

Improvement of investment climate in aircraft manufacturing

On 11 February 2010 a new Law Amending Certain Laws of Ukraine Concerning State Support of Aircraft Manufacturing Industry ("Law No 1814-VI") came into effect. Law No. 1814-VI is the law that investors were looking for, as it provides essential improvements to the investment climate of Ukraine.

First, it re-established a "180 days rule" for transferring export proceeds and importing goods instead of the "90 days rule" that had been in force since 24 November 2009. In particular, exporters are required to transfer foreign currency proceeds under export contracts back to Ukraine within the 180 days after the goods had been shipped abroad, not 90 days (as it had been previously). Similarly, importers are required to ensure the delivery of goods into Ukraine within the 180 days after the prepayment has been made.

Other positive improvements brought for investors dealing with aircraft manufacturing, manufacturing of plant and equipment that worked using an alternative kind of fuel or using such plants or equipment in business activities is the introduction of a new bonus tax depreciation rule. Parliament believe the new incentive will resolve the issue of capital replacement and attract new capital investments. The new rule provides that the part of capital expenses (from 50 to 100 per cent) spent on the acquisition of newly introduced plants and equipment are deductible for tax purposes in the first year of operation. The rule, however, has a termination period by year end of – (1) 2015 (for aircraft manufactures) and (2) 2018 (for manufactures and users of plants and equipment working on alternative kinds of fuel.)

For further information please contact:



Taras Koval

59, Zhylyans'ka Street, Suite 107,

Kyiv 01033, Ukraine

Tel./Fax: (380 44) 207-0898

e-mail: taras.koval@paritet.ua



www.paritet.ua