
Ukraine Lifts Currency Control Restrictions on Import Operations

Since Russia's full-scale invasion of Ukraine started in February 2022, the National Bank of Ukraine (the "**NBU**") has taken urgent and decisive measures to stabilise the national economy and prevent it from collapsing. The NBU's actions have included the adoption of a resolution "*On the Operation of the Banking System Under Martial Law*" No. 18 (the "**Resolution**") which imposed temporary restrictions on cross-border currency transactions (the "**Restrictions**"), subject to certain exceptions, including payments for critical import goods as per the list set by the Cabinet of Ministers of Ukraine (the "**CMU**").

The Restrictions were accepted by businesses as an immediate necessary step at the time. Following the gradual recovery from the initial shock of the war, however, many businesses started to face complications due to the Restrictions preventing them from recommencing operations and getting their operations back up to speed. Acknowledging this, the NBU in cooperation with the CMU amended the existing legislation and lifted the currency control restrictions on imports of goods and some services.

With effect from 9 July 2022, the purchase of foreign currency and payments from Ukraine are allowed for:

- (i) imports of goods classified in commodity groups 01-97 of the Ukrainian classification of goods of foreign economic activity (all existing types of imported goods); and
- (ii) the import of services, works, intellectual property rights, other non-property rights intended for sale, defined in the annex to CMU Resolution No. 153 "*On Certain Issues Regarding Ensuring the Implementation of Import*" (equipment installation services, advertising activity, etc),

in each case if such goods or services are supplied or provided after 23 February 2021.

Some services in the list in the CMU Resolution are described very generally, so as to cover a broad scope of services, others – are very specific. Thus, while payments for basically all goods should be possible, it is still necessary to check the possibility to pay for a specific service against the list. Some services still cannot be paid for, such as re-insurance services, subject to the specific caveats.

The Restrictions remain in place concerning transactions involving the movement of capital. Some exceptions to this include:

- a bank's own operations (except for providing loans to non-residents), though payments under documentary and reserve letters of credit/guarantees/counter-guarantees opened (confirmed and provided) from 24 February 2022 can be made only if they relate to transaction payments which are otherwise permitted (e.g. payments for imports of goods and service as discussed above);
- payments made by or to international financial institutions;
- payments secured by a state guarantee; and
- payments made under a separate permit from the NBU.

In addition, the NBU has:

- extended the settlement term for export-import operations from 120 to 180 days; and
- provided that from 11 July 2022, any purchased foreign currency must be used within two (2) working days towards the purpose for which it was purchased, i.e. to make the cross-border payment under the relevant transaction.

The lifting of the limitations on cross-border payments was not granted at no cost: it followed the return to the standard rates of import taxes and duties as of 1 July voted for by the Ukrainian parliament. Another consequence of the liberalisation may be the impact on the foreign exchange interbank rate, currently being fixed by the NBU at the level set as of 24 February 2022, although expert views differ on this point.

We hope the above information is helpful. If you have any questions regarding the Resolution or its applicability to your business, please contact us.



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