

The requirements of disclosure of ultimate beneficiary owners of legal entities will be significantly revised from April this year

On April 28, 2020 the Law of Ukraine “On preventing and counteracting to legalization (laundering) of the proceeds of crime, terrorist financing, and financing proliferation of weapons of mass destruction” No. 361-IX, adopted by the Verkhovna Rada of Ukraine on December 6, 2019. (hereinafter – the Law) will come into force.

The Law preeminently aimed at improvement of the mechanisms of financial monitoring of transactions which show evidence for legalization (laundering) of the proceeds of crime, terrorist financing, and financing proliferation of weapons of mass destruction. At the same time, the Law increases the requirements of disclosure of ultimate beneficiary owners of legal entities, considerably expands the list of appropriate information and increases the liability for violation of these requirements.

The key developments of the Law in this context are the following:

- **The list of information about ultimate beneficiary owners of legal entities which is recorded in the Unified State Register of Legal Entities, Individual Entrepreneurs and Public Organizations (hereinafter – the USR) has been expanded.** Since the Law comes into force legal entities are obliged to record into the USR not only personal data of ultimate beneficiary owners but also information about the ownership structure of legal entities which allows to determine all the ultimate beneficiary owners of such legal entity and relationship of control between them or the absence of beneficiaries. Furthermore, the requirement of disclosure of the ownership structure of legal entity by way of submission of such information to the USR should be applied to all legal entities without exception. However, the companies which are already registered at the date of entry into force of the Law are obliged to update the information about ultimate beneficiaries and to submit all necessary documents within 3 (three) months after the approval of the form and the content of the ownership structure by the competent authority (the State Financial Monitoring Service of Ukraine).
- **The obligation of legal entities to disclose information about the owners and the ownership structure not only when conducting the registration of legal entity but every time when conducting the registration of changes to the information about the legal entity in the USR has been established.** At the same time legal entities are obliged to submit the following additional documents together with the information about ultimate beneficiary owners and ownership structure:
 - documents about incorporation of legal entity - non-resident in the state of its location (extracts or other documents from the commercial, banking, court register etc.) in case when the owner of the legal entity is non-resident legal entity;

- notarized copy of the identity paper of the person who is the ultimate beneficiary owner of the legal entity in case when such individual is non-resident or in case when such individual is resident but the identity paper was issued without the use of the instruments of the Unified state demographic register.
- **The obligation to confirm the information about ultimate beneficiary owners and to maintain the relevance of such information on an annual basis has been established.** The companies are obliged to confirm the information about ultimate beneficiary owners on an annual basis within 14 (fourteen) calendar days starting next year after the date of incorporation of legal entity. For this purpose legal entities should submit to state registrar abovementioned set of documents together with the application on confirmation of information about ultimate beneficiaries. Moreover, legal entities are obliged to keep the information about ultimate beneficiary owners and the ownership structure updated, to renew it and inform the state registrar about the changes within 30 (thirty) working days from the date on which they appeared.
- **The administrative liability for the failure to submit or late submission of the information about ultimate beneficiary owners of the legal entity or their absence as well as the documents for confirmation of information about ultimate beneficiary owners of the legal entity to the state registrar has been increased by several times.** The fine at the rate from 1000 to 3000 tax-free minimum incomes of an individual (namely from 17000 to 51000 hryvnia) may be imposed on the director of legal entity or empowered representative for such violations. It should be reminded that previously the amount of fine for similar violations was from 5100 to 8500 hryvnia.

This Legal Alert is intended as a general overview of latest changes in legislation of Ukraine and does not constitute a legal advice.

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