April 6, 2022

To provide relief to Ukrainian individuals and businesses in the context of the war and the implementation of martial law, Ukraine has introduced a number of legislative relief measures. These are summarized below.

**Changes to the Civil Code of Ukraine**

On March 15, 2022, Ukraine enacted the Law “On Amendments to the Tax Code of Ukraine and Other Legislative Acts of Ukraine Concerning Action of Norms for the Period of Martial Law” (the "Law").

The Law introduces changes to the Civil Code of Ukraine. During martial law, the state of emergency and within 30 days after its cancellation, borrowers under loan agreements are released from liability in case of inability to fulfill their monetary obligations. In case of overdue payments under loan agreements, borrowers are released from the obligation to pay penalties (fines). Any such penalties, which accrued after February 24, 2022 for an overdue payment are subject to write-off by lenders.

In addition, the statutory limitation period has been extended for martial law or the state of emergency period in Ukraine. The same extension applies to the term of the suretyship and other procedural terms.

**Changes to consumer credit law**

Similar to the above changes to the Civil Code of Ukraine, during martial law, the state of emergency and 30 days after, individual borrowers are released from liability in case of inability to fulfill obligations under their consumer loan agreement. The borrower is released from the obligation to pay penalties (fines) to the lender.

**Changes to enforcement proceedings**

Enforcement proceedings shall be suspended, the replacement of the recoveror is prohibited in the enforcement proceedings where such recoveror is the Russian Federation, a citizen of the Russian Federation or a legal entity registered under the laws of the Russian Federation (or have a Russian beneficial owner) until the law on the settlement of relations with persons associated with the aggressor state enters into force.

During martial law:

- Some transactions are permitted from seized accounts.
- Procedural terms under enforcement proceedings are extended.
- It is prohibited to initiate enforcement proceedings or enforce decisions on the territories which are temporarily occupied as a result of the military aggression by the Russian Federation.

**Changes to mortgages**
For the period of martial law and 30 days after its cancellation:

- Mortgagees are prohibited from foreclosing the collateral under consumer loans with individuals.
- It is restricted to evict residents from residential buildings and premises, that are mortgaged and in respect of which there is a court decision to apply for foreclosure on such objects.

Changes to the banking law

The Law has amended the Law of Ukraine “On Banks and Banking activity”, in order to lift certain triggers on classifying banks as problematic or insolvent during martial law and within four months after its cancellation.

The National Bank of Ukraine (NBU) raises limit on cash withdrawals from FX accounts in Ukraine

The Board of the NBU adopted Resolution No. 58 dated 21 March 2022 and Resolution No. 68 dated 04 April 2022 “On amending resolution of the Board of the National Bank of Ukraine dated 24 February 2022 No. 18” (the “Resolutions”).

The Resolutions, establish the following limits for cash withdrawals from FX accounts:

- UAH 100,000 (in equivalent) for withdrawals from foreign currency accounts in Ukraine (daily cap).
- UAH 100,000 (in equivalent) for withdrawals of foreign currency outside Ukraine from foreign exchange accounts opened with Ukrainian banks (daily cap).
- UAH 100,000 (in equivalent) for withdrawals of foreign currency from hryvnia accounts abroad (monthly cap).
- UAH 100,000 from hryvnia accounts in Ukraine remains same (daily cap).

The NBU has also put a UAH 100,000 monthly limit on:

- Remittances to accounts of individuals from Ukraine abroad using payment details of the payer’s and payee’s cards (P2P transfers).
- Quasi cash transactions with cards to purchase assets that are directly converted into (exchanged for) cash. Such transactions include the replenishment of e-wallets and brokerage or forex accounts, the cashing of traveler’s checks, purchases of virtual assets, and more.

The NBU restrictions on the cross-border payments from Ukraine should not be applicable for transferring foreign currency by individuals for the particular goods from the list of goods of critical import in the amount not exceeding UAH 400,000 (in equivalent) monthly limit for individuals.

In addition, the list of exceptions to the ban on cross-border remittances has been expanded by adding to the list FX transactions by residents to meet commitments secured by a state guarantee. The purchase of foreign currency has been allowed on a forward basis under forward contracts concluded before February 23, 2022, subject to predetermined conditions.

The NBU shortened the deadlines for settlements under export and import transactions from 365 days to 90 calendar days.

Changes to the anti-money laundering (AML) law
The Law introduces the following amendments in the AML Law during martial law, inter alia, which impose that:

- Banks shall not take measures to establish the sources of funds, when an individual client make a cash deposit to his/her current account in the amount corresponding to the threshold financial transaction, in cases where the client does not provide the respective documents.

- Banks are prohibited from carrying out expenditure operations from the accounts of individual clients with the funds specified in the point above, except for specified donations.

- Banks shall freeze the deposited cash in case they have a suspicion in relation to financing or proliferation of terrorism and/or weapons of mass destruction.

- After cancellation of the martial law or state of war, banks have the right to carry out expenditure transactions on current accounts of individual clients with funds deposited by them in cash, after taking measures to establish the sources of such funds.

1. According to the article 1 of the Law of Ukraine “On Legal Regime of State of Emergency”, state of emergency – special legal regime that maybe temporarily imposed in Ukraine or in a separate place in the event of emergencies of man-made or natural origin on the national level which will or may lead to human and material losses, endangering life and health of citizens or in an attempt to seize state power or change the constitutional order of Ukraine through violence and give the relevant state authorities, military administration and local governments in accordance with the Law “On State of Emergency” the powers necessary to avert threats and ensure the safety and health of citizens, normal functioning of national economy, state power and local self-government bodies, protection of the constitutional order, and also allows temporary, threatened, violation of the constitutional rights and freedoms of man and citizen and the rights and legitimate interests of legal entities specifying term of these restrictions.

Your Key Contacts

Natalia Selyakova
Partner, Kyiv
D +380 44 494 4774
natalia.selyakova@dentons.com