

# Tax & Legal Alert

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## Late change affects social security, minimum capital

A late amendment to the 2007 Budget Law will affect employers's calculation of social security obligations for April 2007. It also affects the minimum capital required to incorporate a new company.

For more information, please contact your client relationship manager or one of the individuals identified below.



## Social security and minimum capital changes

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The *Verkhovna Rada* (Parliament) has amended the 2007 budget law. The changes will affect social security contributions that need to be made in April, as well as the minimum capital required when a joint stock company (JSC) or a limited liability company (LLC) is incorporated.

### Employee contributions to State Pension Fund reduced

Following the amendments, the following rates for employee contributions to the State Pension Fund will apply for the period 1 April 2007 to 30 September 2007:

First UAH 561 of income	0.5%
Excess over UAH 561	2.0%

From 1 October 2007, the 0.5% rate will apply to the first UAH 568 of income.

### Increase to contributions

The maximum income for which social security contributions must be made by both employers and employees has increased to the following:

From 1 April 2007	UAH 8,415
From 1 October 2007	UAH 8,520

### Minimum wage increased

The minimum wage has been increased to the following levels:

From 1 April 2007	UAH 420
From 1 July 2007	UAH 440
From 1 October 2007	UAH 460

Among other matters, the change will affect the capital required when companies are first incorporated. The new minimum capital requirements for 2007 are:

Incorporated after ...	Minimum capital (UAH)	
	JSC	LLC
1 April 2007	525,000	42,000
1 July 2007	550,000	44,000
1 October 2007	575,000	46,000

The new law was published on 28 March 2007.

(Law No. 749-V of 15 March 2007)

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