

Flash Report

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Ukraine has established a free economic zone "Crimea"



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Ukraine has set up a procedure for moving goods between the mainland of Ukraine and Crimea

On 27 September 2014, the Law of Ukraine “On establishment of a free economic zone “Crimea” and on peculiarities of doing business in the occupied territory”* came into force.

The Law establishes tax, property, currency and other legal aspects of economic activity on the territory of Crimea. At the same time, it does not imply independency of Crimea.

The Law temporarily (for 10 years) establishes a free customs zone on the territory of Crimea which means that all goods delivered to/from Crimea will be subject to customs clearance by the Ukrainian customs authorities.

The general rules are as follows:

- Goods delivered from the mainland of Ukraine to Crimea are subject to customs clearance with payment of export duty (if any) and 0% VAT. For tax purposes, such supplies will be considered as an export.
- Goods delivered from Crimea to the mainland of Ukraine are subject to general import procedures with payment of import duty and VAT.
- Delivery of goods in both directions is subject to veterinary, phytosanitary, ecological and other state control measures.

The Law left unanswered a number of questions, related to currency control regulations, delivery of non-Ukrainian goods, etc. Some of these questions have been addressed in a recently issued clarification letter by the customs authorities.**

We will provide more detailed information in our following newsletter.

* The Law of Ukraine № 1636-VII dated 12 August 2014

** The letter of the State Fiscal Service of Ukraine № 5626/7/99-99-24-01-06-17 dated 26 September 2014