI twice with a request to return funds to his account in the VAT system of electronic administration (VAT SEA). The enterprise was redirected to the regional tax authority. The Complainant repeatedly called the tax authority trying to find out who was dealing with his issue, however, he was ignored. The Complainant was denied a refund for formal reasons.

Alongside with the third application to the District STI the company sent a complaint to the Business Ombudsman Council.

Actions taken:

The Council's investigator studied the case file and found that the Complainant had the right to a refund. He made sure that the SFS responses were likely formal and the tax authority did not explain what the company should do to return funds. Therefore, the investigator asked the STI and the regional SFS in writing to check the existence of an overpayment and, if it was confirmed, to return it promptly and in full.

Result achieved:

The Complainant's appeal to the Council prompted the SFS to finally properly consider the company's application. The tax authority, which did not contact the company just a few months ago, called the Complainant and invited him to the office to consider its case. The tax authority explained what exactly it was necessary to correct in the application to launch the overpayment refund process. In a week the Department of the State Treasury in Sobornyi District of Dnipro city returned funds to the enterprise in full. The case was closed successfully.

Subject: Tax other

Single tax taxpayers receive the right to sell cider with the Council's facilitation

Subject of complaint:

The State Fiscal Service of Ukraine (SFS)

Complaint in brief:

Mykola Devyatov, a pub owner in Kyiv Oblast, appealed to the Council. The individual entrepreneur complained about the actions of the tax authority.

In August, the entrepreneur, as a single tax payer, applied to the tax authority for a cider selling license. At first, the tax authority long refused to accept the Complainant's documents, and then replied that to sell this beverage the Complainant should switch to general taxation system regime.

After a series of refusals, unscheduled tax audits and numerous complaints to the SFS hotline, the entrepreneur, overwhelmed with feeling of injustice, turned to the Council for support.

Actions taken:

The Council's investigator thoroughly examined the details of the complaint and the legislation regulating it.

It is noteworthy that according to the Tax Code (TC), single tax payers of group I-III, as the Complainant, can sell beer and jug wines. At the same time, selling cider (including pear cider) is possible only provided transition to the general system of taxation.

Having acknowledged relevance of the entrepreneur's arguments regarding legal regulation of such beverages sale being disproportionate, the Council addressed the Ministry of Finance and SFS in writing. The investigator asked the authorities to clarify what the reasons for restrictions imposed on single tax payers of group I-III for the sale of cider were. She also proposed to assess the feasibility of granting them this right. The correspondence between the Council and authorities in charge of this issue lasted several months.

Result achieved:

Four months of the BOC's hard work finally paid off. The Verkhovna Rada adopted amendments to the TC which enabled single tax payers of group I-III to get a license for selling cider and pear cider. Amendments became effective on January 1, 2019.

ACTIONS OF THE NATIONAL POLICE

Subject: National Police procedural abuse

Law enforcers return seized equipment to Turkish investor

Subject of complaint:

Investigation Department of the General Directorate of the National Police in Kyiv Oblast (National Police)

Complaint in brief:

A company with Turkish investments specializing in plastic recycling and manufacturing goods from recycled materials, turned to the Council. The National Police, having violated pre-trial investigation reasonable terms, did not return the seized equipment to the Complainant.

In late September of 2017, law enforcers, in accordance with a court order, within the framework of criminal proceedings searched a production shop leased by the Complainant. A machine for grinding plastic, a dehumidifying centrifuge and a bench grinder were seized as material evidence. It is worth noting that the Complainant only leased the equipment, it belonged to a Turkish citizen.

The company's operations stopped alongside with the equipment seizure. However, obligations to the lessor remained. The Complainant appealed to the court twice but it was refused to return the property. On October 11, 2017, the equipment was sent for examination to find out whether the environment was harmed by its use. According to the investigators, the equipment was used to shred plastic pesticide containers in violation of hazardous waste disposal rules.

At the time of appeal to the Council, the equipment was not returned to the company, as it allegedly was at the examination. Although, according to the Complainant, the equipment was transferred "for storage" to other commercial company. The Complainant's representative also stated that availability of equipment for examination actually was not necessary, taken samples were enough.

Actions taken:

The Council's investigator correspondence with law enforcement agencies lasted 11 months. Law enforcers insisted there were no violations in their actions because the property had been seized legally and the examination was in progress, even despite the fact reasonable terms of the pre-trial investigation, according to the Council's estimation, expired in September 2018.

It should be noted that the Council did not interfere with the essence of the pre-trial investigation and did not express its own position as to how exactly it should be completed. However, the Council concluded both the pre-trial investigation and the Prosecutor's Office authority should

ensure its completion as soon as possible, as the reasonable term of the pre-trial investigation had apparently expired.

The Council acknowledged that the property had been seized based on the court order, therefore, lawfully. At the same time the investigator stressed there were no equipment examination results even in a year, and neither the Complainant's officers nor the equipment owner was declared suspect. The investigator insisted on a reasonable proportional relationship between the means law enforcers apply to the Complainant and the purpose they seek to achieve.

Therefore, the investigator recommended that the National Police and the Prosecutor's Office should decide the equipment future as soon as possible: either return it to the Complainant, or transfer it to the legal owner, or to furnish certain persons with a suspicion notice and launch equipment forfeiture procedure, if there were legitimate grounds for that.

Result achieved:

The law enforcement authorities accepted the Council's and the Complainant lawyer's arguments at last. In almost a year and a half after the seizure of property, after it became known that the examination hadn't found a significant environmental damage, the equipment was returned to the owner – the Turkish investor. The case was closed successfully.

Subject: National Police Inactivity

Internal investigation proves inactivity of police officers

Subject of complaint:

General Directorate of the National Police in Kherson Oblast (Kherson National Police)

Complaint in brief:

An enterprise from Kherson Oblast applied to the Council with a complaint about Kherson National Police officers' inactivity.

There is a land plot and a part of the building belonging to the Complainant. According to the company, one of its neighboring premises is a cafe that has been constructing something in the public basement over the last few years. Besides, the cafe owner dumped the debris and waste on the Complainant's land plot.

The Complainant asked the restaurateur many times to remove the debris, however, the latter never quite did it. The garbage continued accumulating in the Applicant's courtyard and the plot belonging to the local community.

The cafe owner ignored oral requests, therefore, the Complainant called the National Police and a private security company. It was

at this time that the builders were working in the basement again and dumping garbage on the Applicant's plot. The police arrived at the scene and made sure that the renovation was performed at the request of the cafe. In addition, the Applicant filed a statement to the National Police, and adduced video evidence to it. He asked the police officers to look into the issue and bring perpetrators to justice.

At the same time, Kherson National Police officers had not properly reacted to the Complainant's request and only talked to the rude neighbor. The café owner, who had been dumping debris on the neighbor's land plot for two years, had not been brought to justice yet.

Actions taken:

To understand the police officers' actions the investigator brought up the issue to a higher level: apart from Kherson National Police the investigator wrote to the General Directorate of the National Police in Ukraine. He asked to carry out an internal investigation and check the legitimacy of the National Police officers' actions.

Result achieved:

The internal investigation revealed that in the Complainant's case Kherson National Police officers really acted overly procedural and perfunctory. Law enforcers could have brought the cafe owner to administrative responsibility, however, as of the end of November, the deadline for bringing to justice had already expired. Therefore, the National Police top management ordered the district police officer to hold a preventive conversation with the restaurateur and avert similar violations in the future. The Complainant thanked the Council for assistance and support.

ACTIONS OF THE STATE SECURITY SERVICE

Subject: State Security Service procedural abuse

**Proceedings against
YouControl are finally
closed**

Subject of complaint:

Central Investigation
Department of the State
Security Service of Ukraine
(SSS)

Complaint in brief:

An IT company providing information services turned to the Council. The company complained about SSS procedural abuse.

In 2016, law enforcers initiated a pre-trial investigation against the company. It was charged with illegal receiving of information and interfering with automated systems operation. Accordingly, the company's office, the employees' and their relatives' apartments were searched. Computer equipment, documents and monetary funds were seized. The company's activities were seriously limited.

In the summer of 2018, the court set a time limit for completing the pre-trial investigation on a case – 2 months. However, at the time of the Complainant's appeal to the Council, the pre-trial investigation was ongoing.

Actions taken:

The Council recommended the SSS and the Prosecutor General's Office (PGO) in writing to comply with reasonable time limits of the preliminary investigation, particularly to implement the court ruling. However, the SSS replied the PGO planned to challenge the corresponding court decision.

Therefore, the Council brought up the Complainant's issue for consideration of the Expert Group with the SSS and the PGO, where it expressed its position. The investigator stressed the court ruling on completion of the pre-trial investigation was valid and should be complied with.

Result achieved:

The PGO changed the company's case jurisdiction and handed it over to the National Police, which soon closed the criminal case against the company. The company that tried to complete the pre-trial investigation for two years thanked the Council for assistance and support in resolving the case.

Subject: National Police other**Law enforcers return goods to international tobacco company worth UAH 7 mn****Subject of complaint:**

Volovets Police Department
in Zakarpattia Oblast
(Volovets National Police)

Complaint in brief:

An international tobacco company turned to the Council with a complaint about actions of Volovets National Police. According to the Complainant, law enforcers groundlessly arrested tobacco products for the amount of UAH 7 mn.

On January 30, 2019, Volovets National Police officers stopped the truck transporting company's goods. Law enforcers allegedly questioned the authenticity of the accompanying documents. However, they refused to explain what exactly caused suspicions. Instead, they seized everything: documents, goods and the vehicle.

The next day criminal proceedings against the Complainant were launched. The court attached the seized property and documents.

The Complainant, disagreeing with law enforcers' actions and fearing preservation of property, turned to the Business Ombudsman Council for help.

Actions taken:

The Council promptly started the investigation, The Council's investigator orally communicated circumstances of the complaint on the day of its receipt to the leadership of the National Police in Zakarpattia Oblast, while the Deputy Business Ombudsman – to the leadership of the Chief Investigation Department of the National Police of Ukraine during the Expert Group meeting between the Council and the National Police. In particular, the Council asked to ensure safety of the cargo.

In addition, the Council addressed the National Police in Zakarpattia Oblast in writing regarding circumstances of the complaint. At the request of the Council, law enforcers promptly examined excise stamps and made sure that the goods were genuine.

Result achieved:

Law enforcers accepted the Council's arguments. The court cancelled the arrest of the vehicle, cargo and documents, while Volovets National Police closed criminal proceedings against the company. The case was closed successfully.

ACTIONS OF STATE REGULATORS

Subject: Other state regulators StateGeoCadastre

The Council convinces the StateGeoCadastre to fulfill its obligation

Subject of complaint:

Main Department of the State Service of Ukraine for Geodesy, Cartography and Cadastre in Kyiv Oblast (StateGeoCadastre)

Complaint in brief:

The Council received a complaint from Matyushi Agrofirma for consideration. The Complainant stated that another enterprise illegally occupied land parcels officially leased by the Complainant. To prove the unauthorized occupation of land plots by the other enterprise and calculate damage suffered, the Complainant asked the StateGeoCadastre to check compliance of a potential offender with land legislation. However, the state agency refused. According to the StateGeoCadastre, the commercial court had already considered a number of disputes between the Complainant and its opponent. The position of the StateGeoCadastre seemed to be quite grounded: conducting an audit simultaneously with the consideration of a case in court could be treated as interference with the activities of the court.

Actions taken:

In the course of complaint's investigation, the Council's investigator in charge analyzed open source information on pending disputes between the Complainant and the potential offender. As it turned out, the pending court trials related to completely different alleged episodes of the Complainant's rights violation.

The Council verbally and in writing explained to the StateGeoCadastre that court cases which constituted the ground for refusal to conduct the inspection associated with completely different periods of possible unauthorized occupation of the land parcels, other than those ones referred to by the Complainant.

Result achieved:

After a while, the state authority fulfilled its obligation – conducted a relevant inspection and drew up a report. According to the Council, government agencies should be as consistent as possible in matters related to the right of ownership.

Taking this opportunity, we would like to remind you that the Council does not investigate complaints related to disputes between private companies, or subject to judicial consideration. However, in this particular case, the subject of the complaint concerned a specific episode of government agency omission, which had nothing to do with private relations or pending court proceedings.

Subject: Other state regulators**MEDT decides to drop sanctions against company****Subject of complaint:**

The Ministry of Economic Development and Trade of Ukraine (MEDT)

Complaint in brief:

A raw materials supplier for the cosmetic and pharmaceutical industry turned to the Council. The company was concerned about MEDT individual sanctions that might be imposed on it. According to the State Fiscal Service of Ukraine, the Complainant violated currency legislation, failing to complete customs formalities on time. As a result, the tax authority initiated a sanction imposing process, while MEDT launched a sanction procedure by sending an official warning to the Complainant.

Disagreeing with the violations described by the government agency, the company denied allegations in a letter to MEDT in writing.

In addition, the Complainant appealed to the Business Ombudsman Council. As it was established, the imported goods crossed the border of Ukraine, but its customs clearance was not completed for reasons beyond the control of the Complainant.

Actions taken:

The investigator collected information on the Complainant's case. He thoroughly studied the supplier's contract with the counterparty, in which the tax authority saw alleged violations as well as the company's correspondence with MEDT. Having made sure the Complainant was right, the investigator wrote to the ministry and asked to take into account the Council's position regarding absence of violations on the part of the Complainant, since for currency regulation issues the main point is the moment of imported goods crossing the border, rather than a customs declaration drawn up according to a regular procedure.

Result achieved:

MEDT accepted the Council's arguments and decided to drop individual sanctions against the company. The Complainant thanked the Council for "high professionalism" in reviewing the complaint, which allowed the company to continue its legal activities. The case was closed successfully.

Subject: Other state regulators**Ukrainian bus factory
rescued from bankruptcy****Subject of complaint:**

The Ministry of Infrastructure
of Ukraine (Ministry)

Complaint in brief:

A leading Ukrainian bus manufacturer lodged a complaint with the Council. The enterprise complained of the Ministry inactivity and, as a result, the manufacturer had to stop production for a few months.

The company has been producing buses since 60's of the twentieth century. Several years ago, it began to use used car chassis from EU countries. According to the Complainant, such buses meet all European requirements for inland transport and perfectly pass all test drives. In this case, in accordance with the decision of courts and as approved with the traffic police, the year of production of the bus was the year of production of the cab but not the chassis.

However, in summer, during certification of the next batch of goods, the Ministry questioned the date of product manufacturing. The government agency could not decide whether to treat a bus manufacturing process as "production" or "re-equipment". The Complainant appealed to the Ministry of Infrastructure twice, however, within a few months he had not received any clarifications regarding vehicles certification. As a result, the plant had to stop production before receiving a clear response from the Ministry. The company suffered losses: workers stayed without work, and customers – without products the manufacturer paid fines for. The plant was on the verge of bankruptcy.

Actions taken:

The Council twice recommended the Ministry to provide the Complainant with a clear explanation of classification of products and, accordingly, the procedure for its certification. The Council's investigator contacted the Head of the department issuing permitting documents and asked him to promptly respond to the Complainant, whose production remained blocked. In addition, she arranged a meeting with representatives of the government agency and the company.

Result achieved:

With the Council's assistance the Ministry finally determined manufacturer's buses fell under "new production" category. It allowed the plant to restart vehicles certification and resume operations in the normal mode. The Complainant thanked the Council for assistance in resolving the case: "The overall impression is great! Honestly, I'm surprised with the level of business support."

ACTIONS OF PROSECUTOR'S OFFICE

Subject: Prosecutors' office procedural abuse

Law enforcers' pressure on outsourcing company stopped

Subject of complaint:
Kyiv City Prosecutor's Office
(Prosecutor's Office)

Complaint in brief:

A Promotion Outsourcing LLC recruiting agency, the company providing personnel outstaffing, outsourcing and recruiting services approached the Council with a complaint about the Prosecutor's Office actions. According to the Complainant, law enforcers put an unjustified pressure on it.

The company has been working on the Ukrainian market for over 19 years. During this time, it created a client portfolio of leading international and Ukrainian companies, providing service to over 2500 outsourcing specialists in Ukraine. It has been a large taxpayer in Ukraine since 2016 and reached a profit of over 700 million hryvnias a year. And in the summer of 2018, the enterprise's activities became an object of interest of the Prosecutor's Office.

Law enforcers characterized the company's activities as illegitimate. They accused the Complainant of violations, which caused a state budget gap of almost one billion hryvnias. Law enforcers based their arguments, inter alia, on the fact that the Complainant didn't have a special Permit to recruit personnel to work in Ukraine for other employers, according to Art. 39 of the Law of Ukraine "On Employment of the Population."

Upon receiving a court ruling on temporary access to documents with the possibility for the Prosecutor's Office to seize their originals, the company immediately turned to the Business Ombudsman Council to prevent the disproportionate interference and pressure of law enforcers.

Actions taken:

The Council's investigator thoroughly studied the case materials and the legislation regulating it. She found out that the absence of the company's special permit was actually a gap in statutory regulation, and it was in fact impossible to obtain it. This was also confirmed by other competent authorities.

The Council brought up the Complainant's issue at the Expert Group meeting with the Prosecutor General's Office (PGO). The Council's investigator asked the PGO in writing to verify the circumstances of the case in order to eliminate violations, if detected during the check based on the appeal. In its turn, the company set up proper cooperation with the Prosecutor's Office in accordance with the Ukrainian legislation. It submitted documents refuting the investigation evidence and a comprehensive company's activities analysis as regards providing services to customers in full compliance with the current Ukrainian legislation.

Result achieved:

Notably, this investigation was launched by the Council in a preventive manner to avert disproportionate interference of law enforcers with the enterprise business activities and to protect it from an unjustified pressure. As a result, law enforcers did not seize original documents, but only made their copies disrupting neither the company's nor its customers' normal business operations. The company informed the Council that law enforcers didn't exert pressure on its business any longer. The Complainant also mentioned that the professional cooperation in accordance with the legislation of Ukraine had been set up, the requested materials had been provided and analyzed according to the established procedure as well as necessary investigative actions to refute company's relation to circumstances established within the framework of the criminal proceedings had been performed. The case was closed successfully based on the Complainant's appeal.

CUSTOMS ISSUES

Subject: Customs valuation

Mykolaiv Customs drops value adjustment worth over UAH 2.5 mn to glass importer

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

Complaint in brief:

A glass importer turned to the Council. The Complainant reported Mykolaiv Customs unreasonably increased the customs value of imported goods.

Having familiarized with documents provided by the Complainant, the Customs made a series of formal remarks to them. In particular, the customs authority noted unreasonable costs for agents, shortcomings in the execution of the contract, and also had doubts about the authenticity of some documents. Therefore, Mykolaiv Customs concluded it was impossible to apply the contract price method and decided on value adjustment.

Disagreeing with this decision, the company filed a complaint to the Customs and further requested assistance from the Council.

Actions taken:

The Council's investigator carefully analyzed case materials. She checked import documents once again and made sure they were ok. The investigator also studied court decisions in similar cases. She informed the Customs in writing of the grounds for value adjustment decision cancellation. In addition, the investigator asked the state authority to comprehensively and impartially consider the Complainant's case.

Result achieved:

With the Council's facilitation, Mykolaiv Customs dropped value adjustment of imported glass. This allowed the Complainant to avoid additional expenses worth over UAH 2.5 mn. The case was closed successfully.

Subject: Customs clearance delay/refusal**Odesa Customs allows export of timber from the Romanian supplier****Subject of complaint:**

Odesa Customs of the State Fiscal Service of Ukraine (Odesa Customs)

Complaint in brief:

A Romanian supplier of timber addressed the Council. Odesa Customs did not allow the export of the Complainant's wood products.

In January 2017, the company experienced difficulties with exporting raw materials. The fact is that on January 1, 2017, a moratorium on the export of timber, the same as the Complainant's, came into force on the territory of Ukraine. Meanwhile, according to the company, it had the right to export goods as they were brought to the customs terminal before the ban.

To prove it was right, the Complainant appealed to Odesa Administrative Court. The court ruled in favor of the exporter and ordered Odesa Customs to complete the customs clearance of goods.

However, notwithstanding the court ruling, the customs delayed the release of the exporter's goods. The Complainant turned to the BOC with the said issue.

Actions taken:

The Council's investigator thoroughly studied the circumstances and materials of the case. He asked the Head of Odesa Customs in writing to check the status of customs clearance of the cargo and facilitate its prompt dispatch. But the customs authority had no clarification of the State Service for Food Safety (Derzhprodspozhyvsluzhba) at first. Then Odesa Customs reminded the export of timber was prohibited.

The case had not been resolved within a 90-day term set by the Council to investigate. Therefore, the BOC issued a recommendation to the Department of Customs Control of the SFS to comprehensively and impartially consider the company's complaint and comply with a court decision.

Result achieved:

It took the government agency three and a half months to implement the Council's recommendation. Then Odesa Customs finally allowed the export of the Complainant's freight. The case was closed.

ACTIONS OF THE MINISTRY OF JUSTICE

Subject: MinJustice registration service

The BOC helps fight back raider attack against the Lithuanian investor

Subject of complaint:

Commission on State
Registration Complaints
Consideration (MinJust
Commission)

Complaint in brief:

A Lithuanian investor appealed to the Council. The Complainant informed about illegal takeover of its business.

In 2015, the Lithuanian investor established a credit union in Ukraine.

On November 14, 2018, the director of the union accidentally learned that someone had changed the information about the owner and director of the credit group in the Unified State Register of Legal Entities, Individual Entrepreneurs and Public Organizations of Ukraine (the Register). As the law enforcers found out, a private notary had entered false information in the Register based on intentionally forged documents and re-registered the Complainant's business to other persons. In addition, the director and the owner of the company didn't approve selling of the company with anyone, nor did they authorize anyone to do it.

The Complainant immediately informed the National Police, the Ministry of Justice, the Embassy of the Republic of Lithuania and the Business Ombudsman Council of the illegal takeover.

Actions taken:

Having thoroughly investigated the circumstances of the complaint, the Council's investigator addressed the Deputy Minister of Justice of Ukraine on state registration and the MinJust Commission in writing with a request to give a thorough and impartial consideration of the case and to provide a reasoned decision.

Besides, the issue was submitted for consideration to the Interdepartmental Commission on Investors' Rights Protection and Counteraction to Illegal Takeover and Seizure of Enterprises. At this meeting, the Deputy Business Ombudsman presented the Complainant's case. After considering the company's complaint, the Commission ordered the Ministry to take personal charge of the case and promptly check the private notary's actions.

Result achieved:

Pursuant to the MinJust order, illegal actions of the private notary were canceled. The founder and director of the Complainant restored their legal rights. The notary was blocked access to the Register and a procedure for revocation of his notarial activities certificate was initiated. The case was closed successfully.



In order to ensure all-around development and increase the effectiveness of our operations, our everyday interactions with stakeholders are complemented by expert group meetings with state bodies, as well as side events comprising a range of activities including multi-stakeholder discussions, regional working visits and public presentations of initiatives. These events aim at drawing attention to business issues in Ukraine, share lessons learned and forge new partnerships with concrete steps on the way forward to improving overall investment climate in the country.

3.1. Cooperation with state bodies



Meetings with Ministries

The Ministry of Agrarian Policy and Food of Ukraine

In the reporting quarter, our team got acquainted with Ms. Olga Trofimtseva, the Acting Minister of Agrarian Policy and Food of Ukraine. We discussed ongoing business complaints concerning the Ministry and developed an action plan to address them. We hope that the positive impetus given during the meeting will lead to the establishment of a constructive and effective dialogue between the BOC and the Ministry.

Complaint statuses (May 2015-March 2019)

Complaints received	23
Dismissed complaints	9
Cases and preliminary reviews	1
Closed cases	13
incl. successfully closed cases	7

The Ministry of Ecology and Natural Resources

We also held a working meeting with Mr. Ostap Semerak, the Minister of Ecology and Natural Resources. We summed up results of 4 years of work, agreed on a plan of meetings for the year ahead and the format of communication with the Council. Participants of the Expert Group on the part of the Ministry were also determined: it included the Deputy Minister and Director of the Department.

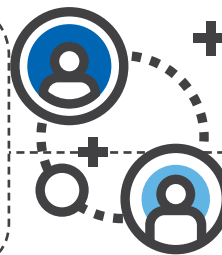
Complaint statuses (May 2015-March 2019)

Received complaints	69
Dismissed complaints	19
Investigations	4
Closed cases	46
incl. successfully closed cases	33

The BOC has signed 9 Memoranda of Cooperation with: the State Fiscal Service, the Security Service of Ukraine, the Ministry of Ecology and Natural Resources, the State Regulatory Service, the Ministry of Justice, the National Anti-Corruption Bureau, Kyiv City State Administration, the National Police and the National Agency on Corruption Prevention.

Expert group meetings

Expert groups are a platform for open and transparent consideration of specific complaints, as well as improvement of the legislation that regulates entrepreneurial activity, and removal of obstacles to conducting business in Ukraine.



	Number of expert group meetings	Number of cases addressed
State Fiscal Service	12	74
Prosecutor's Office*	3	18
National Police	2	18
State Security Service	2	12
Ministry of Ecology and Natural Resources	1	12
Kyiv City State Administration	1	4
Ministry of Justice	1	2
Total	22	140

*This expert group works on an informal basis

"I express my respect and appreciation for helping to break the indifference and irresponsibility of some police officers, proving that it is possible to achieve justice in Ukraine."

Valery Lobko,
Lawyer

3.2. Public outreach and communications

Public communication is one of the tools the Business Ombudsman Council uses to influence state bodies by means of both reporting identified malpractice and praising positive changes performed by public authorities.

As a non-profit organization, the Business Ombudsman Councils cooperates with media only on the free of charge basis. From our side we share expert opinions, legal analysis, systemic developments and recent statistics on business complaints concerning malpractice of state bodies.



8-10/01

Teaching at the Course: "Public and Private Sectors' Alliances in the Fight Against Corruption in MENA and GCC Countries" organized by The Organisation for Economic Co-operation and Development (OECD) and the IMF's Middle East Center for Economics and Finance, Kuwait



11/01

Open Mind Conference: "Investments in Ukraine: Under the Influence of Local and Global" organized by Commercial Property magazine



28/01

Norwegian-Ukrainian Business Forum 2019, organized by The Norwegian-Ukrainian Chamber of Commerce with the Ministry of Foreign Affairs of Norway, in partnership with Oslo Metropolitan University (OsloMet) and the Embassy of Ukraine in Norway

05/02

Seminar: "Integrity in Business" organized by Embassy of the Netherlands in Ukraine



13/02

Legal Agri Forum organized by Yuridicheskaya Practica



19/02

Lecture about Business Ombudsman activities for students and teachers of National University of Kyiv-Mohyla Academy organized by National University of Kyiv-Mohyla Academy



21/02

UNIC Memorandum of Partnership with Ukrenergo organized by NPC Ukrenergo

25/02

Presentation of the Draft National Competition Policy of Ukraine organized by the World Bank



26/02

Practical seminar: "Customs Value Correction" organized by the Ukrainian Advocates' Association and Lawyers' union FAMILY LAW LYSENKO



13/03

The Role of Business Ombudsman in Protection of Legitimate Interests of Businesses at National University of Kyiv-Mohyla Academy organized by Transparency International Ukraine, National University of Kyiv-Mohyla Academy and Norwegian school of economics.



15/03

1st Customs Law and International Trade Forum organized by the Ukrainian Bar Association



19-21/03

The Global anti-corruption and Integrity Forum – Tech for Trust, organized by the OECD



25/03

Seminar on Anti-Corruption and Compliance organized by Advantage Austria



27/03

Press-conference at Interfax on implementation of the Settlement Agreement between Philip Morris Companies and Ukraine organized by Philip Morris Company

27/03

Committee for Promotion of Small and Medium Business organized by Kyiv Chamber of Commerce and Industry and LIGA:ZAKON



28/03

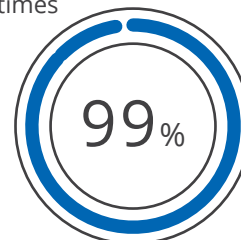
IX Western Ukrainian Legal Forum organized by all-Ukrainian public organization Ukrainian Bar Association

THE MEDIA

Given the mission to protect legal rights of entrepreneurs and improve the business climate in Ukraine, we enjoy the willingness of journalists to communicate our work results. The level of legal expertise and the skill to convey the message through is also highly appraised by media channels – our experts are frequent authors at major online platforms, speakers at forums and seminars, guests in TV and radio studios.

Since launch of operations in May 2015, the Business Ombudsman and his Office were cited in the media

23000+
times



mentions being positive and constructive.



We also made a number of TV (Channel 8, Hromadske TV, UA|TV) and radio appearances (Radio Novoye Vremya, Holos Stolytsi) to mention a few.



This quarter our interviews were published in the leading Ukrainian and international media: Business Ukraine, Ekonomichna Pravda, MC Today, LIGA:ZAKON, UKRINFORM.



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.

SOCIAL MEDIA

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

YouTube

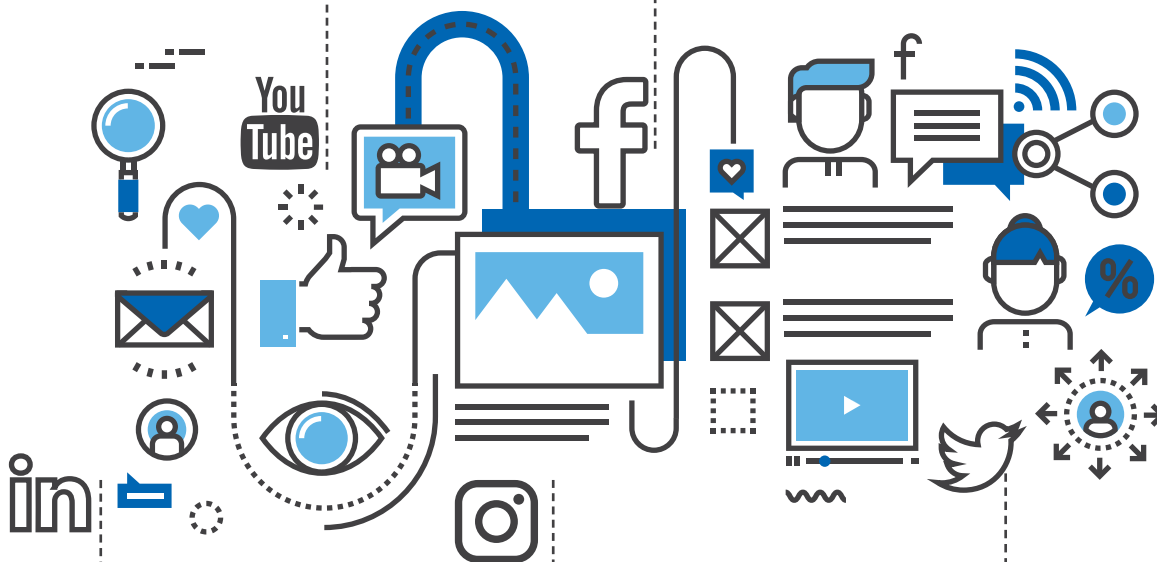
@Рада бізнес-омбудсмена

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.

Facebook

(@BusinessOmbudsmanUkraine)

4200+ followers so far – no paid ads, organic reach only. We use Facebook to share information about our Office, our work, and news of interest in the oversight field.



LinkedIn

@Business
Ombudsman Council

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

Instagram

@business_ombudsman_
council

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

@Bus_Ombudsman

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

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