

The National Bank of Ukraine significantly eases the temporary currency restrictions

The National Bank of Ukraine (NBU) significantly eases the temporary currency restrictions imposed under martial law and, among other things, simplifies the terms of servicing residents' external borrowings and allows a number of cross-border transfers that are essential for Ukrainian businesses.

The latest amendments adopted by the NBU on 3 May 2024 relate to, inter alia:

01

settlements of residents on imports of works and services

02

settlements of residents on leasing/rental transactions

03

interest payments on "historical" external loans and borrowings

04

the terms of purchase of foreign currency for servicing "new" loans and borrowings attracted by residents from non-residents after 20 June 2023

05

repatriation of "new" dividends

01

Settlements for imports of works and services (permitted purchase and transfer of foreign currency abroad)

Until 4 May 2024

Under transactions on import of works and services listed in the Resolution of the Cabinet of Ministers of Ukraine No. 153 dated 24 February 2022 "On Certain Issues of Ensuring Imports"

Starting from 4 May 2024

Under transactions on import of any works and services*

* Including the payment of fines, penalties, bonuses, reimbursement of related expenses, reimbursement of losses in connection with the non-fulfilment of a foreign economic agreement, **provided that the import of works and services under such transactions was carried out/is carried out after 23 February 2021.**

02

Settlements under leasing/rental transactions (permitted purchase and transfer of foreign currency abroad)

Until 4 May 2024

Under agreements for leasing and rent of vehicles

Starting from 4 May 2024

Under agreements for leasing and rent of any property

03

Interest payments on "historical" external loans and borrowings

The purchase and transfer of foreign currency abroad to pay interest payments on "historical" external loans and borrowings (obtained before 20 June 2023) is allowed, subject to the following conditions:

- Loan received before 20 June 2023
- Date of payment of the relevant interest payment after 24 February 2022 (inclusive)
- No overdue debt as of 24 February 2022
- If interest is overdue as of 1 May 2024 - up to the equivalent of EUR 1,000,000 per quarter per loan agreement
- If the interest payment date falls after 30 April 2024 – no limits apply on the amount
- Funds used to purchase and transfer foreign currency to pay interest payments were not attracted by the resident borrower under loans or borrowings from resident lenders
- It is not allowed to postpone the terms and amounts of interest payments to the period after 24 February 2022 (inclusive) from other periods preceding this date



NB! The transfer of funds for the purpose of paying the principal amount of a loan, commissions, fees and other payments in favour of a non-resident lender under "historical" loans is still not allowed.

Performance of debt obligations under the "new" external loans and borrowings (obtained after 20 June 2023) are subject to the following conditions:

- Loan received after 20 June 2023
- Payment of interest and other payments (interest on overdue amounts, commissions, fees, etc.) is possible only in compliance with the maximum interest rate of 12% per annum
- If a loan is granted for a period of **less than one year**, all payments under the relevant agreement are made only at the expense of own funds (not purchased, not raised in the form of a loan, a loan from a resident)
- If a loan is granted for a period of **more than one year**, payments to repay the principal amount of the loan during the first year are made only at the expense of own funds (not purchased, not raised in the form of a loan, a loan from a resident)
- Purchase of foreign currency for payment of interest, commissions and other payments under the agreement (except for payments on repayment of the principal amount of the loan) is allowed regardless of the term of the loan
- The borrowers may make payments under such a loan only in accordance with the payment schedule stipulated in the relevant agreement (i.e. without the possibility of early repayment)

*The requirements for fulfilment of debt obligations to a non-resident under a credit/loan/reimbursable financial assistance provided with the participation of an IFI or a foreign export credit agency/foreign state **remain unchanged**.*

Until 13 May 2024

A complete ban on the payment of dividends abroad (and, accordingly, the purchase of foreign currency for this purpose)

Starting from 13 May 2024

It is permitted to purchase and transfer foreign currency abroad for the purpose of paying dividends on corporate rights/shares in favour of foreign investors/non-residents, subject to the following conditions:

- i. dividends are accrued for the period from 1 January 2024;
- ii. transfer only to the account of a foreign investor/non-resident opened abroad and/or through the depository system of Ukraine; and
- iii. within the total limit of the equivalent of EUR 1,000,000 per calendar month.



Permitted transfers do not apply to the payment of dividends from retained earnings for previous periods (until 1 January 2024) or reserve capital.



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