

**REPORT FOCUS:  
COVID-19 RELATED  
BUSINESS ISSUES**

A low-angle, upward-looking photograph of a modern glass skyscraper. The building's facade is composed of a grid of dark metal frames and large glass panels that reflect the sky and other parts of the building. The perspective creates a sense of height and scale.

**2020**

# **QUARTERLY REPORT**

01 January — 31 March



## THE BOC IS FUNDED

through the Multi-donor Account for Ukraine  
set up at the European Bank for Reconstruction  
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### The donors of the Multi-donor Account for Ukraine include:



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Marcin Świąćicki,

Business Ombudsman

## DEAR FRIENDS, COLLEAGUES AND PARTNERS,

Aiming to protect Ukrainians from the COVID-19 outbreak, in the last weeks of March 2020, unprecedented decisions for Ukrainian business were made: ban on operations in the number of industries and shutdown of public transport. Enterprises experienced tough times, however the Business Ombudsman Council continued to deal with old and new challenges and to protect businesses legitimate interests in Ukraine as before.

The first quarter of 2020, was marked by an increase in the number of complaints from entrepreneurs: we received 462 appeals on malpractice of state bodies, which is 12% more than in Q4 2019 and 13% in Q1 2019. We closed 295 cases, that is 18% more than in Q4 2019. Despite a larger amount of work, we managed to achieve a high level of our applicants' satisfaction: 130 of 131 complainants who responded to our request for feedback were satisfied with working with us.

This quarter, we helped enterprises to recover and save UAH 231 mn. In addition, we ceased dozens episodes of state officials' malpractice, facilitated in registering tax reporting, closing ungrounded criminal cases, obtaining permits and licenses.

### TOP FIVE BLOCKS OF COMPLAINTS MADE UP 84% OF ALL APPEALS:

**TAX ISSUES (58%).** The number of appeals concerning tax inspections, tax criminal cases, and tax invoices suspension went up. The structure of appeals on the latter subject, in addition to "typical" tax invoice suspension complaints (18% in the reporting quarter), also contained the problem of taxpayers being included into "high-risk lists" (44%) and non-enforcement of court decisions on tax invoices registration (38%).

**LAW ENFORCEMENT ACTIONS (11%).** Companies lodged more appeals against the National Police, reporting, in particular, more episodes of procedural abuse, while the issue of its inactivity, on the contrary, went down.



#### **ACTIONS OF LOCAL GOVERNMENT AUTHORITIES (7%).**

In the reporting period, we received 33 complaints about the actions of local government authorities: this is almost four times more as compared to Q4 2019 and twice more as compared to Q1 2019.

**ACTIONS OF STATE REGULATORS (4%).** In comparison with the previous quarter, businesses complained less about actions of the DABI and AMCU, while actions of the StateGeoCadastre were on a rise.

**CUSTOMS ISSUES (4%).** This subject of appeals increased in the reporting quarter. We received 18 appeals on this block, which is 80% more as compared to Q4 2019.

Despite the economic downturn, companies which continued operations, did not face less difficulties in dealing with government agencies. Entrepreneurs were seeking help with new issues related to quarantine: ban on re-export of medical products, ungrounded orders to close shops, unreasonable ban to conduct education online, refusal to register a taxpayer. Apart from it, we continue monitoring changes caused by COVID-19 and their impact on business in Ukraine.

#### **WE ARE PLEASED TO HIGHLIGHT SOME SYSTEMIC DEVELOPMENTS OF THE QUARTER. IN ACCORDANCE WITH THE BOC RECOMMENDATIONS, PREVIOUSLY ISSUED TO STATE BODIES:**

- the obligation of enterprises to inform a tax authority of the newly appointed CEO was cancelled;
- fines amounts, taking into account the gravity and severity of the employer's fault, and the possibility of applying warnings for minor offenses were reviewed;
- technical regulation on conformity assessment and acceptability of industrial products was put in conformity with the Association Agreement with the EU;

- the Law on deshadowing of metallurgical raw materials market and scrap metal operations was adopted in the first reading;
- a draft legal act on approval of the technical regulation of construction materials in full compliance with the EU Commission Regulation was prepared;
- a mechanism for providing information to businesses being on a high-risk taxpayers list on how to get excluded was introduced. A recent CMU resolution envisages such argumentation provision, but we continue monitoring its practical implementation.

At the beginning of the year, jointly with our partners from the American Chamber of Commerce in Ukraine and the Ukrainian National Bar Association we launched two separate series of educational seminars. Prior to introduction of quarantine, we were able to hold three events devoted to combatting raidership, actions of law enforcement bodies and non-enforcement of court decisions. Based on our experience, we have also prepared two practical brochures for business on proper reporting of episodes of corruption and counteracting raidership already available on our website. We hope that our brochures will be helpful for our stakeholders.

Presently, business in Ukraine requires special assistance. With urgency, commitment, and following the rule of law, we can channel our energy to respond, recover, and eventually rebuild the business climate in Ukraine.

*Marin Suijck*

# Q1 2020 AT A GLANCE

**462**

COMPLAINTS  
RECEIVED

**+12%**

as compared  
to Q4 2019

**+13%**

as compared  
to Q1 2019

**295**

CASES  
CLOSED

**+18%**

as compared  
to Q4 2019

**+6%**

as compared  
to Q1 2019

DIRECT FINANCIAL IMPACT:

UAH **231** MN

**99%**

OF COMPLAINANTS WHO  
PROVIDED FEEDBACK  
WERE SATISFIED WITH  
WORKING WITH THE BOC

**90%**

OF CASE-BY-CASE  
RECOMMENDATIONS  
WERE IMPLEMENTED BY  
STATE BODIES

## TOP-5 INDUSTRIES



Wholesale and Distribution



Manufacturing

## TOP-5 MOST ACTIVE REGIONS

Kyiv city **40%**

Dnipropetrovsk Oblast **8%**

Kyiv Oblast **8%**

Kharkiv Oblast **8%**

Odesa Oblast **5%**



Real Estate and Construction



Individual Entrepreneur



Agriculture and Mining

## TOP-5 BLOCKS OF COMPLAINTS

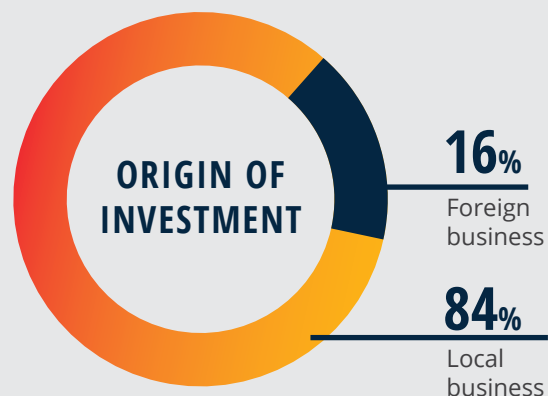
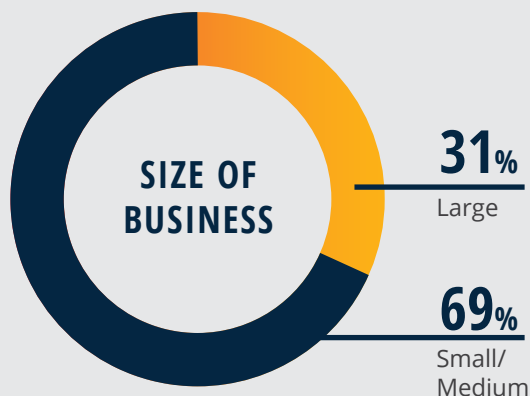
Tax issues **58%**

Actions of law enforcement bodies **11%**

Actions of local government authorities **7%**

Actions of state regulators **4%**

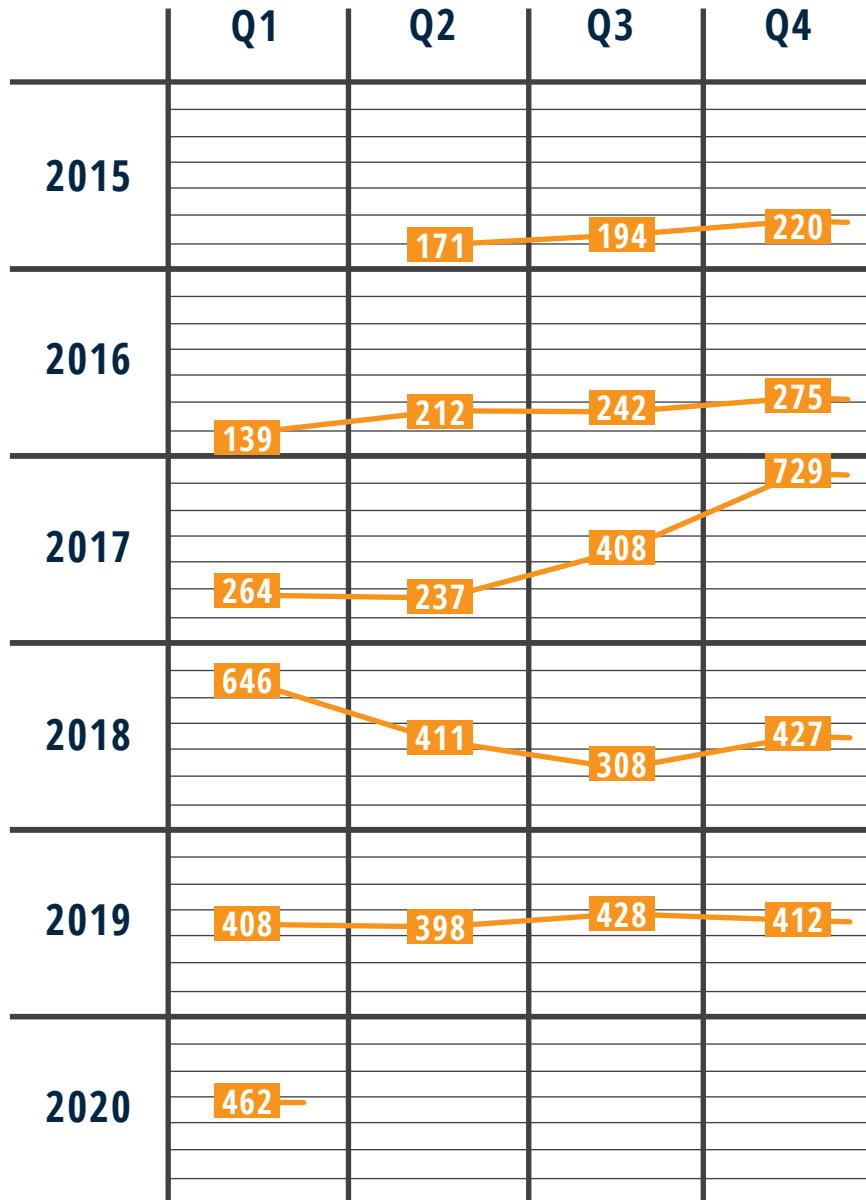
Customs issues **4%**



# 1. COMPLAINTS TRENDS

## 1.1. VOLUME AND NATURE OF COMPLAINTS RECEIVED

(Clause 5.3.1 (a) of Rules of Procedure)



In the reporting quarter  
the Council received

# 462

appeals from  
entrepreneurs  
concerning malpractice  
of state bodies,

which is

## +12%

as compared  
to Q4 2019.

**TOTAL NUMBER OF COMPLAINTS  
RECEIVED SINCE MAY 2015:**

# 6990



# TOP-10

## SUBJECTS OF COMPLAINTS IN Q1 2020

SUBJECT	Q1 2020	Q4 2019	Q1 2019
<b>TAX ISSUES</b>	<b>270</b>	<b>254</b>	<b>224</b>
VAT invoice suspension due to:	108	95	64
classic VAT invoice suspension	19	17	25
inclusion into lists of risky taxpayers	48	47	13
non-enforcement of court decisions	41	31	24
Tax inspections	90	88	93
Tax criminal cases	14	9	20
VAT electronic administration	11	17	3
Tax termination of agreement on recognition of electronic reporting	2	2	5
VAT refund	1	3	9
Tax termination/renewal/refusal of VAT payers registration	1	1	2
Tax other	43	39	28
<b>ACTIONS OF LOCAL GOVERNMENT AUTHORITIES</b>	<b>33</b>	<b>9</b>	<b>17</b>
Local government authorities rules and permits	10	0	4
Local government authorities land plots	5	3	5
Local government authorities investment disputes	1	0	1
Local government authorities other	17	6	7
<b>NATIONAL POLICE ACTIONS</b>	<b>32</b>	<b>29</b>	<b>32</b>
National Police procedural abuse	19	14	17
National Police inactivity	8	14	6
National Police criminal case initiated	3	0	4
National Police corruption allegations	1	0	0
National Police other	1	1	5
<b>ACTIONS OF STATE REGULATORS</b>	<b>20</b>	<b>36</b>	<b>31</b>
StateGeoCadaastre	4	2	3
State Architectural and Construction Inspectorate (DABI)	2	3	1
Antimonopoly Committee (AMCU)	1	3	3
National Bank of Ukraine (NBU)	2	0	0
National Energy and Utilities Regulatory Commission (NEURC)	1	1	0
Other state regulators	10	27	24

SUBJECT	Q1 2020	Q4 2019	Q1 2019
<b>CUSTOMS ISSUES</b>	<b>18</b>	<b>10</b>	<b>29</b>
Customs valuation	9	4	11
Customs clearance delay/refusal	6	1	15
Customs other	3	5	3
<b>PROSECUTOR'S OFFICE ACTIONS</b>	<b>14</b>	<b>18</b>	<b>22</b>
Prosecutor's Office procedural abuse	9	11	12
Prosecutor's Office criminal case initiated	2	1	4
Prosecutor's Office inactivity	2	3	0
Prosecutor's Office other	1	3	6
<b>MINISTRY OF JUSTICE ACTIONS</b>	<b>13</b>	<b>12</b>	<b>17</b>
Department of State Registration	6	5	9
Enforcement Service	7	7	8
<b>ACTIONS OF STATE-OWNED COMPANIES</b>	<b>10</b>	<b>4</b>	<b>8</b>
State-owned companies abuse of authority	7	1	2
State-owned companies investment/commercial disputes	1	0	0
State-owned companies other	2	3	6
<b>LEGISLATION DRAFTS/AMENDMENTS</b>	<b>5</b>	<b>4</b>	<b>4</b>
Deficiencies in regulatory framework state regulators	2	1	2
Deficiencies in regulatory framework tax	1	2	0
Deficiencies in regulatory framework other	2	1	2
<b>STATE SECURITY SERVICE ACTIONS</b>	<b>4</b>	<b>5</b>	<b>6</b>
State Security Service procedural abuse	3	0	5
State Security Service other	1	5	1



**WE'D LIKE TO SINCERELY THANK YOU FOR THE ADVOCACY & SUPPORT OF OUR INTERESTS. REMARKABLE AND OUTSTANDING FOR US WAS HOW SKILLFULLY THE BUSINESS OMBUDSMAN COUNCIL'S INVESTIGATORS WERE FINDING ADDITIONAL ESSENTIAL ARGUMENTS IN FAVOR OF OUR COMPANY".**

**PETER KEREGYARTO, GENERAL DIRECTOR  
OF ALLIANCE HOLDING LLC, SHELL RETAIL UKRAINE**

## TAX ISSUES.

The number of tax-related appeals went up as compared to both Q4 2019 and Q1 2019. A 6% growth from the previous quarter (from 254 to 270 complaints) was driven by a rise in key matters of complaints: VAT invoice suspension (+14%, from 95 to 108), tax inspections (+2%, from 88 to 90) and tax criminal cases (+56%, from 9 to 14). At the same time, the number of appeals concerning VAT electronic administration and VAT refund went down by one third and two thirds respectively.

## VAT INVOICE SUSPENSION.

In the reporting quarter we decided to look deeper into the subject of VAT invoice suspension, which constitutes over 20% of total appeals received by the BOC since the launch of operations. We found out that it actually consists of two more matters — inclusion of tax payers into list of high-risk companies and non-enforcement of court decisions, which appeared in our database for the first time only in Q2 2018. In Q1 2020, among all appeals on tax invoice suspension, the majority (44%) concerned inclusion of tax-payers into risky lists. Moreover, this matter has increased significantly — over 2,5 times — since Q1 2019. The other large proportion of complaints (38%) regarded to non-enforcement of court decision on registration of tax invoices — it also performs a considerable growth as compared to both Q4 2019 (+32%) and Q1 2019 (+70%).

## ACTIONS OF LAW ENFORCEMENT BODIES.

With respect to the National Police, the Prosecutor's Office and the State Security office we received 50 appeals in total, which makes this block #2 by the number of complaints with an 11% share. Companies complained more against the National Police (+10%), in particular, reporting more episodes of procedural abuse (+36%,

from 14 to 19), while the issue of its inactivity, on the contrary, went down by 43% (from 14 to 8). At the same time, we received less appeals concerning the Prosecutor's Office and the State Security Service as compared to both the Q4 2019 and Q1 2019.

## ACTIONS OF LOCAL GOVERNMENT AUTHORITIES (LGAs).

In the reporting period we received an unusually big number of complaints (33) regarding actions of LGAs: almost 4 times more as compared to Q4 2019 and two times more as compared to Q1 2019. This is how this block hit the third position by the number of appeals. Businesses most commonly complained about obtaining permits and allocation of land plots.

## ACTIONS OF STATE REGULATORS.

The number of appeals concerning actions of state regulators decreased in comparison with both Q4 2019 and Q1 2019: by 44% and 35% respectively. As compared to the previous quarter, businesses complained less about actions of the DABI and AMCU, while actions of StateGeoCadastre were on a rise.

## CUSTOMS ISSUES.

This subject of appeals was on a rise in the reporting quarter. We received 18 appeals that is 80% more as compared to Q4 2019. This was due to the increase in the number of complaints related to disputes in customs valuation of goods and delays in customs clearance.

## OTHER ISSUES.

Among the rest of subjects in TOP-10 we observed an increase in the number of appeals: actions of the Ministry of Justice (+8%, from 12 to 13), actions of state-owned enterprises (+150%, from 4 to 10) and amendments to legislation (+25%, from 4 to 5).

## 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:

**7.6** WORKING  
DAYS

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

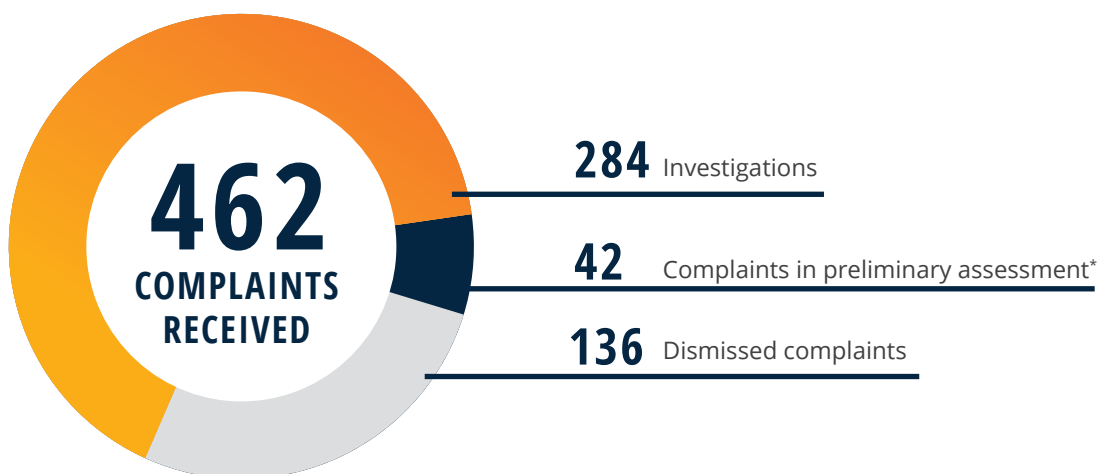
**2** DAYS

less than in Q4 2019 entrepreneurs were waiting for the decision on our acceptance or rejecting of their appeals.

## 1.3. NUMBER OF INVESTIGATIONS CONDUCTED AND GROUNDS FOR DECLINING COMPLAINTS

(Clause 5.3.1 (c) of Rules of Procedure)

In Q1 2020, the BOC undertook 284 investigations (+14% as compared to Q4 2019) out of 462 complaints received (61%). The rest remained at the stage of preliminary assessment (9%) or was dismissed as not fitting the Council's eligibility criteria (29%).



\*as of March 31, 2020

## NUMBER OF INITIATED INVESTIGATIONS:

<b>Q1 2020</b>	<b>248</b>
<b>Q4 2019</b>	<b>249</b>
<b>Q1 2019</b>	<b>229</b>

<b>RATIO OF DISMISSED COMPLAINTS:</b>	<b>Q1 2019 — 26%</b>
	<b>Q4 2019 — 26%</b>
	<b>Q1 2020 — 29%</b>

## MAIN REASONS FOR COMPLAINTS DISMISSAL IN Q1 2020

	<b>Q1 2020</b>	<b>Q4 2019</b>	<b>Q1 2019</b>
Complaints outside Business Ombudsman's competence	<b>69</b>	<b>69</b>	<b>48</b>
Complaints subject to any court or arbitral proceedings, or in respect of which a court, arbitral or similar type of decision was made	<b>20</b>	<b>21</b>	<b>23</b>
In the opinion of the Business Ombudsman, the Complainant did not provide sufficient cooperation	<b>12</b>	<b>17</b>	<b>10</b>
The complaint had no substance, or other agencies or institutions were already investigating such matter	<b>11</b>	<b>7</b>	<b>20</b>
Complaints in connection with the legality and/or validity of any court decisions, judgments and rulings	<b>6</b>	<b>5</b>	<b>10</b>
A complaint filed repeatedly after being decided by the Business Ombudsman to be left without consideration	<b>6</b>	<b>3</b>	<b>5</b>
Complaints arising in the context of private-to-private business relations	<b>2</b>	<b>2</b>	<b>3</b>
The party affected by the alleged Business Malpractice has not exhausted at least one instance of an administrative appeal process	<b>2</b>	<b>3</b>	<b>4</b>
All Other	<b>8</b>	<b>9</b>	<b>9</b>
<b>TOTAL</b>	<b>136</b>	<b>136</b>	<b>132</b>

The predominant reason (51%) for complaints dismissal — they were outside the Business Ombudsman's competence. Active court proceedings (15%) and lack of cooperation on the Complainant's part (9%) were also common in Q1 2020.



## 1.4. TIMELINES OF CONDUCTING INVESTIGATIONS

(Clause 5.3.1 (d) of Rules of Procedure)

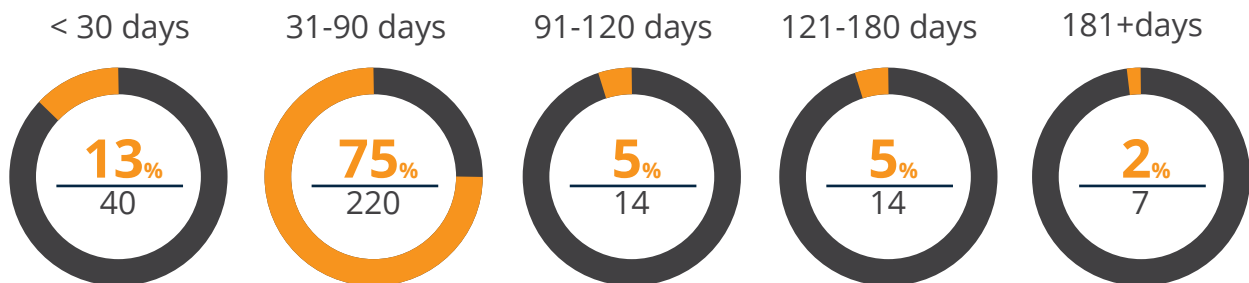
In the reporting quarter, the BOC closed 295 cases (+18% as compared to Q4 2019). Average duration of these investigations was 74 days, which means that we perfectly fit our Rules of Procedure's target investigation duration of 90 days.



### AVERAGE TIME FOR CONDUCTING INVESTIGATIONS:

Q1 2020	74 days
Q4 2019	75 days
Q1 2019	74 days

### RATIO OF CLOSED CASES BY DAYS:



The majority of cases — 260, which is 88% of all closed investigations in Q1 2020, were investigated within 90 days, as standardly envisaged in our Rules of Procedure. Individual extensions were applied to 12% of complaints.



**WE CONSIDER YOUR POSITION IN THE CONSIDERATION ON THE MERITS OF THE CASE SHAPED A POSITIVE LEGAL DECISION."**

**V.A. AKULOV, DIRECTOR OF AGROIL LLC**

## 1.5. GOVERNMENT AGENCIES SUBJECT TO THE MOST COMPLAINTS

### TOP-10 COMPLAINNEES

SUBJECT	Q1 2020	Q4 2019	Q1 2019
State Tax Service	256	247	204
State Customs Service	18	10	30
Tax Police	14	9	20
National Police	33	28	32
Local government authorities	32	10	17
Ministry of Justice	14	13	17
Prosecutor's Office	12	18	22
National State Bureau of Investigations	10	4	0
State-owned enterprises	9	4	4
Ministry of Economic Development, Trade and Agriculture	8	12	11
Parliament, the Cabinet of Ministers, the President of Ukraine	5	8	3
Ministry of Finance	5	4	4

As compared to the previous quarter, companies lodged 4% more complaints concerning the State Tax Service. The number of appeals regarding the State Customs Service and the Tax Police performed a much more significant increase: +80% and +56% respectively.

We received more complaints from businesses concerning actions of the National Police (+18%), but less regarding the Prosecutor's Office (-33%). The State Security Service, the third state body in this block, didn't hit the TOP-10 complainees at all.

In the reporting quarter, we recorded the sharpest increase in the number of appeals against local government authorities: +220% as compared to Q4 2019. The number of appeals on the following complainees from the TOP-10 list also went up: the Ministry of Justice (+8%), the National Bureau of Investigation (+150%), State-owned enterprises (+125%) and the Ministry of Finance (+25%). At the same time, we observed a decrease in the number of complains concerning the Ministry of Economic Development, Trade and Agriculture (-33%) and the Parliament, the Cabinet of Ministers, the President of Ukraine (-38%).

## OTHER COMPLAINNEES INCLUDE:

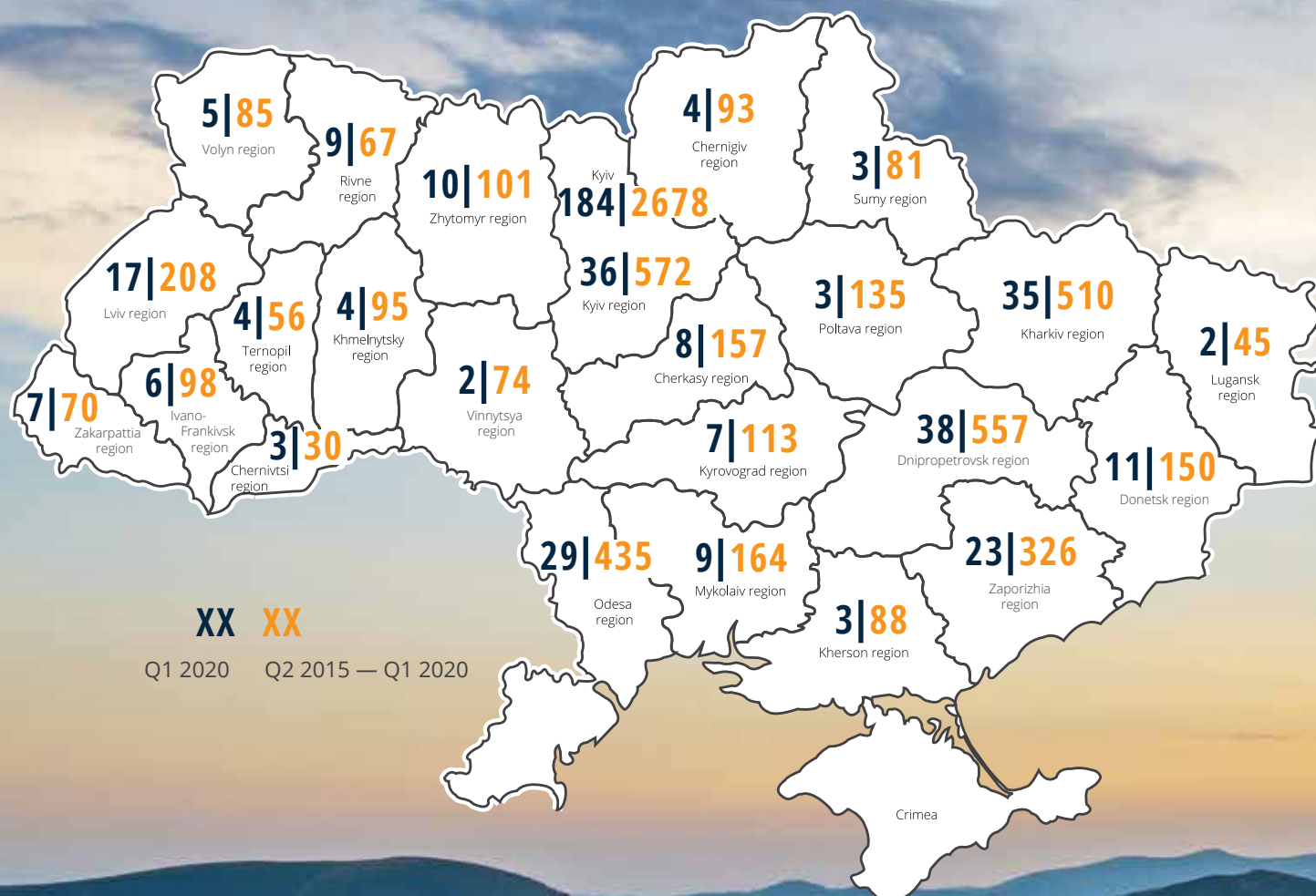
	COMPLAINTS RECEIVED IN Q1 2020	COMPLAINTS RECEIVED IN Q4 2019	COMPLAINTS RECEIVED IN Q1 2019
State Security Service	6	5	4
Ministry of Social Policy and Labour	8	6	4
Ministry for Communities and Territories Development of Ukraine	1	3	4
Ministry of Internal Affairs	2	0	3
Commercial and other courts	1	1	3
Ministry of Energy and Environmental Protection	3	9	3
Ministry of Defense	0	0	3
National Anti-corruption Bureau	3	2	3
State Funds	0	1	2
National Bank of Ukraine	0	0	2
Ministry of Infrastructure	5	4	2
Ministry of Health	0	1	1
Antimonopoly Committee	3	3	1
Communal Services	0	3	1
National Commission for State Regulation of Energy and Public Utilities	0	1	1
State Border Guard Service	1	0	1
Other	7	2	6



WE WOULD LIKE TO EXPRESS OUR SINCERE GRATITUDE TO THE BUSINESS OMBUDSMAN COUNCIL FOR ITS SUPPORT AND PROTECTION OF OUR INTERESTS. WE BELIEVE THE BUSINESS OMBUDSMAN COUNCIL'S CONTRIBUTION IS INVALUABLE FOR BUSINESS DEVELOPMENT, IMPROVING THE INVESTMENT CLIMATE AND COMBATING CORRUPTION IN UKRAINE".

**V. V. KHRYSTYUK, DIRECTOR OF LIGHT STAR BUSINESS LLC**

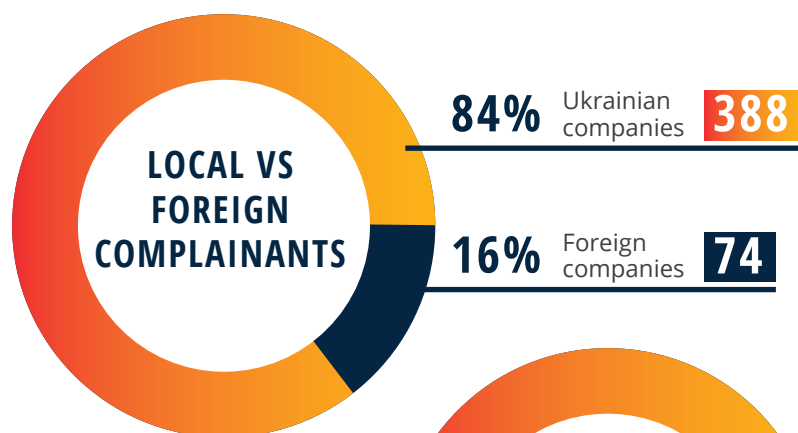
## 1.6. GEOGRAPHICAL DISTRIBUTION OF COMPLAINTS RECEIVED



	COMPLAINTS RECEIVED IN Q1 2020	SHARE OF TOTAL APPEALS
Kyiv	184	40%
Dnipropetrovsk region	38	8%
Kyiv region	36	8%
Kharkiv region	35	8%
Odesa region	29	6%

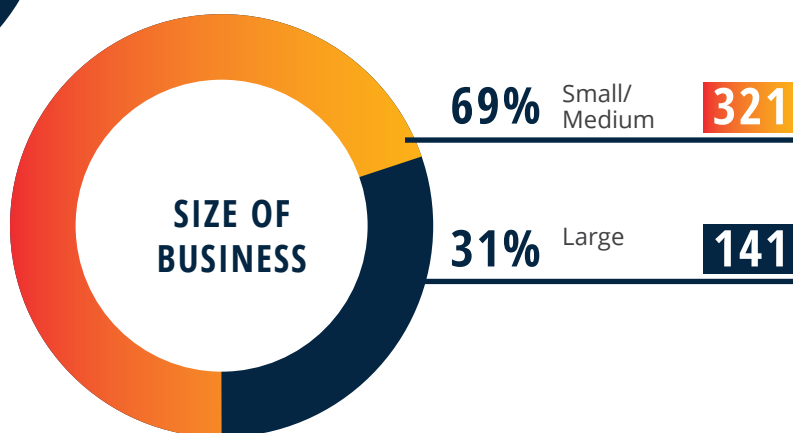
The number of complaints from all TOP-5 regions went up as compared to Q4 2019, and the majority of regions as compared to Q1 2019. The biggest growth from the previous quarter was recorded for Odesa Oblast, which in such a way displaced Zaporizhzhia from the TOP-5 list.

## 1.7. COMPLAINANTS' PORTRAIT



In the reporting quarter we received 12% more appeals from Ukrainian companies and 14% from foreign ones as compared to Q4 2019.

In comparison with Q4 2019, both SMEs and large companies lodged more appeals with us: by 11% and 14% respectively.



## TOP-5 COMPLAINANTS' INDUSTRIES

	Complaints received in Q1 2020	Complaints received in Q4 2019	Complaints received in Q1 2019
WHOLESALE AND DISTRIBUTION	120	111	110
MANUFACTURING	58	67	54
REAL ESTATE AND CONSTRUCTION	55	40	40
INDIVIDUAL ENTREPRENEUR	42	42	30
AGRICULTURE AND MINING	33	32	34
ALL OTHER	154	120	140

The majority of appeals came from wholesalers (26%), manufacturers (13%), developers (12%), individual entrepreneurs (9%) and agribusiness and mining (7%). As compared to Q4 2019, we received more appeals from all TOP-5 industries, except for manufacturers (-13%). The major growth in the number of appeals was observed for the real estate and construction sphere (+38%).



## OTHER INDUSTRIES INCLUDE:

Activities in the field of culture and sports, recreation and entertainment	4
Activity in the field of architecture	1
Activity in the field of law	3
Activity of holding companies	1
Advertising	2
Auto transport	7
Banks	1
Charitable organizations	1
Computer and Electronics	1
Consulting	2
Education	2
Electric installation works	2
Energy and Utilities	4
Engineering, geology and geodesy areas activity	1
Farming	4
Financial Services	7
Fishing services	2
Funds management	2
Ground and pipeline transport	1
Health, Pharmaceuticals, and Biotech	2
Hire, rental and leasing	9

Information and Telecommunications	6
Insurance	2
IT companies	2
Maintenance of buildings and territories	1
Physical Person	30
Post office activities	1
Printing and reproduction activity	2
Private security firms activity	2
Public Organizations	3
Repair and Maintenance Services	5
Restaurant business	1
Retail	18
Scientific research and development	2
Supply of electricity, gas, hot water, steam and air conditioning	1
Technical testing and research	3
Tourism and travel-related services	1
Transportation and Storage	6
Warehousing	4
Waste collection and disposal	2
Wastewater treatment, sewage	1
Other	2



**WE WOULD LIKE TO EXPRESS OUR SINCERE GRATITUDE TO THE BUSINESS OMBUDSMAN COUNCIL FOR ITS HIGH PROFESSIONALISM, EFFORTS MADE IN IMPROVING CONDITIONS OF CONDUCTING BUSINESS ACTIVITY AND PREVENTING VIOLATION OF LEGITIMATE INTERESTS OF THE ENTERPRISE".**

**M.B. DUBYNA, LAWYER**

## 1.8. COVID-19 RELATED ISSUES

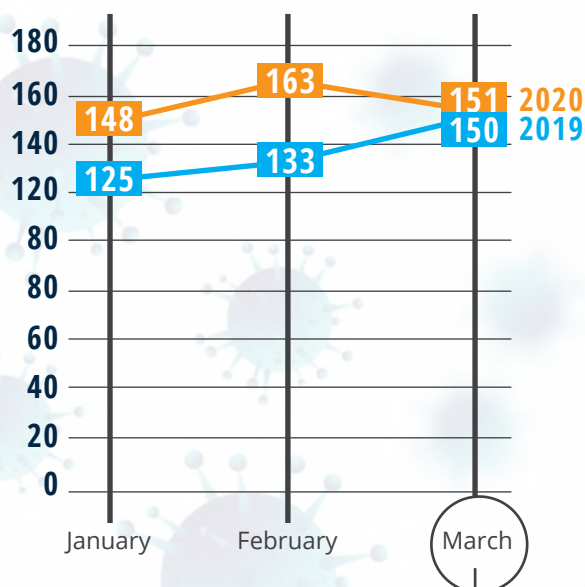
In the midst of March 2020, the Cabinet of Ministers introduced several restrictions on business activity and social life in order to constrain spreading of coronavirus pandemic in Ukraine. It is too early to assess the impact of new regulations and economic contraction caused by crisis on co-operation of business with BOC.

### HOWEVER, WE HAVE ALREADY TAKEN A NOTE OF TWO OBSERVATIONS:

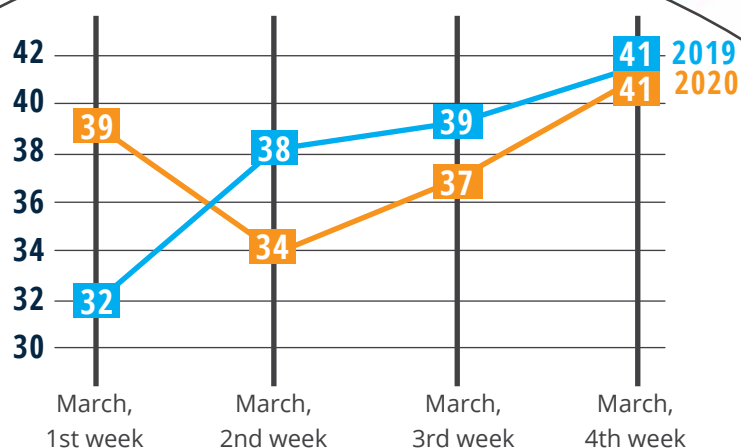
# 1

The number of complaints lodged with BOC in January, February and first week of March was significantly, by about 20 per cent, higher than in the comparable period of 2019. After that, the number of complaints fell down and settled at the average level of 2019.

#### NUMBER OF COMPLAINTS, JANUARY-MARCH 2020 VS JANUARY-MARCH 2019.



#### NUMBER OF COMPLAINTS, MARCH 2020 VS MARCH 2019



## 2

Companies began to submit appeals concerning new regulations introduced to combat coronavirus pandemic. The first few cases, not solved at the time of writing this report, include:

**A PRODUCER OF PROTECTIVE SUITS** complained on actions of the State Customs Service. The firm was re-exporting medical goods, made from imported materials on request of a foreign partner. Previously, these products were exported smoothly, but recently the CMU has restricted export of certain goods due to quarantine. As a result, the factory, which employs over two hundred employees, might be out of a job.



**A SUBSIDIARY OF A FRENCH COMPANY** lodged a similar complaint regarding of the State Customs Service. An enterprise had manufactured medical products (from French materials) and sent them back to France. However, the truck with the goods was blocked at the border.



**A RETAIL CHAIN OF PERSONAL CARE AND HOUSEHOLD GOODS** complained on actions of local government authorities. In several cities, local authorities have ordered shops to close. In other cities, however, shops are allowed to operate.



**A DRIVING SCHOOL** approached us with complaint concerning actions of the Main Department of the Ministry of Internal Affairs. The state authority did not allow the school to conduct theoretical classes online. This question was also relevant before quarantine, but now it has become especially urgent, since it's impossible to conduct off-line classes during the quarantine at all.



**A POLISH INVESTOR** faced a problem of registering as a taxpayer. The entrepreneur had to obtain a tax ID to register a company in Ukraine. However, the tax office replied that the registration was not provided temporarily during quarantine unless there is a threat to life or health. That means, that the service is provided, but on a selective principle, which creates corruption factors with respect to the state body operations and does not contribute to attracting foreign investment at all.



**BOC WILL CLOSELY FOLLOW REGULATIONS RELATED TO FIGHT AGAINST CORONAVIRUS CRISIS**

## 1.9. FEEDBACK

In the reporting period  
we received

# 131

feedback forms from  
our applicants.

# 99%

of applicants who  
replied to our request  
for feedback said they  
were satisfied with  
working with us

### COMPANIES ASSESSED OUR WORK BASED ON SEVERAL CRITERIA:

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

They also indicated what they are satisfied  
the most in dealing with us and specified areas  
that require improvement.



**I WOULD LIKE TO SINCERELY THANK YOUR  
TEAM AND PERSONALLY THE INVESTIGATOR  
FOR THE UNPRECEDENTED WORK IN TERMS  
OF SOLVING ISSUES WITH TAX AUTHORITIES  
REGARDING MY PROBLEM".**

**OLEKSANDR IVONIN, PRIVATE ENTREPRENEUR**

**I'M TRULY THANKFUL FOR YOUR PARTICIPATION IN THE PROTECTION  
OF BUSINESS RIGHTS IN UKRAINE. YOUR PROMPT RESPONSE TO OUR COMPLAINT  
HAS ALLOWED THE COMPANY TO RETAIN ITS PROPERTY, RESTORE THE RULE  
OF LAW AND CONTINUE ITS BUSINESS ACTIVITIES".**

**I.O. DOVGAL, DIRECTOR OF CITYSTATESERVICE LLC**



## 2. SUMMARY OF KEY MATTERS

### AND FOLLOW-UP OF RECOMMENDATIONS

#### 2.1. INFORMATION ON CLOSED CASES AND RECOMMENDATIONS PROVIDED



#### NUMBER OF CLOSED CASES BY QUARTERS



#### TOTAL NUMBER OF CLOSED CASES SINCE LAUNCH OF OPERATIONS:

**4634**

In Q1 2020, we closed 295 cases, which is **18%** more than in the previous quarter.



## TOP-10 SUBJECTS OF CLOSED CASES IN Q1 2020:

	CASES CLOSED IN Q1 2020	CASES CLOSED IN Q4 2019	CASES CLOSED IN Q1 2019
Tax issues	201	177	182
Actions of state regulators	28	17	22
Prosecutor's Office Actions	12	2	15
National Police Actions	9	17	16
Customs issues	10	19	10
Local government authorities actions	6	4	6
Ministry of Justice actions	4	10	9
Permits and licenses	4	1	3
Actions of state-owned companies	3	2	3
State Security Service Actions	2	1	3

Tax issues amounted to 62% of all closed cases, while actions of state regulators, the second most common subject, were in the focus of only 7% of closed investigations. We finished 34 investigations regarding actions of law enforcement bodies, which in total account for 12%. Only 3% of closed investigations were about customs issues.



**WE WOULD LIKE TO EXPRESS OUR DEEP RESPECT AND GRATITUDE TO THE ENTIRE BUSINESS OMBUDSMAN COUNCIL'S TEAM FOR THEIR ACTIVE HIGHLY PROFESSIONAL SUPPORT AND ASSISTANCE IN CONSIDERING THE COMPANY'S COMPLAINT. WE ARE CONVINCED THE PARTICIPATION OF THE COUNCIL CONTRIBUTED TO THE TRANSPARENCY OF STATE BODIES' ACTIVITIES AND PREVENTED VIOLATION OF LEGITIMATE INTERESTS OF OUR COMPANY".**

**TOMASZ MIKOLAJCZAK, CEO FERRERO UKRAINE**

## FINANCIAL IMPACT OF BOC'S OPERATIONS IN Q1 2020:


UAH

**231**<sub>MN</sub>

TOTAL  
FINANCIAL  
IMPACT OF BOC'S  
OPERATIONS  
MAY 20, 2015 —  
MARCH 31, 2020:

UAH

**18,1**<sub>BN</sub>



	UAH
Tax inspections	<b>195.822.726</b>
VAT invoice suspension	<b>20.316.281</b>
Tax other	<b>9.147.017</b>
Tax VAT electronic administration	<b>2.647.066</b>
Tax VAT refund	<b>2.600.000</b>
National Police procedural abuse — funds refund	<b>160.000</b>

The largest share of the financial impact (85%), which is UAH 195 mn, emerged from the cancellation of ungrounded tax audit results. We also helped entrepreneurs to register VAT invoices worth over UAH 20 mn and save over UAH 14 mn to businesses on various tax related issues.

## NON-FINANCIAL IMPACT OF BOC'S OPERATIONS IN Q1 2020:

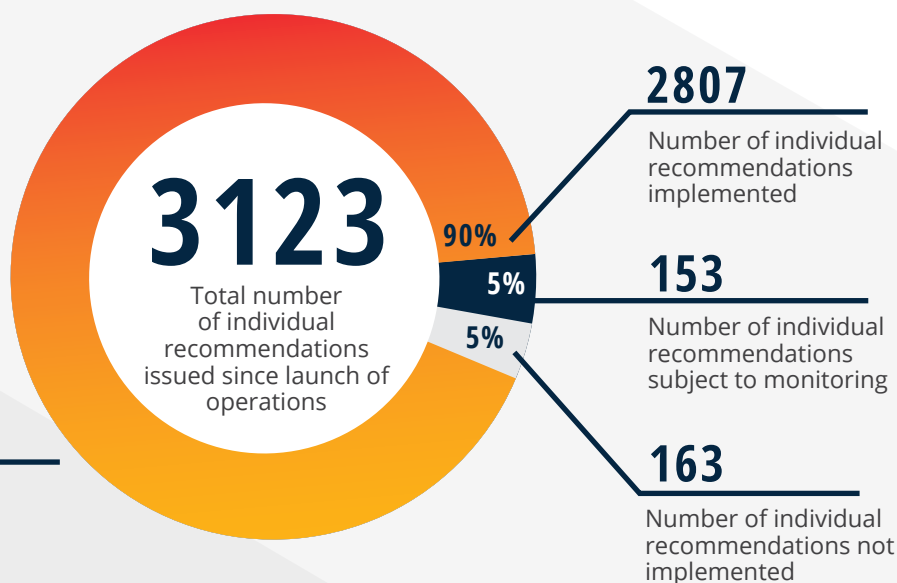
	CASES FACILITATED IN Q1 2020	CASES FACILITATED IN Q4 2019	CASES FACILITATED IN Q1 2019
Malpractice ceased by complaine	44	40	40
Tax records reconciled, tax reporting accepted	5	7	7
Permit/license/conclusion/ registration obtained	5	3	3
Criminal case against the Complainant closed; property/accounts released from under arrest	3	3	3
Legislation amended/enacted; procedure improved	3	2	2
Criminal case initiated against state official/3rd party	2	1	1
Contract with state body signed/executed	1	1	1
State official fired/penalized	1	2	2
Claims and penalties against the Complainant revoked   Sanction lifted	—	1	1

In Q1 2020, we ceased dozens of episodes of state bodies malpractice, helped companies to close ungrounded criminal cases and contributed to improvement of procedures and amendment of legislation.

## INDIVIDUAL RECOMMENDATIONS PROVIDED

Individual (concerning  
a particular complaint)  
recommendations issued  
in Q1, 2020

# 175



	Cumulative implementation rate since May 2015 to a respective period				
	Issued recommendations	Implemented recommendations	Q1 2020	Q4 2019	Q1 2019
State Tax Service, State Customs Service, State Fiscal Service	2137	1979	93%	93%	93%
National Police of Ukraine	164	131	80%	81%	84%
Prosecutor's Office of Ukraine	140	112	80%	82%	81%
Local government authorities	121	90	74%	74%	73%
Ministry of Justice	106	97	92%	92%	91%
Ministry for Development of Economy, Trade and Agriculture of Ukraine	100	89	89%	85%	85%
Ministry of Ecology and Natural Resources of Ukraine	56	49	88%	92%	94%
State Security Service	55	54	98%	98%	96%
State Enterprises	32	28	88%	86%	84%
Parliament, the Cabinet of Ministers, the President of Ukraine	31	27	87%	90%	84%
Ministry of Social Policy and Labour of Ukraine	28	26	93%	93%	90%
Ministry of Finance of Ukraine	24	19	79%	86%	94%
Ministry for Communities and Territories Development of Ukraine	23	23	100%	98%	96%
Ministry of Infrastructure of Ukraine	20	14	70%	76%	82%
Ministry of Health of Ukraine	14	12	86%	92%	100%
Ministry of Internal Affairs	14	11	79%	79%	79%

	Issued recommendations	Implemented recommendations	Cumulative implementation rate since May 2015 to a respective period		
			Q1 2020	Q4 2019	Q1 2019
National Commission for State Regulation of Energy and Public Utilities	11	10	91%	91%	88%
Antimonopoly Committee of Ukraine	10	7	70%	70%	70%
Commercial and other courts	7	7	100%	100%	100%
NABU	6	5	83%	100%	100%
National Bank of Ukraine	5	2	40%	40%	40%
State Funds	5	2	40%	40%	40%
Communal Services of Ukraine	1	1	100%	100%	100%
Ministry of Education and Science of Ukraine	1	1	100%	100%	100%
National Bureau of Investigation of Ukraine	1	1	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%
Other	9	8	89%	91%	90%
<b>Grand Total</b>	<b>3123</b>	<b>2807</b>	<b>90%</b>	<b>91%</b>	<b>90%</b>

As at the end of Q1 2020, state bodies implemented 90% of case-by-case recommendations, issued by the Council.

Among public authorities to whom we addressed 30+ recommendations, the best implementation ratio was performed by the State Security Service (98%), State Tax Service, State Customs Service, State Fiscal Service (93%), the Ministry of Justice (92%) and the Ministry of Ecology and Natural Resources of Ukraine (92%). The lowest implementation ratio is recorded for local government authorities (74%), the National Police (80%) and the Prosecutor's Office (80%).



## 2.2. SYSTEMIC ISSUES IDENTIFIED AND SOLVED



### Systemic Report

October 2015

#### PROBLEMS WITH CROSS-BORDER TRADING IN UKRAINE

##### Issue

Non-transparent procedures of scrap metal export.

##### BOC's recommendation

Amend the Law "On the Scrap Metal," which regulates export and import to streamline procedures and improve the economic and legal provisions related to operations with scrap metal.

##### Actions taken by government agencies

The Draft Law on Amendments to certain legislative acts (on the deshadowing of the metallurgical raw materials market and scrap metal operations) No. 2426 dated 12/11/2019

01/14/2020 — Adopted by the VRU in the first reading.



### Systemic Report

July 2016

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

##### Issue

To ensure that the law on establishing harmonized conditions for placing building materials on the market is substantially modernized and brought in line with EU legislation and in compliance with Ukraine's obligations under the Association Agreement with the EU.

##### BOC's recommendation

Draft a legal act approving the technical regulation of building materials in full compliance with EU Regulation #305/2011 passed by the European Parliament and Council on March 9, 2001 to establish harmonized conditions for placing building materials on the market, and repealing the Council's Directive #89/106/EEC, in compliance with Ukraine's commitments under the Association Agreement.

##### Actions taken by government agencies

Draft Law "On providing construction products on the market" No. 2698 dated was drafted on December 28, 2019

02/28/2020 Submitted by the Committee for consideration at the next session of the VRU



## Systemic Report

March 2020

### BIG CHALLENGES FOR SMALL BUSINESS

#### Issue

In case of tax invoice suspension or inclusion of a taxpayer in the list of risky taxpayers the respective entrepreneur did not receive information about the actual reasons/ circumstances that led to such a decision.

#### BOC's recommendation

The BOC recommended to provide the entrepreneur with the information that should allow the taxpayer to understand which documents to submit or how to adjust his activity to achieve tax invoice registration or exclusion from the list of risky taxpayers.

#### Actions taken by government agencies

Starting from February 01, 2020, the CMU Resolution No. 1165 has become effective.

The said Resolution provides for that a taxpayer receives a decision on meeting the taxpayer's risk criteria via his e-cabinet on the day such a decision is made. The decision shall indicate a reason according to which the taxpayer has met the risk criteria.

However, based on the BOC's recent practice, tax authorities fail to explicitly indicate the reason of the inclusion to the list of risky taxpayers, limiting themselves only to stating "availability of riskiness features" "availability of tax information" or "VAT transit".

In view hereof, the practical implementation of the CMU Resolution requires further improvement.

#### Issue

An enterprise was obliged to send a separate notification to the State Tax Service of Ukraine, wherewith informing on appointment of a CEO, whereas the tax authority had access to the Unified Register of Legal Entities, individual entrepreneurs and public organizations.

#### BOC's recommendation

The BOC issued a general recommendation, urging the Government to take appropriate steps to simplify the labour-related document flow and transform it into an electronic format.

#### Actions taken by government agencies

On February 12, 2020, the CMU adopted the Resolution No. 188, wherewith actually cancelled the obligation of enterprises to inform the tax authority of a newly appointed CEO.

### Issue

Relatively harsh fines in terms of employer's liability for violations of the labor legislation.

### BOC's recommendation

As regards the aspect of the proportionality, the Council recommended to review sizes of fines, taking into account the nature, degree of offenses committed and an employer's degree of guilt, and to provide for the possibility of applying warnings for minor or first-time offenses and/or granting employers a grace period for their elimination without an obligation to pay respective fines.

### Actions taken by government agencies

Starting from February 02, 2020, the Law No. 378-IX amended Art. 265 of the Labor Code of Ukraine, in particular:

- significantly decreased fines related to informal employment and granting access to inspection;
- simple notices for employers, who use simplified taxation (1-3 groups);
- introduced a criterion on re-iterative violations;
- 50% discount on fines if paid within 10 days;
- in certain cases fines shall not be paid if an employer eliminates violations voluntarily.

### Issue

Approximation of technical regulation, standards, and conformity assessment.

### BOC's recommendation

In terms of the implementation of the Innovation Strategy for the period up to 2030, the BOC recommended to ensure conforming the technical regulation, standards, and conformity assessment.

### Actions taken by government agencies

On February 12, 2020, the CMU adopted a number of amendments to its Resolutions (No.No. 459, 1170, 937, 1057), which put the Ukrainian technical regulation in conformity with the Agreement on Conformity Assessment and Acceptance of Industrial Products.

## 2.3. SUMMARY OF IMPORTANT INVESTIGATIONS

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

### TAX ISSUES

**Subject:** Tax inspections

**State Tax Service drops additional payments worth UAH 66 mn for Shell international energy company**

**Subject of complaint:**  
The State Tax Service of Ukraine (STS)

#### Complaint in brief:

A Ukrainian representative office of an international energy company Shell, which, in particular, serves a network of gas stations in Ukraine, turned to the Council. The Complainant disagreed with the tax audit findings, according to which he had to additionally pay UAH 66 mn.

After auditing the company's business activities, the tax authority concluded the Complainant overstated the income tax object negative value by UAH 56 mn. and understated the income tax by UAH 8 mn. The STS treated the company's fuel sale to a number of counterparties via smart cards as unrealistic transactions. According to the state agency, the counterparties did not have enough employees, as well as the necessary technical facilities, vehicles for petroleum products storage and transportation.

#### Actions taken:

After examining the circumstances of the case, the Council upheld the company's position. The investigator asked the STS in writing to comprehensively and impartially consider the complainant's appeal. According to the Council, the circumstances of the case pointed to the fact the tax authority was trying to bring the Complainant to liability for violations committed, perhaps, not by the Complainant but other business entities. In addition, according to the Complainant's explanations, criminal proceedings, in which his counterparties appeared, was initiated based on his own application. It should be noted that as soon as the company reported violation to law enforcers, it stopped cooperation with these partners — back in July-August 2016.

The Council's investigator participated in the administrative consideration of the company's complaint at the STS, where he supported the company's position again.

### Subject: Tax inspections

**State Tax Service drops fines and additional tax accruals worth almost UAH 10 mn. for IT company**

#### Subject of complaint:

The Main Department of the State Tax Service in Kharkiv Oblast (STS)

## Result achieved:

The tax authority accepted the Council's arguments and dropped additional payments for the company worth UAH 66 mn. The case was closed successfully.

## Complaint in brief:

An IT company with foreign investments approached the Council. The company disagreed with the tax audit findings, according to which it had to additionally pay almost UAH 10 mn in taxes and fines.

The company purchased software worth UAH 20 mn from British counterparties to tweak it and then sell to its parent company in the US dealing with communication technologies. However, the STS concluded the company did not really buy anything. According to the tax authority, those were fictitious operations carried out to reduce tax liabilities. Therefore, the STS additionally charged the company with income taxes and corresponding penalties. Disagreeing with these conclusions, the company challenged them in the STS, and also asked the Council for assistance.

## Actions taken:

Having examined the case file, the Council upheld the company's position. The Council's investigator stressed financial statements of the British counterparties were made publicly available on the official website of the United Kingdom. A thorough analysis of financial statement items confirmed the possibility of performing transactions which the tax authority considered to be fictitious, and also refuted the version that the British counterparties did not do their business in sufficient volumes in respective periods.

The Complainant also provided sufficient supporting documents for relevant transactions to be assigned to costs related to the software product development. The investigator asked the STS in writing to independently and objectively consider the company's complaint taking the BOC proposals into account and supported the Complainant's position during complaint consideration at the STS.

## Result achieved:

The STS decided in favor of the company within ten days and dropped fines and additional tax accruals in full. The case was closed successfully.

**Subject: Tax inspections**

**State Tax Service agrees to drop additional payments for FERRERO UKRAINE LLC worth UAH 3 mn**

**Subject of complaint:**

Large Taxpayers' Office of the State Tax Service (LTO)

**Complaint in brief:**

FERRERO UKRAINE LLC, an official importer of well-known finished confectionary products of FERRERO Group turned to the Council. The Complainant disagreed with the tax audit findings, according to which he had to additionally pay UAH 3 mn in taxes.

The tax authority stated that the Complainant had understated his VAT and income tax liabilities. In particular, according to tax officers, the Complainant was provided with fictitious advertising services. The tax authority concluded thereon based on the audit scheduled following tax notifications-decisions administrative appeal outcome. Taking the opportunity, we would like to note the previous tax audit was also the subject of the Council's investigation. The Council also upheld the Complainant's position in the previous case. Then, having accepted the Complainant's and the Council's position, the SFS canceled tax notifications-decisions, yet decided to arrange a repeat audit, which resulted for the Complainant in the same way.

In the second complaint, the Council dealt with the conclusions drawn during the "re-audit". Taxation based on the conclusions of business transactions fictitiousness is a fairly common practice among tax officers.

**Actions taken:**

After reviewing the case file, the Council found out despite the additional audit, tax officers did not find any new violations, which would not have been previously denied by the Complainant. It should be pointed out the Audit Report of this "new" audit largely contained provisions of the previous one. During complaint investigation, the Council's investigator in charge emphasized compliance with a "good governance" principle according to which government agencies' decisions should be as consistent and predictable for business as possible. In addition, the Council asked the STS to take into account that in the administrative appeal procedure the burden of proof lies specifically on the supervisory authority rather than the taxpayer.

**Result achieved:**

Following the case consideration outcome, the STS accepted the Complainant's arguments and dropped additional payments worth about UAH 3 mn. The Complainant thanked the Council for assistance in resolving the case.



## Subject: Tax inspections

### Whipping boy found

**The Council helps entrepreneur from Zaporizhzhia convince tax officials everything was not as simple as it seemed at first glance with his “unofficial employees”.**

#### Subject of complaint:

The Main Department of the State Tax Service in Zaporizhzhia Oblast (MD STS), The Main Department of the State Labor Service in Zaporizhzhia Oblast (MD SLS)

### Complaint in brief:

An individual entrepreneur (IE) from Zaporizhzhia runs a business related to organization of international road transportation of goods, mostly in the nearest countries, turned to the Council. He is doing business together with his wife helping him with accounting and reporting. She actually acted as his representative when lodging a complaint with the Council.

A worried Complainant's representative told that her husband and she had problems with two controlling authorities (MD STS and MD SLS). At first glance, these problems came “like a bolt from the blue”. However, the situation was very serious. Supervisory authorities stated the entrepreneur was an employer for 22 people who had not been officially employed. That was the reason why he was imposed a fine worth UAH 2.7 mn. apart from additional taxes and social contributions that should be deducted from these individuals' salaries.

The Complainant's representative asked the Council to resolve the issue which he found absolutely absurd and help.

### Actions taken:

At first, the Council's investigators were somewhat skeptical about the Complainant's statements knowing that informal employment is a widespread phenomenon in Ukraine and it was highly likely supervisory authorities' findings were substantiated to some extent. However, when they looked deeper into the situation, the investigators realized that everything was not as it seemed at first glance.

After questioning the Complainant and his representative about their business, the Council's team of investigators understood his business model first of all.

So, investigators found out the Complainant sometimes carries goods directly (for example, the first Council's investigator call caught him during one of such hauls on his own truck), and sometimes — acting only as their organizer (a forwarding agent). In the latter case he involves colleagues — other IEs, for transportation, who in turn made hauls independently or engaging their hired drivers.

In this form of cooperation, IEs working as subcontractors retain full independence and are not subordinate to the Complainant. A clear testimony to their independence was, in particular, such IEs worked using their own trucks and had the right to independently take and execute orders from any customers apart from the Complainant.

After examining the documents, the Council's investigators made sure that from a legal standpoint the Complainant's business had a rather complex and sometimes confusing structure, which includes numerous freight forwarding and transportation agreements with customers, sub-forwarders and direct carriers, vehicles lease (rent) agreements, etc.

Meanwhile, following a detailed review of the documents, investigators assured themselves the Complainant was telling the truth — in the Council's investigators' opinion there were no signs of employment relationship between him and all 22 drivers.

Due to the fact the Complainant acted as a forwarding agent (organizer of a carriage) during many hauls, he permanently appeared in documents related to these transportations, for example in international consignment notes (CMR) and sometimes in customs declarations drawn up during customs clearance of goods. In these documents tax officers noticed the name of the Complainant. Based on that finding, the MD STS concluded in the tax audit report that the Complainant was the employer for all 22 drivers who performed the respective transportations. The tax officers not only made their own conclusion about the need for charging additional taxes and social contributions, but also reported the facts revealed by them to the MD SLS, which, in turn, imposed on the Complainant a huge fine for violation of labor legislation. However, the conclusions of both authorities were obviously premature and probably wrong.

Having reflected on the situation, the Council's investigators decided to divide it into two streams, each requiring a specific approach.

The first one concerned a fine imposed on the Complainant by the MD SLS. Unfortunately, such fines in Ukraine are not subject to administrative appeal procedure that the Council could be involved in. Moreover, decisions on imposing such fines are also executive documents. It means that such decisions might be sent for enforcement within a short time upon their adoption. As a result, it entails very dangerous consequences for the entrepreneur (including seizure of bank accounts and property and subsequent forced repayment of the fine at the expense of such property sale).

Therefore, the entrepreneur had no other option but to sue immediately to appeal against the decision of the MD SLS, and ask the court to suspend its enforcement. That was exactly what the Council's investigators advised the Complainant to do, although they realized that filing a lawsuit would not allow the Council's further direct involvement in resolving this aspect of the case. The entrepreneur followed this advice by contacting a lawyer to prepare a lawsuit.

The second stream related to tax and unified contributions. Here, the situation had not gone so far, and there was a chance for its extrajudicial settlement with the help of the Council.

The tax audit report conclusions, which became the root cause of this problematic situation, had not yet acquired the status of final ones at the time of the Complainant's complaint to the Council. Based on the Complainant's objections, a second documentary audit was scheduled during which the tax auditors were required to examine the situation in more detail. However, re-examination result was only slightly different from the original one — tax officers still insisted the Complainant had 19 (not 22 already) informally employed employees and were not going to give up. This time, the Complainant again submitted objections to the second tax audit report and asked the Council to take part in their consideration.

Taking into account all the circumstances of the case, the Council's management decided to delegate the Council's representative for objections consideration at the MD STS.

## Result achieved:

During objections consideration, the Deputy Head of the MD STS accepted the Council's representative arguments and ordered to conduct a new (a third one) audit and this time to investigate in detail all the circumstances the Complainant pointed out to in his objections, which the Council considered important.

New audit results were dramatically different from the previous ones. Tax officers continued stating that there are signs of the Complainant's employment relationship with only 2 persons (those of his subcontractors not having IE status, although, according to the Complainant, being independent entrepreneurs in essence). As we remember, there were conclusions on 19 informal workers before, and on 22 informal workers — in the beginning.

Therefore, the new audit findings were much more favorable for the entrepreneur, and the amount of accrued taxes and social contributions considerably decreased. In addition, new tax audit findings refuting preliminary findings in part of 20 out of 22 "informal employees", could be a decisive argument in court in favor of the need to cancel the MD SLS's decision to impose a fine (at least in its main part).

The businessman from Zaporizhzhia continues insisting even those 2 persons, who remained mentioned in the last audit report, were not his employees, and he intended to further prove it. However, he acknowledged new audit findings were much more objective and reasonable than previous ones and thanked the Council for support.

**Subject: Tax inspections****STS drops additional payment worth UAH 2 mln for leading grain trader****Subject of complaint:**

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

**Complaint in brief:**

In October 2019, a leading international grain trader approached the Business Ombudsman Council. The company disagreed with the unscheduled tax audit findings, according to which UAH 1.9 mln of the VAT taxation object negative value was not confirmed and, consequently, a penalty worth almost UAH 900k was imposed.

It is noteworthy, the company's unscheduled tax audit related to circumstances already investigated by the LTO at the beginning of 2019. Then, in April 2019, with the Council's facilitation, the State Fiscal Service of Ukraine cancelled tax notifications-decisions for the company because the respective tax audit report "neither reflected actual circumstances of the case nor contained a clear justification and evidence of violation" of tax law requirements regarding the company's relationship with three counterparties.

The unscheduled tax audit, however, "recovered" for the Company the additional payment related to relationship with two counterparties, which had been cancelled by the supervisory authority as part of an administrative appeal six months ago. Therefore, seeking support, the Complainant turned to the Council again.

**Actions taken:**

The Council's investigator asked the company's representative to make a visual textual comparison of the conclusions of the disputed unscheduled audit report and the initial tax audit report in part of legal relationship with two counterparties regarding which the LTO had new remarks. Thus, it was established that the unscheduled audit report did not contain any new evidence to support the company's tax offense. In fact, amendments to the unscheduled audit report text actually related to only a few descriptive paragraphs when specifying (i) the next counterparty in the supply chains and (ii) details of the Complainant's another economic contract.

Having examined the circumstances of the case, the Council addressed the STS in writing and upheld the company's position. The Council added its own arguments and recommended the tax authority to consider the company's case fully, comprehensively and impartially.

The Council's investigator participated in the company's complaint consideration with the participation of the Complainant's representatives at the STS.

## Subject: Tax inspections

### Bank manages to avoid income tax repayment

#### Subject of complaint:

Large Taxpayers' Office (LTO) of the State Tax Service of Ukraine (STS)

### Result achieved:

Having accepted the Council's arguments, the STS fully satisfied the company's complaint. Thus, the company managed to agree on the amount of a budgetary tax refund — it would be refunded over UAH 1.7 mn. of VAT and allowed to transfer another UAH 166k of VAT taxation object negative value to the next periods. In addition, the STS dropped almost UAH 900k fine for the company. The case was closed successfully.

### Complaint in brief:

A Ukrainian bank turned to the Business Ombudsman Council with a complaint about LTO actions. The institution disagreed with the tax audit findings according to which it had to pay additionally UAH 1 mn in taxes.

At the end of 2018, the Complainant acquired another bank and thus inherited all the rights and obligations of the latter. Both institutions paid taxes for 2018. However, following the tax audit, the LTO concluded that the Complainant had understated its financial result before taxation and had not paid an income tax for the affiliated bank.

### Actions taken:

The Council's investigator carefully investigated the materials of the complaint, as well as the Complainant's tax reporting. The Council found out the LTO conclusions on the financial result understatement before taxation was not true, because they did not take into account that the respective part of the financial result was shown in the affiliated bank's tax declaration for the last reporting period before acquisition. This institution, in turn, properly paid all the necessary taxes. If the tax decision was left in force, it would require the income tax to be re-paid.

The Council's investigator participated in the complaint materials review at the STS. The Council also asked the tax authority in writing to properly consider the bank's complaint and consider the Council's proposals.

### Result achieved:

The STS accepted the Council's arguments and cancelled the decision in favor of the Complainant. The institution managed to avoid double income tax payment. The case was closed successfully.

**Subject: Tax inspections****Tax additional payments dropped for Zaporizhzhia agrocompany****Subject of complaint:**

The Main Department of the State Tax Service in Zaporizhzhia Oblast (Zaporizhzhia STS)

**Complaint in brief:**

An agrocompany from Zaporizhzhia Oblast approached the Council. The Complainant disagreed with the additional tax payments worth over UAH 600k.

During the audit, Zaporizhzhia STS found out the Complainant had violated a number of the Tax Code provisions, namely he had understated the VAT subject to be paid to the budget and had not registered the relevant tax invoices.

Thus, Zaporizhzhia STS's conclusions were based on the following:

- the Complainant wrote off the grain as "dead waste" in respect of which there were no sorting and drying certificates to confirm the quality, weediness and humidity as well as permits that would confirm the existence of the waste as such, their location and disposal;
- excessive use of mineral fertilizers, which could reduce sown crops yield or cause their death;
- the company's tractor drivers made inaccuracies in naming agricultural works performed in the primary documents drawn up during transportation of hay, firewood and waste, baling straw, disking, gardens plowing, in connection with which Zaporizhzhia STS established an inappropriate diesel fuel use;
- the Complainant did not accrue tax obligations, deducting costs due to loss of crops as a result of the drought.

Disagreeing with the tax authority's conclusions, the company appealed them in the STS and asked the Council for help.

**Actions taken:**

Having examined the case file, the Council upheld the company's position. The Council asked the STS in writing to properly consider the company's complaint and consider the respective arguments. The Council's investigator also participated in the company's case consideration at the STS.

**Result achieved:**

The STS accepted the Council's arguments and satisfied the company's complaint. Additional payments worth over UAH 600k were dropped successfully. The Complainant thanked the Council for participating in the consideration and resolution of the case.



**Subject: Tax inspections**

**State Tax Service drops additional payments worth UAH 727k for equipment manufacturer**

**Subject of complaint:**

The Main Department of the State Tax Service in Ivano-Frankivsk Oblast (STS)

**Complaint in brief:**

A machine-building enterprise Poberezkyi Press Aggregates Manufacturing Plant PJSC addressed the Council. The Complainant disagreed with the tax audit findings, according to which he had to additionally pay about UAH 1 mn in taxes.

The tax authority stated the Complainant had understated his VAT liabilities. In particular, according to tax officers, the Complainant's transactions with certain counterparties were fictitious, which resulted in the formation of an "artificial" tax credit for VAT payment. Therefore, the STS accrued the company VAT and penalties.

Disagreeing with these findings, the company appealed them in the STS and also sought assistance from the Council.

**Actions taken:**

After examining the circumstances of the case, the Council fully supported the company's position.

As regards a transaction with one of the counterparties, the Council's investigator in charge drew the STS's attention to the fact of presence of CMR not checked by the local tax office, which confirmed the origin of goods and the fact of shipment.

As for fictitious nature of the Complainant's other counterparty, the Council refuted the supervisory authority's arguments by referring to the respective company's active participation in a significant number of tenders during which other customers had the opportunity to thoroughly check the company's legal identity.

The Council's investigator also participated in the administrative hearing of the company complaint at the STS, where he upheld the company's position again.

**Result achieved:**

The STS upheld the Council's arguments regarding the Complainant's transactions with one of the counterparties and dropped additional payments worth UAH 727k. The case was closed successfully.

**Subject:** VAT electronic administration**UAH 10 mn returned to company's account**

**Subject of complaint:**  
The State Tax Service of  
Ukraine (SFS)

## Complaint in brief:

A transport company complained against the SFS, which failed to comply with the court decision to renew the registration limit amounting to over UAH 10 mn.

The local tax authority cancelled the complainant's registration as a VAT payer, due to enterprise allegedly not being located at the specified address. At the time of the complainant's registration cancellation, there was over UAH 10 mn on his electronic account. These funds disappeared from the complainant's account in the VAT electronic administration system. A month later, the complainant's registration as the VAT payer was renewed by the tax authority, yet the funds were not returned to the account.

The complainant appealed to court. The administrative court obliged the SFS to return UAH 10 mn to the enterprise's electronic account — it was the tax amount the Complainant was entitled to register tax invoices for.

However, even after the court judgment entered into force and was subject to enforcement, the SFS was in no hurry. According to the complainant, the SFS ignored all the written appeals of the company for six months. The complainant even applied to the State Enforcement Service (SES) to enforce the court decision. The SES initiated enforcement proceedings based on the complainant's application, however to no avail. Feeling desperate about solving the problem on its own, the company sought the Council's assistance.

## Actions taken:

The Council recommended in writing that the SFS enforce the court decision — to return funds to the company's account. In reply thereto the response was: "The court decision will be enforced in accordance with the established procedure and its enforcement mechanism". However, no specific actions or payments in favor of the complainant were made. The Council's investigator had to bring the case file for the consideration of the SFS Expert Group and the Council.

## Result achieved:

It worked, the SFS accepted the Council's arguments. The complainant informed the tax authority had finally enforced the court judgement. The funds were returned to the company's electronic account in full. The case was closed successfully.

## ACTIONS OF STATE REGULATORS

**Subject:** Other state regulators

**The State Treasury pays the debt to the construction company**

**Subject of complaint:**

The State Treasury Service of Ukraine Department in Darnytskyi district of Kyiv (State Treasury)

### Complaint in brief:

The Council received a complaint from a Kyiv-based construction company. The enterprise complained about the State Treasury that did not pay a debt of UAH 2.5 mn. for the work the complainant performed for the utility company.

The debt was confirmed by the order of Economic Court of Kyiv. The court decision on debt repayment had already become effective and was sent to the State Treasury for enforcement. Despite numerous Complainant's appeals, the State Treasury delayed debt amortisation.

### Actions taken:

Having examined the circumstances of the case, the Council's investigator in writing addressed a chief budget funds administrator in the respective district of Kyiv. The investigator asked to arrange a meeting engaging all the parties to solve the company's issue.

### Result achieved:

The meeting turned out to be surprisingly effective. The debtor's utility company director informed the debt had been repaid to the complainant in full. The company confirmed the funds came to its account on the same day. The case was closed successfully.

## CUSTOMS ISSUES

**Subject:** Customs valuation

**Odesa customs approves customs value for fertilizer importer**

**Subject of complaint:**

Odesa Customs of the State Customs Service (Odesa Customs)

### Complaint in brief:

A company with German investments, importer and wholesaler of fertilizers in Ukraine, appealed to the Council. The Complainant disagreed with the customs value adjustment of imported goods by Odesa Customs.

In 2018-2019, the company imported fertilizers worth over UAH 70 mn and paid nearly UAH 500 in taxes and fees with respect to these transactions. Fertilizers supplies were made under a direct contract from a foreign producer, while a separate specification — an annex to the contract — was drawn up for each batch of goods. Specification texts varied only in delivery/payment terms and the price of goods. Identical packages of documents were provided for customs clearance during each delivery.

In cases when the price of imported goods went up, customs officers did not have any remarks on the documents. But when the price started to fall due to the appreciation of hryvnia, customs officials began finding “differences” in documents and adjusted prices, increasing the cost of imports. In this case, the highest delivery cost according to the specification under the contract was considered a “standard”. Examples of “differences” provided by the Complainant were: visual difference of counterparty signatures on documents, paying for goods a few days later.

The company imported its goods through four different checkpoints, but the same problem occurred in every checkpoint. Customs officers did not recognize the price stated in the specification, and adjusted it to the higher side. The company noted that in all of those cases, customs did not have legitimate reasons for requiring additional documents other than those submitted by the company together with the Electronic Customs Declaration, since the documents fully confirmed numerical values declared by the importer.

### Actions taken:

After examining the appeals, the Council's investigator participated in a tripartite meeting with the tax authority and company representatives. The customs officers analyzed the documents submitted by the complainant before the customs clearance, articulated their remarks and clarified the points at issue. The company's representatives expressed their willingness to provide all necessary documents. The reached agreements and arguments in favor of the Complainant were outlined by the Council in a letter to the SFS.

### Result achieved:

Odesa Customs accepted the Council's arguments and canceled the decision on customs value adjustment. The case was closed successfully.

## ACTIONS OF THE NATIONAL POLICE

**Subject:** National Police criminal case initiated

**Everyone should do his job:  
jurisdiction changed**

**Subject of complaint:**

Investigative Department  
of the Main Directorate of  
the National Police in Odesa  
Oblast (Odesa NP)

### Complaint in brief:

The Business Ombudsman Council received a complaint against Odesa law enforcers' actions. The Complainant is a group of companies specializing in servicing construction objects sought help to change the criminal case jurisdiction initiated against its former CEO.

According to the Complainant, the ex-chairman of the cooperative abused her office, defrauded investors and misappropriated the company's assets. The Complainant turned to the National Police with a relevant application, criminal proceedings against him were initiated.

However, the investigation was entrusted to a department usually dealing with completely different categories of cases. That set the Complainant on the alert. Besides, according to the cooperative, law enforcers deliberately delayed consideration of the case. The Complainant got even more surprised when several counter criminal cases were opened against him.

Convinced that the department's investigators were personally interested in protecting the ex-CEO, the Complainant appealed to the Council.

### Actions taken:

Having carefully examined the case file, the Council concluded the Complainant's appeal was substantiated. In particular, several court decisions showed that officers investigating the former CEO case could be a concerned party to the relevant criminal proceedings.

The Council addressed the PGO in writing asking to consider the Complainant's appeal and to make an impartial decision thereon. The investigator stressed another department should be in charge of the case investigation.

### Result achieved:

The PGO accepted the Council's arguments and referred further case investigation case to the State Bureau of Investigation located in Mykolaiv. The Prosecutor General's Office took control of the pre-trial investigation of mentioned criminal cases. The case was closed successfully.

**Subject: National Police inactivity****Property returned after triple arrest cancellation****Subject of complaint:**

The Main Investigations  
Directorate of the National  
Police of Ukraine (MID NP)

**Complaint in brief:**

The Council received a complaint against law enforcers' inaction from the capital city IT company. The company complained that MID NP officers did not return temporarily seized property to it for a long time.

Particularly, at the end of 2018, in the framework of the pre-trial investigation, law enforcers searched the office rented by the complainant. During the search, inter alia, the HR documentation and computer equipment were seized. Law enforcers did not have a relevant permit to do so, hence the Prosecutor General's Office of Ukraine (PGO) subsequently filed a petition for the property's arrest.

An investigative judge almost immediately arrested the company's property, but two months later the company managed to cancel this arrest in court. However, the investigating judge re-arrested the same property again already in a week. After filing an appeal for the second time, in June 2019 the complainant again succeeded in overturning such a decision.

Despite that fact the complainant couldn't return the property — the MID NP stated it did not receive the relevant appellate court ruling on arrest cancellation. Therefore, the company challenged inactivity of the MID NP to the investigating judge, who satisfied the complaint and obliged the MID NP's investigators to return the property, which was temporarily seized from the owner more than six months ago.

Further on, the complainant submitted petitions to return the property, but only received refusals from the MID NP. The reason for that was non receipt of neither the appellate court's ruling on the arrest cancellation, nor the investigating judge's order to return the property. At the same time, responding to the complainant's attorney's letters of inquiry, the District Court confirmed the fact of sending copies of the rulings to the MID NP for their enforcement.

Seeking support, at this stage the company turned to the Council with this issue.

**Actions taken:**

After examining the case files, the Council asked the MID NP and the PGO in writing to find out whether law enforcing officers complied with the court order. The PGO replied briefly: there were no legal grounds to return the property seized from the complainant. At the same time, the MID NP reported no court rulings for execution were received.



Noticeable that after the Council's involvement in the fall of 2019, the complainant became aware that a few months ago his property had been arrested for the third time, although neither such investigating judge's decision was reported about anywhere nor was it available from the Unified State Register of Judgments. Following the complainant's appeal to the appellate court, the arrest was canceled for the third time before the New Year holiday season.

So in January 2020, the Council's investigator brought up the company's issue for the Expert Group discussion with participation of the Council's and MID NP's representatives. The Council's experts emphasized that property that was not under arrest, could not be illegally kept by law enforcement agencies and must be immediately returned to the enterprise. As a result, the MID NP officers assured they would comply with the court ruling after the complainant applied to the investigator with the relevant application.

## Result achieved:

In February 2020, the PGO reported on the return of property to the enterprise. However, the story did not end there: the complainant informed the Council that during February of 2020, the MID NP indeed returned all the money and some of the equipment seized. This property, however, did not belong to the complainant but to third parties against whom a search and other procedural actions were also conducted in December 2018. The complainant's equipment, as was reported to its lawyers, was in the expert institution at that time, which meant that the MID NP had to take additional actions to return it to its owner.

The complainant reported on the successful return of its property in full only in March. Thus, thanks to mutual efforts of both the company's lawyers and the Council's team, after more than a year temporarily seized property and equipment were returned to the legitimate owner.

The company thanked the Council's team for their help:

*"Highly professional Business Ombudsman experts [...] managed to successfully provide support of the Company's relationship with the representatives of the Prosecutor General's Office of Ukraine and the National Police of Ukraine that resulted in a full return of the property illegally seized from the Company".*

## ACTIONS OF THE MINISTRY OF JUSTICE

**Subject:** MinJustice registration department

**Raider attack against enterprise from Kharkiv Oblast fought back**

**Subject of complaint:**

Notary and State Registration Department of the Ministry of Justice of Ukraine

### Complaint in brief:

Spouses from Kharkiv, founders of the company dealing with carrying passengers turned to the Business Ombudsman Council. A hostile takeover of the company was performed through making amendments to corporate documents and public registers.

The couple learned by chance that the state registrar on the basis of forged documents changed the company's shareholders, CEO and the signatory. The only shareholder of the company was the other legal entity, the Complainants' immovable property was transferred to as a contribution to the company's share capital.

Since the Complainants neither participated in the shareholders meeting as set forth in forged documents nor applied to notaries, nor did they initiate any mentioned registration changes or signed relevant documents, it was obvious they had been attacked by raiders.

The entrepreneurs immediately contacted the Ministry of Justice State Commission for Consideration of Complaints in the Field of State Registration (Commission) and filed a complaint with the BOC.

### Actions taken:

After examining the circumstances of the case, the Council's presented its position in a letter to the Commission and requested that it provide a full, comprehensive and impartial consideration of the Complainant's case.

### Result achieved:

The Ministry of Justice reported on a full satisfaction of the complaint. The challenged registration actions were cancelled and up-to-date information in state registers was restored.

## 3. COOPERATION WITH STAKEHOLDERS

One of the Business Ombudsman Council's key goals is providing effective systemic communication of business with the authorities, government and local self-government agencies, as well as state-owned enterprises or subordinate to government agencies.

### 3.1. COOPERATION WITH STATE BODIES

#### THE BOC HAS SIGNED

# 12

**MEMORANDA  
OF COOPERATION  
WITH**

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the State Tax Service

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the State Customs Service

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the State Fiscal Service

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the Prosecutor General's Office

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the State Security Service of Ukraine

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the Ministry of Ecology and Natural Resources

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the State Regulatory Service

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the Ministry of Justice

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the National Anti-corruption Bureau

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Kyiv City State Administration

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the National Police

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the National Agency on Corruption Prevention

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#### 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.

#### STATE TAX SERVICE

Number of meetings

4

Number of cases considered during these meetings

55

#### PROSECUTOR'S OFFICE

1

25

#### NATIONAL POLICE

1

12

#### MINISTRY OF ECOLOGY AND NATURAL RESOURCES

1

7

#### STATE SECURITY SERVICE

1

5

#### MINISTRY OF JUSTICE

1

2

#### TAX POLICE

1

1

**TOTAL**

**10**

**107**



**THE BUSINESS OMBUDSMAN COUNCIL WAS INVITED TO PARTICIPATE IN SESSIONS OF THE COORDINATION COUNCIL FOR THE DEVELOPMENT OF MICRO AND SMALL BUSINESS UNDER THE AUSPICES OF THE MINISTRY FOR DEVELOPMENT OF ECONOMY, TRADE AND AGRICULTURE OF UKRAINE. OUR RECOMMENDATIONS FROM THE RECENT SYSTEMIC REPORT DEVOTED TO SMES "BIG CHALLENGES FOR SMALL BUSINESS" WERE DISCUSSED WITHIN MEETINGS OF THE COORDINATION COUNCIL.**

### 3.2. KNOWLEDGE SEMINARS FOR BUSINESS

Jointly with our partners from the American Chamber of Commerce in Ukraine (ACC) and the Ukrainian National Bar Association (UNBA) we launched two separate series of educational events covering important issues faced by companies doing business in Ukraine. Seminars, geared towards legal practitioners, aim to share our applied expertise and exchange information on recent legislative updates. We believe to be best positioned to deliver such a value, since we deal with real business issues concerning state bodies malpractice and can flag systemic problems first.

The series of events will be resumed as soon as restrictive measures to control COVID-19 spread are lifted.

#### KNOWLEDGE SEMINAR WITH THE UNBA

**05.03.2020**

#### **BUSINESS COMPLAINTS ABOUT LAW ENFORCEMENT ACTIONS AND OMISSION: HOW CAN THE BOC HELP?**



**During the seminar the BOC investigators addressed the following issues:**

- Statistics and results in dealing with law enforcers.
- Tools used by the Council when dealing with law enforcers. Examples of success stories.
- The Council's practice of investigating complaints about taxation related to criminal proceedings. The importance of implementing the Council's systemic recommendations.
- Non-enforcement of court decisions by law enforcers: what to do if the problem affected your business.
- Statutory regulation of keeping record of and storage of property seized as a result of searches: how the Council can help you.

## KNOWLEDGE SEMINARS WITH THE ACC

**26.02.2020**

### COMBATTING RAIDERSHIP IN UKRAINE: ROLE OF THE BUSINESS OMBUDSMAN COUNCIL



During the seminar the BOC investigators addressed the following issues:

- Types and tools of raidership
- Appealing raidership attacks towards business and real estate registration: legislation development and recent novelties
- Business Ombudsman Council involvement in investigating complaints on raidership by the MinJust "Anti-Raidership Collegium": practical cases and advice

**10.03.2020**

### STATE OF ENFORCEMENT OF COURT DECISIONS AGAINST PUBLIC AUTHORITIES"



During the seminar we considered the following issues:

- Status of enforcement of court decisions from the perspective of the BOC's practice
- Practical observation of legal liability for non-enforcement of the court decision (based on BOC's cases)
- Problem points related to enforcement of the non-monetary decisions issued against state authorities (issuance of permits, registration actions, amendment of databases etc.)
- Enforcement of monetary decisions by the State Treasury Service (moratoriums and state guarantees)
- Judicial control over the enforcement of court decisions

### 3.3. GUIDES ON ACTUAL BUSINESS ISSUES

Responding to a business request, and as a follow up to knowledge seminars, we prepared two practical leaflets for entrepreneurs:

#### 1. ON REPORTING EPISODES OF CORRUPTION



We noticed that often entrepreneurs who had faced corruption were not ready to publicly speak about it. Typically, companies were afraid that this would lead to extra pressure on the part of state bodies.

That is why we developed a special guide about new government guaranties introduced for victims of corruption, with details of confidential communications channels. These tools are designed to protect whistleblowers and secure their legitimate rights.

#### 2. ON ADDRESSING RAIDERSHIP



With the outbreak of COVID-19, there is also the risk of the raidership outbreak. As recently reported by the Ministry of Justice, during the first week of quarantine, there were recorded as many episodes of state registrar's' malpractice as during September-December 2019 in total.

Taking care of companies conducting business in Ukraine, we developed guidelines for businesses on how to protect themselves from raidership and what to do when the raiders attack. We encourage companies to remain vigilant with respect to their assets and lodge complaints on state registrar's malpractice to the MinJust "Anti-Raidership Collegium" alongside with the Business Ombudsman Council.



### 3.4. MEDIA AND COMMUNICATIONS

The Business Ombudsman Council uses public communication to report trends of appeals, submitted by companies, voice systemic business issues and suggest ways to solve them.

It is worth mentioning that we cooperate with media only on free of charge basis, providing from our side expert opinions, legal analysis and recent statistics concerning malpractice of state bodies.

#### 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.

#### THIS QUARTER OUR INTERVIEWS WERE PUBLISHED IN:

##### SPECIALIZED LEGAL MEDIA

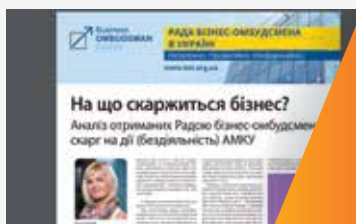
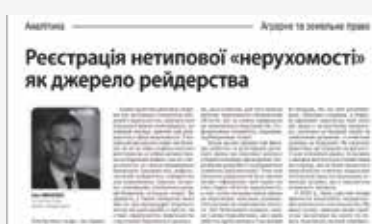
Legal Practice



Ukrainian Lawyer



YurGazeta



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

**25000+**  
TIMES

**100%**

mentions being positive or neutral.

## BUSINESS MEDIA

Deutsche Welle



UA-Times



The Page



Interfax



Zerkalo Nedeli



Business Ukraine



Liga



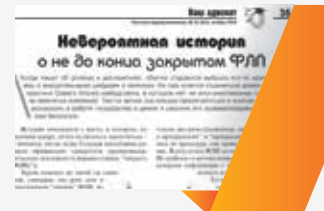
RBC Ukraine



Duh i litera



Private Entrepreneur



## INTERNATIONAL ORGANIZATIONS' PLATFORMS

OECD

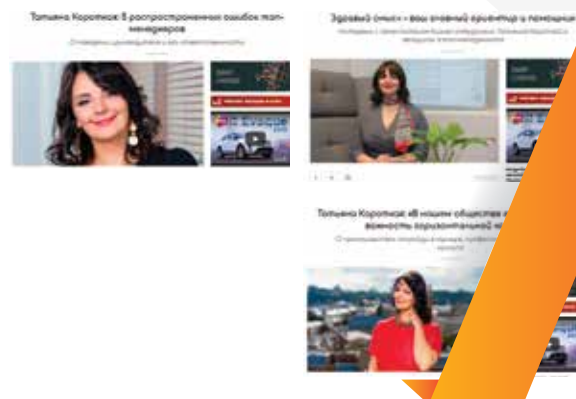


EBRD



## LIFESTYLE

WOMO



## WE ALSO MADE A NUMBER OF TV APPEARANCES

Ukraine 24



Oboz.TV



UA Times



Pryamyy



## RADIO APPEARANCES



Radio NV

**WE REGULARLY  
ORGANIZE  
ROUNDTABLES AND  
INVITE JOURNALISTS  
TO SEE AND FEEL  
HOW THE BUSINESS  
OMBUDSMAN WORKS.**

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

### FACEBOOK

(@BUSINESSOMBUDSMANUKRAINE)

### YOUTUBE

(@РАДА БІЗНЕС-ОМБУДСМЕНА)

### LINKEDIN

(@BUSINESS OMBUDSMAN COUNCIL)

### INSTAGRAM

(@BUSINESS\_OMBUDSMAN\_COUNCIL)

### TWITTER

(@BUS\_OMBUDSMAN)



### WHAT WE DO IN SOCIAL MEDIA:

Showcase successful stories. Take lessons from unsuccessful ones.

Communicate systemic business issues. Suggest possible solutions.

Post important news. Share thoughts and views.

Visualize things, prefer infographics.

Produce our own content. Capture videos.

Announce our events. Livestream them.

Communicate with followers. Swiftly respond to their questions.

Share our articles, columns and other useful content.



## SELECTED UKRAINIAN EVENTS:

**29/01**

CEO Breakfast with the Business Ombudsman organized by the German-Ukrainian Chamber of Industry and Commerce



**31/01**

Round table "Failure to Enforce Court Decisions Obliging to Register Tax Invoices — When will the Ice Start to Get Broken?" organized by the Tax and Customs Law Committee of the Ukrainian Bar Association



**05/02**

Meeting of the Ukrainian Real Estate Club Law Committee



**07/02**

Meeting with Ruslan Riaboshapka, Prosecutor General organized by the ACC



**13/01**

Meeting of the Coordination Council for the Development of micro and small business under the auspices of the Ministry for Development of Economy, Trade and Agriculture of Ukraine



**04-05/02**

XIII Forum Europa-Ukraina in Rzeszow organized by the Warsaw-based Institute for Eastern Studies



**30/01**

Meeting with business associations organized by the Ukrainian Business Council



**12/02**

Breakfast with Lithuanian businessmen arranged by Lithuanian Embassy to Ukraine

**13/02**  
Meeting of the President of Ukraine with Ukrainian business



**19/02**

Regional seminar “Enhancing integrity for sustainable investment” held under the auspices of the European Union — OECD Joint Program On Promoting Investment in the Mediterranean; Barcelona, Spain

**27/02**

Presentation of the book “Polish Solidarity with Maidan”

**28/02**

GET Business Festival

**28/02**

Anti-corruption donor meeting organized by the EUDEL

**05/03**

Presentation of “Administrative Justice Monitoring in Ukraine” Report, organized by the EU-funded Project “PRAVO-Justice”



## MEETINGS WITH OMBUDSMAN INSTITUTIONS ABROAD:

**04/02**

Meeting with Mr. Adam Abramowicz, SME Business Ombudsman of Poland

**17/02**

Meeting with Ms. Nino Chekvetadze, Deputy Business Ombudsman of Georgia

**20/02**

Meeting with Mr. Jaume Saura — Deputy Ombudsman of Catalonia (Síndic de Greuges de Catalunya)


**20/02**

Meeting with the leadership of the Ombuds Office of Barcelona (Síndic de Greuges de BCN) — Mrs. Maria Assumpció Vilà, the Ombudsman and Mrs. Natàlia Ferré Giró, the Deputy Ombudsman









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