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January 27, 2017



First-grade students study on Jan. 18 in Little Star kindergarten, located in the war-front town of Luhanske in Donetsk Oblast. (Anastasia Vlasova)

## School's lessons include how to dodge shelling

**BY OKSANA GRYTSENKO**  
GRYTSENKO@KYIVPOST.COM

**LUHANSKE, Ukraine** — When the shelling starts, caregivers bring the children to the music room on the first floor. They turn on happy-sounding songs to distract from the terrifying din outside.

But the children of Little Star kindergarten in Luhanske understand clearly what these sounds mean, as they have lived with them since 2014, says Tetiana Dolidze, the kindergarten's head.

"They can tell what kind of armored vehicle is moving, who is shooting, and from which side," says

Dolidze.

Luhanske, a small town of about 2,500 residents in Donetsk Oblast some 700 kilometers from Kyiv, has been on the war front since January 2015, when Ukrainian troops came under fierce attack in the nearby

more **Kindergarten** on page 10

## Kharkiv shelter residents already living years in 'temporary' homes

**BY YULIANA ROMANYSHYN**  
ROMANYSHYN@KYIVPOST.COM

*Editor's Note: The story was investigated as part of New Diplomacy's Eastern Partnership Journalism Fellowship with Spiegel Online, which published the story first. See [kyivpost.com](http://kyivpost.com) for full version.*

**KHARKIV, Ukraine** — Russia's war in eastern Ukraine has uprooted

hundreds of thousands of people, forcing them to flee from constant shelling. Many of them have since found shelter, but they are yearning to return to their old lives.

Over a dozen gray metal containers, interlaced with paths and power lines, sit on the outskirts of Kharkiv. The sound of children's laughter rises from a playground in

more **War** on page 11

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Editorial staff: +380 44 591-3344 [news@kyivpost.com](mailto:news@kyivpost.com)



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**Advertising**

tel. +380 44 591-7788  
fax +380 44 591-3345  
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**Editorial staff**

tel. +380 44 591-3344  
fax +380 44 591-3345  
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# Ukrainian forces creep into war's gray zone

BY ISAAC WEBB

**NOVOLUHANSKE, Ukraine** — After days of open fighting along the Luhanka River in Donetsk Oblast, a covert operation launched by Ukraine's 46th Battalion ultimately brought this town of 4,000 people fully under government control.

Hiding his men and their arms in a column of trucks taken from a factory in the nearby city of Bakhmut, 46th commander Vyacheslav Vlasenko ordered his battalion to move into the town on Dec. 23, shortly before a Christmas Eve cease-fire was set to commence.

"Neither the fighters nor the locals recognized us," Vlasenko, who goes by the nom de guerre "Filin" (eagle owl), told the Kyiv Post. "It was 1 p.m. They figured out what had happened at 8:45 p.m. and began firing artillery, striking near our defensive positions on the east side of the pig farm" on the outskirts of Novoluhanske, some 736 kilometers southeast of Kyiv. Over the next several days, his troops went door to door, checking apartments and houses for separatist fighters.

In the weeks since, Ukrainian forces have staged what has become known as a "creeping offensive" to regain control over territory in the "gray zone" - the no-man's land that divides separatist and government forces in the eastern regions of Donetsk and Luhansk.

## New positions

Since the beginning of the year, the gray zone has shrunk along the line of conflict, with notable incursions near the cities of Debaltseve, Horlivka and Dokuchaevsk. According to the Organization for Security and Cooperation in Europe's Special Monitoring Mission to Ukraine, this creeping offensive threatens the relative stasis protected by the

Soldiers of the 46th Battalion build trenches near Novoluhanske in Donetsk Oblast on Dec. 25, two days after they brought it under Ukrainian government control. (Anastasia Vlasova)



Minsk agreements, the first signed in September 2014 and the second on February 2015.

Alexander Hug, the OSCE's deputy chief monitor in Ukraine, told the Kyiv Post that his team had recently recorded the construction of new military positions and the presence of heavy weaponry in the gray zone, and had warned both sides against trying to create "new facts on the ground," saying doing so would "jeopardize further implementation of the agreement."

"The overrunning of Debaltseve... by the so-called DPR," he said, referring to the Kremlin-backed separatists, "remains the most egregious example of such an attempt in eastern Ukraine."

Debaltseve fell to separatist forces following a bloody battle in January and February 2015 that left hundreds of soldiers and civilians dead. The battle for the city was seen as an effort by separatist forces to create "new realities" on the ground in the immediate aftermath of the signing of the Minsk II Agreements.

## Not an offensive

But now Ukrainian forces may also be trying to create new facts on the ground.

Semen Semenchenko, a member of parliament and founder of the Donbas Battalion (which broke off from the Donbas Ukraine Battalion—now the 46th Battalion—and integrated the Ukrainian National Guard), argued that the tactics used to take the city came from the separatists' playbook: "This wasn't an offensive, but rather a tactic of seizing the 'gray zone,' which the militants and Putin usually use against us. They decided to stop firing temporarily... and then, before the cease-fire began, moved forward slightly and took Novoluhanske."

Authorities in Kyiv insist their troops are not violating the Minsk agreements or imperiling the peace process because the territories retaken by Ukrainian forces fall on



Vyacheslav Vlasenko is commander of the 46th Battalion, formed out of the former volunteer Donbas Battalion. (Courtesy)

the government side of the line of demarcation, as designated in legislation passed by the Verkhovna Rada in accordance with the Feb. 12, 2015 accords. Because Novoluhanske falls on the government side of this line, Vilyen Pidgorny, a military spokesman for the Presidential Administration, wrote in an e-mail to the Kyiv Post, it "should be monitored, controlled and governed by the Ukrainian authorities."

## Security concerns

Still, Ukrainian soldiers, officials, and analysts offer varying explanations for the decision to retake Novoluhanske and other parts of the gray zone, and it remains unclear why Kyiv is risking so much for such little territory.

One explanation is that the Ukrainian government is trying to curb the illegal flow of goods into the occupied territories: Filin told the Kyiv Post that he had been given orders to shut down the meat smuggling business emanating from the pig farm east of the village.

Pavlo Zhebrivsky, the governor of Donetsk Oblast and former military commander who saw combat action in Donbas, also called attention to the smuggling problem, saying

that since Ukrainian forces retook Novoluhanske, "98 percent" of the trafficking has been stopped.

Some analysts, however, say the decision to push further into the gray zone was driven by military prerogatives. Sergei Zagurets, a military analyst and the editor-in-chief of Defense Express, told the Kyiv Post that Ukraine's General Staff chose to retake Novoluhanske shortly before the cease-fire in order to "maximize the safety of Ukrainian forces."

## Sides too close

But the forward movement into the gray zone is doing more to threaten the Minsk agreements than to reinforce them, according to Hug, the OSCE's deputy chief monitor. Hug emphasized that "those responsible for actions in violation of what has been agreed may seek to justify them including through reference to intention to provide security or to deter subsequent attacks. The same people must take responsibility for the consequence, which includes of course, copycat reactions on the other side."

"In most cases," Hug said, "fighting happens where weapons are too close to each other or positions are too close to each other. Anywhere where the sides are too close, we are concerned. This is one of the major reasons why civilians are still suffering... and we continue to see high numbers of civilian casualties. This is unacceptable."

Indeed, the 46th's bunkers and trenches meander perilously close to separatist positions. And they're fortifying their own positions quickly: Roman, the commanding officer of the battalion's forward operation in Novoluhanske, who prefers to be called "Stalker," told the Kyiv Post that his men are able to build "a bunker a day."

Now, little more than month after the 46th first took Novoluhanske, all that separates government and separatist positions is 400 yards and a small cemetery, which locals still visit. ■

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# War veterans finding success with businesses

BY VERONIKA MELKOZEROVA  
MELKOZEROVA@KYIVPOST.COM

Leonid Ostaltsev, 30, a tall dark-haired Ukrainian veteran of the Donbas war, became famous in 2015 when he opened Pizza Veterano, a Kyiv pizzeria run by former soldiers.

But a year later, Veterano was forced to relocate from its premises in Metrograd shopping mall because the landlord decided to sell the space.

The café ended up at 8 Sofiyivska St., next to Maidan Nezalezhnosti Square. Ostaltsev talked to the Kyiv Post as his staff rushed to complete the final touches before the grand re-opening scheduled for Jan. 28.

The veteran looked tired but happy. For him, as for many other former soldiers who fought in the Donbas, business has become a new passion that gives meaning to life.

As of January, there were more than 200,000 war veterans in Ukraine, according to the State Veterans Affairs Service data. The actual number is bigger and includes those who didn't apply for veteran status.

## Starting anew

Many war veterans do not go back

to their pre-war jobs, according to Antonina Bondarenko, CEO of the Leadership School for Veterans. Some veterans find relief in starting their own businesses. "And we observe this trend not only in Kyiv but all over Ukraine," Bondarenko said.

To help each other, they unite in veteran business associations, continuing the brotherhood that they fostered in the Donbas, defending against the Russian-instigated war that has been going on since 2014 at a cost of 10,000 Ukrainian lives.

## Proven success

Vira Lebedeva, BizClub business incubator training program director, told the Kyiv Post on Jan. 25 that veteran businesses are usually looked upon favorably by grateful Ukrainians.

To re-open his pizzeria, Ostaltsev went deep into debt. He owes money to nine investors, but has no doubt he will return the money. "Hundreds of people keep asking me when we are going to re-open," Ostaltsev said.

His new place will be more than a pizzeria: Ostaltsev is adding a Veterano Bar with live music to lure more clients. To launch it,



Oleh Levitskiy, former soldier of the Kyiv Defense Battalion, speaks on the phone in his hairdressing salon Marafet in Kyiv on Jan. 26. (Kostyantyn Chernichkin)

Ostaltsev joined forces with another veteran-turned-businessman Bogdan Chaban, who runs a bar in Mariupol, the Azov Sea port city of 500,000 people in Donetsk Oblast.

## Partisan bartender

Chaban, 23, a slender young man with a wide smile and a beard, looks more like a hipster than a soldier. He survived the war's bloodiest battle in Ilovaisk in the summer of 2014 and then joined a partisan group to fight for his native Donetsk Oblast.

Before the war, Chaban owned Izba Chitalnya café in Donetsk. A popular spot for pro-Ukrainian activists, musicians and writers, the café was forced to close when Russian-backed separatists took over the city in 2014.

Chaban was given 24 hours to leave the city. He joined the volunteer Shakhtersk Battalion, but was determined to re-open his cafe someday.

After demobilization in 2015, Chaban won a ₴222,000 grant from

the United Nations Development Program in Ukraine and re-opened Izba Chitalnya in Mariupol, some 113 kilometers from Donetsk. Chaban wanted to stay close to home.

The new Izba opened its doors in spring 2016 and the business has taken off.

"Having a business is the best way of adaptation after the war," Chaban said. "Counterintelligence operations, shelling, gunshots, and wounds can

more Veterans on page 8



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Editorials

# Helping the enemy

Giya Tsertsvadze, a Georgian-born volunteer who had been fighting for Ukraine, was arrested on Jan. 15 at Kyiv's Zhuliany Airport after Russia requested his extradition in a murder case. He was released on Jan. 26 but the extradition request has not yet been approved or rejected.

Meanwhile, Borys Zakharov from the Kharkiv Human Rights Group said on Jan. 17 that Ukrainian authorities were preparing the extradition of 11 Russian volunteers fighting for Ukraine, including several who are under arrest in Ukraine. Some of the fighters are being prosecuted in Russia on charges of plotting to overthrow the government and extremism.

On Jan. 1, a Russian citizen wanted in his native country on terrorism charges was arrested at Boryspil Airport – an accusation often used in Russia against political dissidents.

In a similar case, the Prosecutor General's Office and the State Migration Service have been cooperating with Russian authorities since 2014 on the extradition of Pyotr Lyubchenkov, a Russian emigrant being prosecuted in his native country for writing a pro-Ukrainian post. The Ukrainian prosecutors caved in under public pressure in December 2016 and rejected the extradition request.

The legal formalities cited by Ukrainian prosecutors for cooperating with the aggressor – such as the extradition treaty with Russia – are no more than an excuse for corrupt bureaucrats who routinely violate the law. Regardless of whether specific fighters committed any crimes, some of the charges are political. Moreover, Russia is a brutal dictatorship with no independent courts and is at war with Ukraine. Such extradition requests must be immediately rejected as politically motivated, and Ukraine's parliament should also adopt a law to ban extradition to Russia.

The Ukrainian authorities are also refusing to give either asylum or war participant status to foreign fighters and have failed to pass legislation to give citizenship and residency permits to foreign fighters since it was registered in 2015.

To add insult to injury, soldiers fighting for Ukraine are being pressured while as many Kremlin-backed separatists are roaming free in Ukrainian-controlled territory.

Many of Ukraine's politicians, prosecutors and judges are in fact its worst internal enemy. This brazenly corrupt and lawless bureaucracy is as rotten as Russia's and it's no wonder that they are helping the aggressor.

As Ukraine's patriots are dying on the war front, bureaucrats in Kyiv are lining their pockets and skimming off the profits of the war.

Well, until the veterans returning home run out of patience.

# Keep the sanctions

The ranks of Ukraine's supporters abroad are growing thinner.

Newly installed U.S. President Donald J. Trump has rarely said anything that shows he understands or sympathizes with Ukraine's situation, while he has repeatedly praised Russia's murderous dictator, Vladimir Putin.

France's presidential election this spring looks likely to be a runoff between two pro-Kremlin politicians. Whoever wins, Ukraine loses.

Hungary, meanwhile, is getting ready to welcome Putin to Budapest on an official visit on Feb. 2. The country's prime minister, Viktor Orban, has welcomed Trump's election as an opportunity to improve America's, and by extension Europe's, relations with Russia.

And Austria, which took over the chairmanship of the Organization for Security and Cooperation in Europe, the body overseeing the shaky cease-fire in the Donbas, has a foreign minister who last year said that the West should dangle the carrot of the relaxation of sanctions on Russia in return for the Kremlin's withdrawal from the Donbas.

In Ukraine, billionaire oligarch Victor Pinchuk has tested public sentiment with an opinion piece that appeared to suggest that Ukraine give up its claim to Crimea in return for peace in the Donbas. There would be an "incremental rollback" of sanctions on the Kremlin as well.

Thus the outlines of a possible deal on Ukraine appear to be forming, and they do not look good either for Ukraine or the West. If sanctions are dropped in return for the Kremlin ceasing its war in the Donbas, leaving it still in control of Crimea, Russia will get away with its land grab. It might even be encouraged to attempt some more.

That must not happen. By all means agree on Russia's withdrawal from the Donbas, but until Crimea is returned as well, keep the sanctions.



**NEWS ITEM:** Several Ukrainian politicians visited the inauguration of U.S. President Donald J. Trump on Jan. 20 in Washington, D.C. Most of them visited celebrations open to public, but claimed that they received personal invitations from the new administration.

**NEWS ITEM:** Prosecutor General Yuriy Lutsenko summoned ex-President Viktor Yanukovich for questioning in a case of high treason case against him. Yanukovich refused to come to Kyiv on Jan. 27, sending his lawyer instead.



**NEWS ITEM:** Lviv's main junk yard is overflowing with trash and the city is on the brink of environmental catastrophe, according to Mayor Andriy Sadoviy. Oksana Syroid, the deputy speaker of parliament, accused the central authorities of denying help to Sadoviy to force his 26-member Samopomich faction re-join the ruling coalition.



**NEWS ITEM:** A bill registered in the Verkhovna Rada that seeks to protect the Ukrainian language was criticized as extreme. Among other things, it suggests punishing the media that use the Ukrainian language with violation of its standards. Some interpreted it as introducing punishment for bad grammar.

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**Reformer of the week****Ulana Suprun**

American-born Health Minister Ulana Suprun has been involved in a conflict with Borys Todurov, head of Kyiv's Heart Institute, in recent weeks.

Todurov has accused Suprun of failing to carry out drug supplies on time, which she denies. He has also criticized a measure pushed by Suprun to put international organizations in charge of drug procurement in Ukraine, which reduced corruption in pharmaceutical purchases.

Suprun's supporters argue that Todurov's attacks are an effort by corrupt vested interests in medicine to keep their graft schemes. Yanukovich's son Oleksandr and his Health Minister Raisa Bogatyryova have been accused of taking part in these schemes, which they deny.

Among others, Todurov has been backed by Vadym Rabinovich and Oleksandr Vilkul from the Opposition Bloc, an offshoot of Yanukovich's Party of Regions, and pro-Russian politician Viktor Medvedchuk.

Suprun has been pushing for a healthcare reform that will eliminate any interference by crooked state intermediaries by requiring doctors to enter into a contract with their patients.

In December Suprun and Infrastructure Minister Volodymyr Omelyan also dismissed ongoing competitions for state secretary jobs as rigged procedures used by corrupt interests to impose their representatives on government ministries.



– Oleg Sukhov

**Anti-reformer of the week****Ihor Benedesyuk**

The High Council of Justice, headed by Ihor Benedesyuk, on Jan. 17 said that an arrest warrant for a judge caught committing a crime can only be issued if approved by the council.

Civil society groups, including Chesno, the Reanimation Package of Reforms and AutoMaidan, argue that the statement contradicts the Constitution. The interpretation of the council, which denies contradicting the Constitution, will lead to corrupt judges fleeing since courts will have to release them when the 3-day detention deadline expires, the activists say.

The council has to decide on approving an arrest warrant for a judge within five days.

The High Council of Justice has also refused to initiate the suspension of Pavlo Grechkivsky, a council member charged with fraud. The council argues that prosecutors have not given it any evidence for the alleged crime of Grechkivsky, reportedly an ally of President Petro Poroshenko's top allies Ihor Kononenko and Oleksandr Hranovsky.

The council has also been dragging its feet on firing about 300 judges accused of passing unlawful rulings against EuroMaidan protesters and has given a blanket amnesty to judges who banned EuroMaidan rallies. Only 29 of the about 300 judges have been dismissed as time is running out before deadlines expiring in January and February.

Civic activists argue that Benedesyuk's council is effectively controlled by Poroshenko and is incapable of cleansing the judiciary and preserving its independence – a claim denied by Benedesyuk.

– Oleg Sukhov



To nominate someone as reformer or anti-reformer of the week, write to [news@kyivpost.com](mailto:news@kyivpost.com)

# These are 3 priorities in 2017 for Ukraine's corruption fight



**DARIA  
KALENIUK**

Ukraine is ranked 131 out of 176 countries in Transparency International's newest Corruption Perception Index – in the same league as such authoritarian post-Soviet nations as Russia and Kazakhstan. These nations, unlike Ukraine, are not even trying to integrate with Europe.

The status of anti-corruption loser is painful for Ukraine, coming three years after the EuroMaidan Revolution swept a kleptocratic dictator, Viktor Yanukovich, from power.

What does it take to change the rules in this country? All is not lost. Reforms have made Ukraine one of

the most open nations in Europe – helping to clearly reveal the rampant corruption.

Journalists have reported on hundreds of cases of vested interests, abuse of power, unexplained wealth and money laundering, allegedly by top officials in the country.

Extensive information exists. It can be found in e-declarations, public registries, vehicle registrations, declared beneficial owners of companies and land cadasters.

E-data on state spending and public procurement through Prozorro are extraordinary tools for citizens to identify corruption and for the news media to report about it.

While we know more than ever about corruption in Ukraine, the frustration is that the law enforcement and the judiciary are not doing anything about it. The top political leaders are not sincere about waging a crackdown

or holding anyone accountable for the embezzlement, over the years, of billions of dollars from Ukraine in various public and private sector schemes.

Ukraine's political leaders have obstructed justice. Progress has instead come only from a concerted effort by foreign donors to Ukraine and Ukrainian civil society. Together, important anti-corruption tools and institutions were created.

But the threat exists that these achievements will be rolled back in 2017. This is why we are focusing on three priorities this year:

**Investigations**

The National Anti-Corruption Bureau of Ukraine already triggered criminal investigations against influential top officials thought to be untouchable.



Lawmaker Sergii Leshchenko speaks on Jan. 25 at Kyiv's Pechersk Court, which is deciding a case against him involving a \$300 lecture fee. The anti-corruption crusader calls the case political. (Kostyantyn Chernichkin)

more **Priorities** on page 9

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## Nasirov pledges war on evasion of taxes in 2017

BY BERMET TALANT  
BERMET.TALANT@GMAIL.COM

Roman Nasirov, head of the State Fiscal Service, said he's going to make 2017 the year of the crackdown on Ukraine's shadow economy – particularly the widespread practice of paying salaries without paying taxes.

"One of our priorities for 2017 is fight against shadow economy including salaries 'in envelopes,'" Nasirov said at a Jan. 25 press conference.

Ukrainian workers are required to pay an 18 percent individual income tax and a 1.5-percent military tax on their salaries. In addition, every company pays a 22 percent social security, or payroll, tax on each official employee's salary.

Thus, both employee and employee find it mutually beneficial to declare less than the employee really earns, depriving a state starved of revenue.

### Carrots and sticks

To encourage the de-shadowization of the workforce, individual income taxes were lowered to a flat rate of 18 percent while the social security tax was cut to 22 percent from 40 percent. The government, meanwhile, increased the minimum salary to Hr 3,200 (\$116).

At the same time, the government required tougher financial penalties – Hr 320,000 or \$11,000 – for blocking state labor inspectors from auditing unreported employment, for paying salary off-the-books and for tax evasion.

This was a controversial move, since Ukrainian tax inspection raids often happen unannounced and remain a troubling roadblock to investment, according to the Business Ombudsman Council.

"Penalties and inspections won't encourage small and medium businesses, which suffer from high

taxes the most, to go transparent in their official statements," said Boris Melnichuk, director of the Kyiv-based consulting firm International Institute of Audit. "Instead of giving tax relief, the government is increasing the burden and threatening (tougher) punishment for disobedience, which forces companies to go into the shadows."

### People's choice

While the government must take its share of blame, so must employers and employees, Melnichuk said, for being complicit in tax evasion and keeping the shadow economy thriving, fueled by cash payments for salaries.

Ukraine has a cheap yet highly skilled workforce. Official and market statistics show that the average monthly salary in Kyiv is Hr 9,000 (\$325), but only Hr 4,000-5,000 (\$150-200) in regions.

Yekaterina Maschenko, head of the analytical department of HeadHunter, said larger companies tend to offer official contracts.

But another important reason why many Ukrainians prefer to avoid taxes is they simply don't trust the state.

"The only way to motivate people to go transparent about their earnings is to show that their taxes serve a purpose and won't disappear into the pockets of corrupt officials," said Melnichuk. ■



## Tax law changes complicate lives of small entrepreneurs

BY YULIANA ROMANYSHYN  
ROMANYSHYN@KYIVPOST.COM

Ostap Onyschko got a very unwelcome New Year's present.

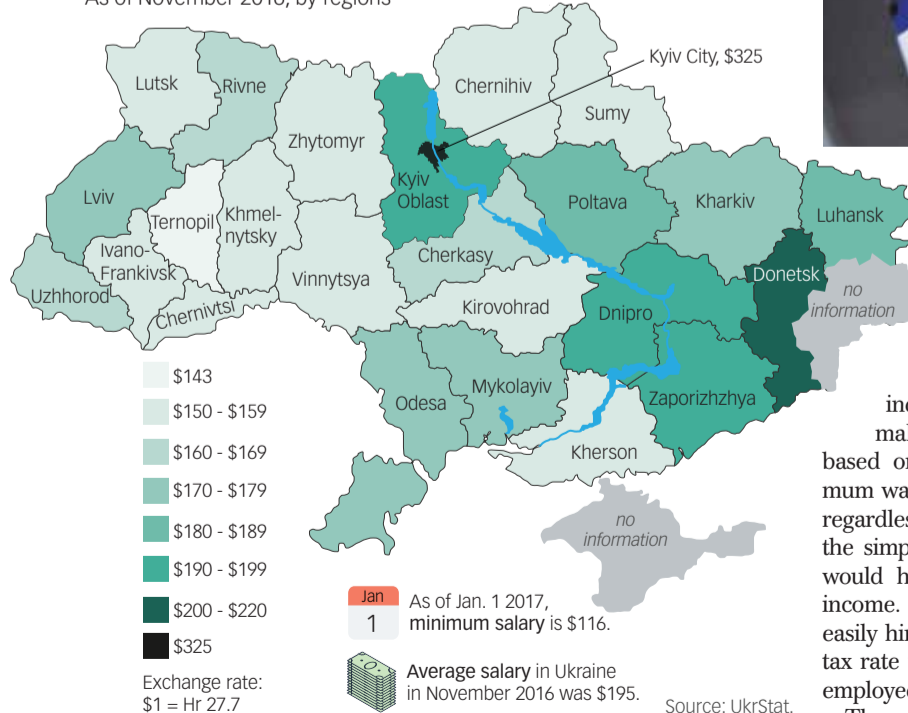
Because of changes to tax laws, he had to rush to cancel the registration of his mother-in-law as an individual entrepreneur. If he hadn't, starting in January she would have been liable to pay tax, even if she



A woman submits paper documents to a tax officer in the district tax office in Kyiv. (UNIAN)

### Average monthly salary in Ukraine

As of November 2016, by regions



President Petro Poroshenko recently promised to raise the minimum wage in a move to fight poverty while shoring up political support.

wasn't earning any income.

The changes to the law, which came into effect on Jan. 1, require individual entrepreneurs to make a social tax payment based on 22 percent of the minimum wage (now Hr 3,200 or \$116), regardless of income. Before, under the simplified tax system, a person would have to pay taxes only on income. This status lets employers easily hire workers and pay a lower tax rate than they would on official employees.

The changes have prompted many to end their private entrepreneur status. Since the new law came into effect, 178,000 individual

entrepreneurs have canceled their registrations, according to member of parliament Tetyana Ostrikova. Most had no income in 2016, she said in an op-ed published in the Segodnya online newspaper.

Onyschko doesn't actually mind the change. He just wishes the authorities had given more notice. President Petro Poroshenko signed the law only on Dec. 27, leaving people like him scrambling to cancel registrations, or from Jan. 1 be liable to pay Hr 2,112 for the first tax quarter.

Another inconvenience is that for many there is no way to cancel registrations online. While Onyschko

more **Entrepreneurs** on page 9

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A Panamanian boy kicks a football near Panama Bay with the Panama City skyline in the background on Jan. 19, 2011. Offshore destinations like Panama are frequently used as tax havens for transfer pricing. (AFP)



## State tries to cut rampant abuse of transfer pricing

BY JOSH KOVENSKY  
KOVENSKY@KYIVPOST.COM

As the Ukrainian state increases the tax burden on small businesses, multinational corporations continue to minimize or evade taxes using a smart and complicated loophole: transfer pricing.

Transfer pricing is when different units of the same international company to trade with itself across borders. But the practice is open to abuse. In some cases, multinational companies rig the internal pricing of their own goods to shift profits around the world into tax havens.

A company with operations in Ukraine, for example, can sell its goods at a low rate to a related offshore firm in Panama. The Panama offshore can then sell the same goods to the destination country at a high price, shifting the multinational's profits away from Ukraine and to the offshore tax haven.

The Ukrainian government only started paying attention to the issue in October 2013, passing a law that asserted regulatory control over the practice.

Before that, according to an estimate from a Ukrainian newspaper Dzerkalo Tyzhnya, the country's budget lost up to \$22 billion, or about 12 percent of its gross domestic product, every year due to transfer pricing.

And there is no reliable estimate of how much Ukraine is still losing through this tax loophole.

### Nuts and bolts

The Organization for Economic Cooperation and Development estimates that 60 percent of world trade occurs between related parties, in the form of so-called "intra-firm trade."

The International Monetary Fund estimated in one study that the annual global loss of tax revenues from transfer pricing stands at \$600 billion.

Alex Cobham, chief executive of the Tax Justice Network, said that tax havens like Luxembourg, Bermuda, Ireland, Panama, and Singapore gain from the practice at the expense of countries in which the economic activity is actually taking place.

"Most countries are losing, and

some are losing very heavily as a proportion of their GDP," Cobham said. "There are only a few that are systematically winning."

### In Ukraine

Ukraine's tax authorities are relatively inexperienced with transfer pricing, people who work in the field said.

National Bank of Ukraine Governor Valeria Gontareva alluded to the issue in a June interview with Ukrainska Pravda, calling it a "big problem."

Gontareva said that while the economic crisis had led to "tight profit margins," which thereby reduce transfer-pricing abuses, the problem would likely worsen again once margins begin to grow.

The Ukrainian government regulates transfer pricing by asserting its right to review certain kinds of transactions. Regulation of the area is new for Ukraine - the threshold for reviewing transactions was set only in early 2015.

Back then, the threshold was set for companies that make more than Hr 50 million (\$1.8 million).

At the start of this year, the government tripled the threshold to Hr 150 million (\$5.5 million).

According to Konstantin Karpushin, the head of KPMG-Ukraine's transfer pricing group, the change will likely reduce pressure on smaller companies with smaller margins. The effective increase is diluted by the fact that the hryvnia has lost 22 percent of its value since 2015.

Karpushin said that both the World Bank and the IMF have been pushing for the threshold to be totally removed.

"It's additional power in the hands of the tax authorities, and they can use it in the wrong way," Karpushin added.

### Transparency

The absence of transparency makes it difficult to see who is abusing transfer pricing and who is honestly trading goods around multinational business empires.

The OECD sets an "arm's length" standard for deals between related businesses, which mandates that companies treat related party trades

with the same market-based valuation approach that companies use when selling to unrelated suppliers.

But a lack of information plagues Ukrainian companies in this area, making it harder for them to determine what market rates really are.

Sofiya Svystun, a senior tax consultant at the Kyiv branch of Baker Tilly, said that there was no unified Ukrainian database showing profitability rates and financial information among Ukrainian companies, making it difficult to get accurate estimates of real market rates, or tell who might be abusing the system. Svystun added that the information would not fall under Ukrainian trade secrets law.

"Why does this information appear in foreign databases, but there's no such open resource in Ukraine?" asked Tatiana Stretovych, head of Baker Tilly's tax and legal department in Kyiv.

### Big four

Cobham, the tax activist, said that more companies are providing local tax services with "country-by-country" reporting, showing profitability rates for each nation in which they operate. These reports, though not usually released to the public, make it easier to crack down on tax evasion through transfer pricing.

But the auditors, while insisting on maintaining high compliance standards, may be part of the problem, Cobham said.

The firms, which count transfer pricing as a key part of their business, emphasize that they maintain strict compliance standards. KPMG's representatives laughed off the suggestion that they would use transfer pricing to reduce effective tax rates, saying that their clients were often publicly traded multinationals that would not risk their reputation on compliance missteps.

But Cobham said that when companies hire a Big Four accounting firm, "they on average will see a growth in the number of tax haven subsidiaries they have, and they will see those being used more."

"This doesn't happen in a bubble," he added. ■

## BUSINESS ADVISER

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### Transfer Pricing Rules – 2017 novelties



Volodymyr Garkusha  
Senior Partner at K.A.C. Group

Having adopted the amendments to the Tax Code of Ukraine on December 21 the Parliament of Ukraine included several unexpected surprises to the taxpayers for the year 2017. Several amendments that were made such as article 39 of the Tax code of Ukraine in relation to the transfer pricing.

While overall the amendments should be considered as positive and logical, several of them should require the explanation by experts and specialists.

Let us briefly point out some innovations that can be seen as positive while some as negative.

First of all, the standard of value to consider the operation as controlled has increased:

- the taxpayer annual income standard is increased three times and should exceed 150 million UAH (compared to the previous version stating the threshold to be 50 million UAH)

- the standard of the annual transactions volume with each non-resident-counterparty is increased two times and should exceed 10 million UAH (compared to the previous version stating the threshold to be 5 million UAH).

This liberalization takes off the pressure and then allows small business to enter international markets. As general practice of 2016 showed, to follow the requirements related to the identification of the controlled transaction and the transfer pricing reporting by the small business, it is necessary to engage the high cost specialists or to hire a special person to outsource. Those who ignored this matter suffered significant penalties for untimely submission of the reports or indicated no controlled transaction into the report.

Secondly, the deadline to submit the transfer pricing reports is shifted from May 1 to October 1, allowing the taxpayers more time for audit and identification of the controlled transactions as well as preparation of the correct transfer pricing report.

Thirdly, the amendments were made to the size of the penalties for breach of the transfer pricing legislation. In particular, they delimited the penalties for the failure to submit transfer pricing report or to include the information about all controlled transactions for the period into the report including the further failure of the taxpayer to submit the transfer pricing report within 30 days after the due date of the penalty is over. Although the payment of the penalty for the failure to submit the report or to provide the information about the controlled transaction does not relieve the taxpayer of its obligation to submit the report and in case of the further failure the taxpayer is obliged to pay the penalty of 5 minimum survival income for each day of the delay.

The amounts of the penalties were also changed. Now the penalty amount is directly connected with the minimum survival income increasing UAH equivalent compared to the last year.

We also recommend to pay attention to the extension of the list of the persons with whom the transactions will be considered as controlled. Besides the transactions with the engaged non-residents, nonresident commissionaires and non-residents included in the list of the Cabinet of Ministers of Ukraine, the transactions with non-residents paying no income taxes (corporate tax) including tax for the income received abroad or companies being not resident of the countries where they are registered in will be considered as controlled.

Therefore, these amendments can be used for different manipulations. Definitely they will result identification of the transactions with the companies such as limited partnerships, as controlled. Such structures are often used to conduct international business. Furthermore, to check if the counterparty is a tax resident, the controlling authority will probably need to request from the taxpayer to provide the apostilled Tax Residence Certificate. It will be the obligation of the taxpayer to obtain and to pay for it.

Besides, the new amendments specify the requirements for the transfer pricing documents and procedure of their self-correction.

Obviously the auditor support during the preparation and submission of the Report about the controlled transactions will ensure identification of the whole range of the existing controlled transactions, provide with the reasonable method to meet the conditions of the transfer pricing to the arm's length principle allowing to prevent the imposition of the (financial) penalty specified by the Tax Code of Ukraine.

It is necessary to stress that 2017 is the year of significant changes to be made in the field of the business legal regulation which along with the transfer pricing includes the reporting about the property and income, the activities of the private entrepreneurs, the amount of the minimum survival income, estimation of the urban lands, authorization in the field of economy and in many other spheres.

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**Transfer pricing in 2017, or Ukrainian-style investment climate improvement**


**Oksana Kochmarska**  
Executive Director  
Accountant Kyiv LLC

State transfer pricing (TP) control system is operating in Ukraine starting from 2013 and still is not significantly differ from other tax legislation in terms of ease of interpretation. Till now business community faced several difficulties while preparing and submitting TP reports and documentation. The reasons for that are constant changes of TP rules and "local flavor" in applying the rules. These facts caused the need for further methodological changes in legislation, especially in the direction of bringing them closer to OECD requirements and global practice.

Studying the TP rules changes implemented by the Law of Ukraine of December 21, 2016 #1797-VIII "On Amendments to the Tax Code of Ukraine Improving the Investment Climate in Ukraine" enacted starting from January 1, 2017 it is not easy to detect any changes which are actually able to improve the investment climate in short-term prospective. However, there are still some positive points. One of them is a change of TP report submission deadline from May 1 to October 1 (the year following the reporting year), which gives a taxpayer more time for understanding of ambiguous Ukrainian tax litigation provisions and preparation of the form itself. Another positive change is a possibility to adjust TP reports in case of errors via submission of a new form to the Tax Authorities (prior to deadline) or clarifying form (after the deadline).

Certainly, another positive legislative change is an increase in controlled transactions thresholds: total taxpayer revenues criteria tripled (from 50 mln UAH to 150 mln UAH) and transaction turnover with one counterparty doubled (from 5 mln UAH to 10 mln UAH). These improvements fairly shift the focus of control from medium-sized companies to larger taxpayers, making compliance burden more adequate.

TP-related fines and penalties were also changed, not only from value prospective, but also in terms of general approach. Due to significant increase of minimum wage starting from January 1, 2017, TP penalties now will be linked to "living wage", which is also set on January 1 of tax reporting year. However, living wage is approximately twice lower than minimum wage, which mean that TP penalties will be more or less reasonable.

Also, "penalties" section of TP legislation was supplemented with a new provision: non-submission of TP report and/or TP documentation file in 30 calendar days following the deadline of penalty payment result in additional fine of 5 living wages for each day of delay. Taking into account that there is no upper limit stipulated, this penalty can be treated as a one of the most severe fine in Ukrainian legislation. According to the Tax Authorities opinion, this penalty should motivate taxpayers to timely submit TP reports and TP documentation files.

At the same time, extenuating changes were made for taxpayers who independently identified non-submission of TP report and submitted it prior to TP tax audit. In such a case, penalty for violation of TP report submission deadline will sum to 1 living wage for each day of delay with upper bound of 300 living wages. Almost similar fines apply in case of delays with disclosure of separate transactions in already submitted report and failure to submit TP documentation on time.

Another innovation is a provision 39.3.8 of the Tax Code, allowing grouping of controlled transactions with similar counterparty for TP analysis purposes. New approach allows to group transactions to apply margin-based methods for the whole group of such transactions in case if such transactions are closely related, supplement each other, or performed on continuous basis. TP practitioners were often applying this approach in previous years as well (basically because it is hardly possible to apply e.g. TNMM to each separate transaction), however, now the grouping of transactions is officially stipulated by the law. From available information about existing TP audits it can be concluded that Tax Authorities do not oppose the grouping itself, even though it was not included in previous TP rules, they oppose the way taxpayers are actually applying it.

Controlled transactions list was also amended. Comparing to previous version of TP legislation, now transactions performed through (using) commission agents are deemed controlled not only in case of sale of goods, but also in case of goods/services purchases. Also, starting from January 1, 2017 transactions with foreign entities which are not payers of corporate income tax (or pay corporate income tax in jurisdiction different from registration jurisdiction) will be controlled. Primarily, this new criterion is aimed at targeting transactions with Limited Liability Partnerships, or LLPs, registered in UK.

Summarizing express analysis of new TP legislation developments, it can be concluded that several steps to expand tax control over transfer pricing were made. The only thing worth adding is that transfer pricing is not only about changing the rules, but actually about applying them. However, during last four years of enacted TP legislation we could hardly observe any significant attention of tax authorities to controlled transactions of oligarchs' business (in contrast to multinationals presented in Ukraine). Lawmakers have provided Tax Authorities with a modern instrument to control profit shifting and fill the budget, and constantly upgrade this instrument. Maybe it is time to apply it according to instruction?

Accountant Kyiv LLC

str. Esplanadna 20A, office 202  
01601 Kyiv, Ukraine  
Phone: +38 044 364 38 68  
www.accountorgroup.com.ua

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Tax changes	2016	2017	Difference compared to 2016
Individual social contribution	22%	22%, minimum \$25	
Maximum sum for individual social contribution	\$1,244	25 minimum salaries (\$2,888)	
Individual income tax	18%	18%	
Social tax exemption	50% of minimum salary	50% of living minimum	
Income level necessary to receive the social tax exemption	less than \$70	less than \$116	+65%
Tax on purchasing currency	2%	0	-100%
War allocation	1.5%	1.5%	
UkrGazVydobuvannya gas extraction	70%	50%	-35%
Commercial gas extraction at wells less than 5 kilometers in depth	55%	29%	-52%
Commercial gas extraction at wells greater than 5 kilometers in depth	28%	14%	-50%

Exchange rate: \$1 = Hr 27.7 | Source: rada.gov.ua

Tax changes for 2017		Difference compared to 2016
<b>Excise rates</b>		
Strong alcohol	\$4.6 per 1 liter of 100% alcohol	+20%
Beer	\$0.1 per 1 liter	+12%
Strong wines	\$0.29 per 1 liter	+12%
Weak alcoholic drinks	\$4.6 per 1 liter of 100% alcohol	+20%
Sparkling wines	\$0.4 per 1 liter	+12%
Tobacco products	\$16 per 1,000	+40%
Gasoline	\$230 per 1,000 liter	+12-44%
Alternative fuels	\$150 per 1,000 liter	+12-44%

Exchange rate: \$1 = Hr 27.7 | Source: rada.gov.ua

Parliament is moving to adjust tax rates in key areas of the economy.

# Ex-soldiers taking up challenge of business

Veterans from page 3

be forgotten if you are constantly busy, thinking about your project."

## Cyborg therapist

Dmytro Krykun, 28, is another veteran who pursued a new business to settle into post-war life.

Before the war, Krykun didn't have a steady career. After demobilizing, he felt lost. He changed several jobs when a friend reminded him about his nearly-forgotten dream: to be a masseur. He enrolled into a free massage course for veterans, organized by the Development Center for Free People, a nongovernmental organization helping internally displaced people and veterans.

He took a loan to buy a table and started giving massages to people at their homes. He had four or five clients a day.

"I was really busy but I enjoyed it," Krykun said. "I like that people come to me in pain and I make them happy with my own hands."

The long commute exhausted him, so he rented a room from the wife of a fellow veteran and in May 2016 founded the massage parlor, Cyborg Massage. The name is a reference to the Battle for Donetsk Airport which Krykun participated in. Ukrainian soldiers were nicknamed Cyborgs for their long resistance before surrendering the ruined grounds in January 2015.

"Now I've found the new meaning of life," Krykun said.

## Beauty business

Oleh Levitskiy, a former soldier of the Kyiv Defense Battalion, took part in military operations near Luhansk Airport and Debaltseve. After he was demobilized in 2015, he switched military operations to beauty makeovers. Together with his wife, Nataliya, he founded a chain of hairdressing salons in Kyiv, called Maraphet.

They decided to open the business back in 2014 after his wife's boss, a hair stylist, didn't let her take time off

during Levitskiy's short trips home. "We didn't want anybody to control our lives anymore," said Levitskiy.

## Reality bites

Bondarenko has seen many talented veterans with creative business ideas but, she said, very few of them decide to go through with their idea.

"Many of them think that because they served in the army, our country should provide some special conditions for them, others feel new and insecure in a tough business field," Bondarenko said. "But some veterans are lazy and don't want to even write a simple business plan."

The Leadership School for Veterans was founded with the financial help of the U.S. Embassy in Ukraine and several civic organizations. Bondarenko said the Ukrainian government should pay more attention to help Donbas war veterans.

"The government should help with the basics – lack of education, social presentation and communication skills," said Bondarenko. ■



# Many rescind special entrepreneur status

Entrepreneurs from page 6

was able to carry out part of the process electronically, and his mother-in-law thus won't have to pay the tax, he will still have to physically go to the place of registration to complete the process. For him, that means travelling the 230 kilometers from Lviv to Rivne.

## Fill pension gap

The changes are designed to raise revenues to help reduce the pension fund deficit, which had risen to Hr 150 billion (\$5.5 billion) by October.

The deficit widened after the cabinet reduced the individual social, or payroll, tax on official employees from 40 percent to 22 percent at the end of 2015. The tax cut was intended to reduce the size of the shadow economy by encouraging employers to officially declare all of their employees.

It hasn't worked as expected.

Dmytro Boyarchuk, an executive director at think tank CASE Ukraine,

said the aim of requiring minimum tax payments from those registered as individual entrepreneurs was "very straightforward" – to fill the pension fund.

But he said that nobody in government anticipated that people would cancel their private entrepreneur registrations in response.

## A better way?

Alexey Gerashchenko, a lecturer at Kyiv Mohyla Business School, said that the payroll tax of 22 percent should be collected from every working person, regardless of their form of business activity. If every working person paid Hr 704, there would be enough money to pay minimum pensions to 12.2 million retirees, he said.

He said the government must make payment easier and more automated, for example "online, through the iGov electronic service portal."

And Tymofiy Mylovanov, a co-founder of think tank VoxUkraine, said the changes "were a bad idea"

because they require tax payments from low earners.

## Western practice

Ukraine's individual entrepreneur tax regime isn't a common system in the West. In the United States, individual entrepreneurs run businesses as regular companies, paying taxes on them without claiming any tax benefits simply because they themselves are entrepreneurs.

But Ukraine is not the United States, and in some cases its system for encouraging entrepreneurship through offering tax benefits makes a lot of sense. Gerashchenko said the individual entrepreneur's category – and the simplified system of only two taxes, payroll and income – encourages a range of sectors to attract workers, especially the information technology sector.

"It gives us a competitive advantage in IT," Gerashchenko said.

"But when we become huge and strong, we won't need it." ■

# Kaleniuk: Ukraine losing big money to corruption

Priorities from page 5

We have to secure the right of NABU to conduct robust and independent investigations of top-level corruption without interference. This is guaranteed by exclusive jurisdiction of NABU, which should remain the only agency with power to trigger investigations against senior officials. Attempts by the Prosecutor General's Office or any other agency to take such cases instead of NABU and/or change legislation pose a serious risk.

Moreover, NABU must have full access to the registry of pre-trial investigations conducted by the Prosecutor General's Office. Instead, Prosecutor General Yuriy Lutsenko denied access in December.

Additionally, parliament must pass legislation granting independent wiretapping rights to NABU.

NABU must also undergo an international audit that also assesses the activity of specialized anti-corruption prosecutors, who control all cases investigated by detectives and present these cases in courts.

There are already a few publicly known examples when special prosecutors have blocked NABU investigations into senior politicians.

The parliament, the president and the government should appoint three auditors – professionals with track records and expertise in criminal justice. It is crucially important to ensure these auditors are independent. Parliament's anti-corruption committee has voted for Robert Storch, deputy head of the U.S. Inspector General's Office in the Department of Justice, to be appointed as an auditor. Yet in order for him to be officially nominated, 226 votes in the Verkhovna Rada are still need-

ed. The government and president should nominate professionals with similar international credentials.

## Fair justice

NABU alone can't satisfy Ukraine's hunger for convictions and asset confiscations of corrupt officials.

Anti-corruption prosecutors present evidence in unreformed courts. Corrupt judges are asked to render verdicts on cases involving the politically powerful and wealthy. Justice won't happen this way.

Therefore, Ukraine must establish an Anti-Corruption Court, where judges will be transparently selected by a trustworthy special selection commission with nominees from international partners.

Legislation introduced by President Petro Poroshenko already prescribes creation of the High Anti-Corruption Court in Ukraine, but lacks details. Parliament must soon introduce a draft law, which will provide additional guarantees of independence for anti-corruption judges and ensure a competitive and fair process for their selection.

## Prevention, identification

At the end of October, Ukraine shocked the world when officials declared enormous amounts of hard cash, luxury watches, collections of expensive wines, pictures and icons, luxurious residences and high-end cars. This information came to light due to the launch of e-declarations system, which is managed by National Anti-Corruption Preventive Commission.

It took more than two years of constant pressure to achieve this result.

However, the commission to prevent corruption has failed to verify and audit a single e-declaration.

Instead, the commission is seeking to punish those who expose corruption and publicly criticize top politicians.

While failing to develop a regulation on e-declarations monitoring, the commission is hounding member of parliament Sergii Leshchenko, a prominent anti-corruption crusader, over a \$300 fee for a lecture at a university.

Moreover, authorities have to refrain from attempts to limit the scope of the electronic disclosures of assets, criminal liability for false statements and illicit enrichment, as well as the list of officials obliged to submit e-declarations. But lawmakers are trying to do just that – for example, seeking to carve out exemptions for managers of state-owned companies and top officials of the Security Service of Ukraine.

Finally, the Constitutional Court is still considering a request from a group of parliamentarians from the old Yanukovich-led Party of Regions to declare crucial parts of the e-declarations system as unconstitutional. As a majority of Constitutional Court judges are the same as in Yanukovich's time, there is a high likelihood of a politically motivated ruling.

Ukraine's active civil society will have to perform its watchdog role well to fend off all the threats to the nation's anti-corruption drive. Political pressure of Ukraine's foreign partners and donors, specifically the IMF, will significantly help us to resist rollbacks. Money and support in exchange for clear anti-corruption deliverables will be the strongest source of leverage for Ukraine's foreign friends.

Daria Kaleniuk is executive director of the Anti-Corruption Action Center in Kyiv. ■

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### Questions regarding the recent tax changes concerning VAT refund



Alexander Minin

Senior partner,  
Attorney at Law

Taxes are usually meant as funds to be paid to the state. Yet, in some cases, it may relate also to the funds the state needs to pay to the taxpayers, such as a VAT refund. Provision of a VAT refund has remained a hot topic for a number of years. At the end of last year, legislators amended significantly the process of VAT refunding with the aim of making it less dependent on discretionary approaches from the tax authorities and creating a more transparent system.

At the moment, there is no specific formal consent that can be issued by the tax office regarding a refund but rather the taxpayer's application should be entered directly into the electronic public register and be refunded in a chronological order by

the treasury based on the registry data. Relevant application may still be challenged by the tax office within the terms provided by the law; such dispute and its stages shall be clearly seen as well in the said public register. If an application is not formally challenged within the short terms provided by the law or a respective dispute is resolved in favor of the taxpayer, the VAT refund application will receive a status of 'agreed' in the register and shall then be refunded within 5 days, as now provided by para. 200.13 of the Tax Code. Earlier the same 5 day term for the refund were linked to the receipt by the treasury of a formal consent from the tax office. Manipulation with issuing such consents by the tax authorities were an issue where the tax office could often delay the refund by delaying provision of respective formal consents.

Does this mean that there will be no more delays with VAT refunds? Unfortunately no. While the Tax Code provides for a strict term of providing a VAT refund within 5 operational days, getting automatically an 'agreed' status for the application in the register, para. 55 (which is also added with the recent changes) of section II of Transitional provisions of the Tax Code stipulates that a VAT refund shall be provided depending upon availability of funds at the unified treasury account. In other words, this clause makes the 5 days term for the refund provided by para. 200.13 merely indicative and not truly binding and the actual term of the refund would depend upon availability of relevant funds with the treasury. Para. 56 of the same section II of Transitional Provisions envisages that the amounts available for VAT refund shall be provided by the budget law for the respective year.

Therefore, this may be considered as basically depriving the tax authorities of the possibility to apply selective approaches to different taxpayers and the delay of a VAT refund by delaying the issuance of formal consents to the treasury. The actual term of VAT refund still cannot be precisely predicted based on the law. Yet, everybody will be in the same 'queue' for the refund in a chronological order.

The above mentioned information relates to the current applications for a VAT refund. Those already who are experiencing delays or disputes are viewed as a more complicated subject. For the applications submitted before February 1, 2016 and still not refunded by January 1, 2017, a separate Transitional register shall be established. When the application is set to be 'agreed' in the Transitional register, it shall as well be refunded in a chronological order. The amounts available for refund shall be allocated by the Cabinet of Ministers from the general amount allocated for the purposes of VAT refund by the budget law. As such, the split of the total amount available in the budget for VAT refund between Current and Transitional registers is to be executed by the Cabinet of Ministers.

Recent changes bring also technical issue to those with court disputes concerning VAT refund. Due to the position of the Supreme Court, a valid type of claim for VAT refund were claims to cause the tax authorities to issue respective formal consents on the applications. But, there are no such consents at this present time. Therefore, even winning formally with such a claim may now be deemed as useless. As the judicial battles may usually continue for sometime, the taxpayers within this process shall now be able to review what can be done in order not to receive a positive yet non-binding court decision in such disputes.

Another important point to carefully consider is the extension or the right for the tax authorities to audit transactions among agricultural producers with special VAT regime for the period up to January 1, 2017 (i.e., of the transactions for the period until the date when this special regime will cease to exist). This is the result of the fact that while a relevant VAT within the system is basically supported by cash funds or a recognized VAT credit where there is a certain 'draining' as the agricultural producers under that regime have been entitled to keep a significant portion of that VAT for their own kind of state subsidy.

Simultaneously, such a VAT is legally and entirely refundable for the buyers from such companies. I.e., there was certain incentive even to 'create' certain transaction on agricultural supply with VAT by withholding a respective part such as a subsidy at the seller's level and getting a full VAT refund from the state at the buyer's level in case the goods were further officially exported. Such non-transparent deals and relevant tax fraud might be possible which is why the tax office is entitled to do routine respective checks. Refunds may be delayed for the entire sector deemed 'suspicious' when dealing with agricultural products due to the respective audits until the completion of the VAT application (and resolving of respective issues if so) will not be 'agreed' for refund in the register.

In summation, although the changes on the discussed issues are positive concerning the technical aspects, the state is now incorporated directly within the tax law with the possibility to manage manually the overall flow of VAT refund while treating each taxpayer equally and arranging them within the same queue. The discussed technical changes still require adoption of the relevant implementation acts which may delay the actual start of the system as reshaped by the legislation.

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# Not only a school, but a haven from fighting

Kindergarten from page 1

city of Debaltseve by Russian forces, including tanks from a Russian unit based in Ulan-Ude in Buryatia, a republic in the Russian Far East. Ukrainian forces withdrew from Debaltseve in late February, days after the Minsk II peace agreement that has never been implemented.

Since then, sporadic fighting has broken out frequently near Luhanske. In late December, when the Ukrainian military took over new positions near the town, nine soldiers were killed and 35 wounded in an operation known as the Battle of the Svitlodarsk Bulge.

The kindergarten, located practically on the battlefield, had some of its windows broken during shelling. Luckily, no children were injured because the fighting occurred overnight.

## Signs of war

About a dozen Ukrainian soldiers were killed in Luhanske or near the town before the battle in December. Several local residents were killed by shells.

Natalia Ochko, a caregiver at the kindergarten, notes the war's effect on the children she looks after. "They get more nervous, aggressive," Ochko says. "We often play at puppet shows with them. It helps them to cope with the stress."

Signs of war are visible all around: a bombed-out hospital is located across the street and there are two military checkpoints just a few hundred meters away.

But inside the kindergarten, it's a children's haven. A big smiling snow-



Children have lunch in Little Star kindergarten, located in the frontline Donetsk Oblast town of Luhanske, 731 kilometers southeast of Kyiv. (Anastasia Vlasova)

man stands next to a Christmas tree in the entrance hall. A huge stuffed panda bear sits on a sofa. The walls have children's drawings and funny pictures from the internet.

"Good day!" children from a group of four- to six-year-olds bellow at visiting journalists. After finishing their lunch, they pick up their chairs and march with them to a bright pink bedroom, where they will take an

afternoon nap.

Their playground includes a Ukrainian corner, which has a big sign reading "Ukraine is a united country," with traditional Ukrainian dolls and portraits of Ukrainian poets underneath.

## Shell damage

In January 2015 the kindergarten was heavily damaged by shelling and

stopped working. Then the soldiers of 30th brigade lived there, from February to May 2015.

When they left, local residents repaired the building, with help from the International Committee of the Red Cross and soldiers from the 95th brigade. The People in Need humanitarian group stocked the kindergarten with new toys, and it re-opened in June 2015.

The kindergarten serves about 50 children, two-thirds of the pre-war number.

## Militarized area

The half-deserted town of Luhanske is a dangerous place. One child was killed by shelling in 2015 and another schoolboy had his hand blown off after he found an explosive. Some kindergarteners have started stammering because of the stress.

The town still remains a highly militarized area, closed to strangers. Its residents try not to go out after sunset. They go to the center mostly for shopping or for humanitarian aid, which they call "akhmetovka" after the charity foundation of Rinat Akhmetov, Ukraine's richest billionaire oligarch, which regularly delivers food packages to locals.

The soldiers also shop or go to a bar in the center, but don't stay long or talk much to the locals.

## Forgetting war

Some residents have decided to leave: the town has been without water for three months. After an employee of the local pumping station quit, nobody wanted to replace him. So now, every Wednesday, the People in Need organization brings free drinking water.

Dolidze, the kindergarten's head, says they used to regularly drill the children on how to hide from bombs, how to behave in a bomb shelter and how to avoid mines. But now, after nearly three years of war, caregivers try to change the subject.

"We sing, we dance, we play with them," Dolidze says. "We try not to talk about the war at all." ■

## ON THE MOVE

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**Tetiana Gromova**  
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Tetiana Gromova has joined **SDM Partners** as the Head of International and EU law practice, international tax planning, restructuring and migration law. Tetiana Gromova has considerable experience in provision of services involving varied divisions of international public and private law, including EU law, the services of international corporate structuring, tax planning and complex cross-border project administration.

Prior to joining **SDM Partners**, Tetiana worked for leading international law firms based in Kyiv, where she represented major multinational corporations, investors from EU and CIS countries for more than ten years. Inter alia, Ms. Gromova has a track record in blue chip national fuel manufacturing group.

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# Life in container beats life at war for hundreds of thousands who wait to go home

War from page 1

the fenced-in compound. "Transit Modular Housing Nadiya," reads a sign on one of the containers. Nadiya means "hope" in Ukrainian.

At capacity, the center provides temporary shelter to 400 internally displaced people, all of whom escaped the war-ravaged Donbas and settled in Kharkiv, a city of 1.5 million citizens located just 200 kilometers from the war front. They are among at least 1.8 million people who, according to Ukraine's Ministry of Social Affairs, were driven from their homes by Russia's war in eastern Ukraine and annexation of Crimea.

Some of the displaced applied for asylum in the European Union, fled abroad or moved to Russia. But a huge number of them sought shelter elsewhere in Ukraine, making the country's domestic refugee crisis one of the largest seen in Europe since the Yugoslav wars from 1991 to 2001. According to the Internal Displacement Monitoring Centre, the number of internally displaced people in Ukraine places the country in the top 10 worldwide.

## Family flees

Olena Churina and her nine children are among those living at the Hope shelter. Her story is similar to those of many of her fellow Ukrainians: The family fled their home to escape the constant shelling, expecting to be back within weeks. But despite the Minsk II ceasefire being agreed between Ukraine, Russia, France and Germany in February 2015, the shelling still hasn't stopped – and the internally displaced have been away from their homes since the summer of 2014.

Churina fled from the village of Hlafirivka, located in Luhansk Oblast some 60 kilometers from the border with Russia. Today, her

hometown, as is the case for everyone living in the "Hope" shelter, is occupied by Russian-backed separatists. Moreover, her house is likely damaged beyond repair or looted – and Churina, with her husband having decided to return to Luhansk to live with his father, is raising her nine children, aged two to 19, all by herself.

When the war began in April 2014, she had hoped it wouldn't be long before things quietened down again. But they didn't. The constant explosions meant that soon, any loud noise was enough to terrify her children. After five months of waiting, she decided to leave.

"We had Ukrainian troops on one side and Russians on the other," she recalls. "And we were in the middle."

The family owned a three-room home in the village along with some land for farming, a garden and two cows. For the last year in the shelter, though, the family of 10 has been crammed into a space measuring just 24 square meters (260 square feet). "I ask them: 'Do you want to go back?'" she says, referring to her children. "They tell me: 'No, there is a war.'"

## Waiting list

The Hope shelter in Kharkiv is one of seven similar projects financed by the German government and built by the German Society for International Cooperation (GIZ). In total, Berlin has invested 19 million euros in the hostels, which provide home to some 2,300 internally displaced persons in Ukraine.

Hope consists of 10 metal containers for apartment housing and three additional dormitory containers divided into dozens of cubicles. There are also several administration modules. All the buildings are supplied with water and electrical heating.

Churina's family occupies one of



Olena Churina sits with five of her nine children inside their apartment in the Hope shelter in Kharkiv. (Anastasia Vlasova)

the apartment containers, which is equipped with one bathroom, a tiny kitchen and a single room; at night, the 10-person family squeezes into seven bunk beds. Still, having hot water from the tap was a step up: Back in Hlafirivka they had no running water in the house at all.

The shelter compound is secured with a fence and equipped with round-the-clock surveillance cameras so Churina doesn't have to worry about her children walking to the playground alone. The camp has three full-time staff members in addition to volunteers from the Red Cross and the United Nations Refugee Agency, who visit the shelter and entertain the children. A pediatrician visits the hostel twice a week and consultations are free of charge.

The boarding isn't entirely free, however, with adults required to pay Hr 350 (12 euros) and children Hr 175 (6 euros) per month to cover utilities. That money comes out of the Hr 900 (around 30 euros) she receives in government assistance for displaced persons in addition to further assistance she gets as a single mother of several children.

Although Hope inhabitants complain about excessive heat during summer, the absence of air conditioning, the tight space and the high utility fees, there are plenty of people who would like a spot in the modular housing. The manager of Hope, Svitlana Chuprina, says that around 1,500 IDPs are still waiting for a vacant room in Kharkiv.

## Mop chief

Ayshat Natarova, 56, a former resident of Stanytsya Luhanska, clearly recalls the shells flying over her house. She even still keeps a bomb fragment that ended up on the pillow of a bed after crashing through a window. "Luckily, no one was lying there at the time," she says, showing the heavy shard of metal.

Her house had been freshly renovated just before it happened. She remembers the shells exploding in her yard with shrapnel piercing one side of her house. What wasn't destroyed by the shelling was stolen by looters, she adds.

Most inhabitants of the Hope shelter rely on government assistance, but Natarova doesn't like sitting idly. Instead, she has found a job as a housekeeper in the shelter. "I am a mop chief," she says. "I am satisfied with everything, because if children feel good, I feel good too."

## New life

Unlike the others, Iryna Olyunina – from the city of Horlivka in Donetsk Oblast – lives in a 12-square-meter room in a dormitory container. She shares a kitchen with 12 other families but has her own bathroom.

She fled Donbas on the last train out of the city, with 14 people crammed into a single compartment, although she didn't realize at the time that train service would be cut off. A half-year later, she was living in the shelter. "It was pure happiness to get here, like heaven on earth," she says.

Olyunina is one of the lucky ones. Her apartment on the outskirts of Horlivka has been untouched by

the violence and relatives even stop by to water her plants. Olyunina, though, is afraid of returning to Donbas. "It is much quieter to live in a hostel. Back home, you had to turn up your television to drown out the shelling," she says. Her hometown currently straddles the front lines.

In her new life, Olyunina is slowly realizing a dream of her youth – designing fashion. Ever since she was 20, she has wanted to start a fashion studio and create her own line of clothing. Recently, volunteers gave her a sewing machine and now, Olyunina works as a dressmaker at Hope.

"We live and are happy here, satisfied with everything," she says. ■



A boy swings on the playground between homes at Hope shelter in Kharkiv. (Anastasia Vlasova)

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The Ukrainian futsal team will play friendly matches with Spain on Jan. 28-29. See Entertainment Guide on page 14 for details.



## 5 Kyiv bartenders share favorite cocktail recipes



WITH JOSH KOVENSKY  
KOVENSKY@KYIVPOST.COM

### Uncle Ho, soup pho and laying low in Vietnam

Every morning, thousands of Vietnamese flock through the bustling streets of the country's capital of Hanoi to pay respect to the country's nationalist hero, Ho Chi Minh (1890-1969). His leadership helped defeat the French colonialists and later the American military to achieve his dream of a united, communist and independent Vietnam.

Viewed through foreign eyes, it's an experience as unforgettable as it is surreal, and an interesting way to start off a visit to Vietnam.

After stopping to see Uncle Ho, as the locals still call him, one can walk by a statue of Vladimir Lenin and cross one of the city's moped-infested streets to grab a bite of street food.

Lining the Vietnamese capital's small, winding streets are stalls and shops selling homemade food and cheap beer. Food choices range from rice, beef, and vegetable combos familiar to the Western palate to more exotic items like fried larvae, barbecued dog and snake. The country's famous soup, pho, is available nearly everywhere, though the Hanoi variant is more watery than that served up in southern Vietnam.

If guzzling pho and gorging on dog meat doesn't appeal, stop by at one of the city's bia hoi for a cheap drink. Bia hoi is a locally brewed light draft beer available at stalls around the city that also sell fried fish and french fries on the cheap. A mug of bia hoi costs just around 4,000 dong (20 cents).

Hanoi has been Vietnam's national capital since the country was reunified in 1975 following the Vietnam War. Since then, it has grown into a crowded, sprawling metropolis of 7.5 million people along the Red River. But the city's past extends back more than a millennium - it celebrated its 1,000-year anniversary as Vietnam's main city in 2010.

Vietnamese rulers battled China from their base in Hanoi for centuries, until France occupied the city in 1873. Vietnam remained a centerpiece of France's Indochinese empire until the 1954 battle of Dien Bien Phu, when pro-Communist North Vietnamese troops led by Ho Chi Minh dealt the French a battlefield defeat.

The U.S. Air Force bombed the city into oblivion throughout

more Vietnam on page 13



Adam Howell, co-owner of the bars Lost and Found and Podil East India Company, makes his favorite Daiquiri on Jan. 18. The Kyiv Post asked bartenders to list their favorite drinks. (Kostyantyn Chernichkin)

BY ANNA YAKUTENKO  
YAKUTENKO@KYIVPOST.COM

As new bars pop up in Kyiv, it's easy to get overwhelmed with the variety of the drinks on offer. Luckily, lots of Kyiv venues also have friendly and experienced bartenders to help out. The Kyiv Post asked five bartenders for their personal favorite cocktails.

#### Adam Howell (Lost and Found, Podil East India Company)

American expat Adam Howell moved to Ukraine in 2003. Since then he and his wife have opened

two venues: Lost and Found on Volodymyrska Street and Podil East India Company at 10 Mezhyhirskaya Street. Howell said that he has been mixing cocktails for more than 10 years, but making them for the public for only about three years.

*Favorite cocktail: Daiquiri*  
1/2 oz White rum  
1/2 oz Simple syrup  
1 oz Lime juice

"It's simple, but at the same time it has to be made right," Howell said. "And it's a great way to test different rums - each one expresses itself in different ways in the cocktail."

#### Gerasimos Livieratos (Fairmont Grand Hotel, Pink Freud, XOXO BAR)

Gerasimos Livieratos has been working as a bartender for about 10 years. Livieratos moved with his parents from Greece to Ukraine in 2000. He started as a waiter, but soon switched to mixing drinks. He was bartender at Fairmont Grand Hotel Kyiv and bar manager at Pink Freud, a bar in Kyiv's Podil district famous for its cocktails. Livieratos now co-owns XOXO BAR, which is about to open at 19 Yaroslaviv Val St.

*Favorite cocktail: The Fitzgerald*

The Fitzgerald was created in

the early 1990s by Dale DeGroff, also known as King Cocktail, an American bartender who recreated classic cocktails. Livieratos said he first tried it while working in the Fairmont hotel several years ago, but only last year really fell in love with the cocktail.

"I've tried tons of gin based drinks, but the Fitzgerald is numero uno for me. The botanicals of the gin, the citrus and the spices of the bitters all work so well together, they bring out the best of the gin."

2/3oz of fresh squeezed lemon juice

more Drinks on page 13

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# World Traveler: Escape Ukraine's cold winters with Vietnam's charms

Vietnam from page 12

the late 1960s and early 1970s. U.S. Senator John McCain was shot down over Hanoi in 1967 and held captive in the city's Hoa Lo prison, also known as the Hanoi Hilton, until his release in 1973.

The Hanoi Hilton was mostly demolished, but its former gatehouse now serves as a museum devoted to the jail's history. One room fea-

tures an exhibit on McCain's time in captivity, including the flight suit McCain was supposedly wearing when he was shot down.

McCain landed in one of the many lakes that dot Hanoi. Next to the senator's crash site is the Tran Quoc Pagoda, the city's oldest Buddhist temple. A towering red structure built on a small island that juts out into the lake, the pagoda dates to the 6th century and still attracts visitors



A street vendor sells green bananas and papaya which people put on the family altar for the Lunar New Year, or Tet, in downtown Hanoi on January 23, 2017, as Vietnamese prepare to celebrate the holiday later this week. (AFP)



Jagged limestone formations of Ha Long Bay are a must-see for tourists interested in Vietnam's natural beauty. (Josh Kovensky)

who come to pray and burn incense at the temple.

Another lake, called Turtle Lake for the supposedly divine giant tortoise that lived there until its death in January 2016, is home to the Temple of Jade Mountain, a religious complex devoted to Confucian and Taoist philosophers.

## Water fun

Hanoi is 120 kilometers away from the jagged limestone islands of Ha Long Bay.

The bay, near the city of Hai Phong, is full of towering rock formations, each covered in jungly outgrowth.

Visitors can take multi-day cruises through the bay's beautiful islands,

exploring caves within them and hanging out on hidden beaches. Some of the channels between the rock formations are off-limits due to mining by the U.S. military during the Vietnam War.

Prices range from \$100 to \$300 for an overnight cruise, depending

on the level of luxury one desires.

Farther south, the central city of Danang offers white sand beaches that stay warm, in the 70s and 80s, all year round. Western hotel chains dominate the city's coastline, many located near abandoned U.S. military installations. ■

## If you go:

**Flight cost to Hanoi:** Roundtrip flights from Kyiv to Hanoi are available for as little as \$700, though typical tickets normally price out at around \$1,100.

**Domestic flight from Hanoi to Ho Chi Minh City:** A roundtrip flight costs around \$130.

**Hanoi hotel going rate:** Hostels offer beds for below \$10 each night. More upscale options go for \$50 a night.

**Danang hotel cost:** \$50 per night for a beachside resort. Three meals in a day: If you only eat street food, it is easy to spend far below \$10 a day on meals.

# What do bartenders drink? These tasty, mood-altering cocktails come highly recommended

Drinks from page 12

*1/2oz (2/3oz if you want it sweeter) of sugar syrup*

*Few dashes of bitters*

Mix the ingredients in the shaker, add ice, shake well again and double strain in a coupe glass.

## Andriy Molnar (Bar 13, PR Bar, N::B Cocktails)

Andriy Molnar, who often works under a nickname Bartender Samurai, became a bartender almost by accident: he moved in Kyiv several years ago hoping to find a job connected to his hobby - oriental martial arts, but ended up behind the bar. He worked at PR Bar and Bar 13 (both places attract guests with delicious cocktails) until he opened his own place - N::B Cocktails.

*Favorite cocktail: Baker's Dozen*

Baker's Dozen is Molnar's house cocktail, served at N::B Cocktails. Molnar said that the cocktail's second name is Number 13, because this number has symbolical meaning to him - he lost his parents when he was 13, his first job in the capital was in Bar 13, his daughter was born on Jan. 31. When he decided to open

the bar, he found the best spot at 13 Mykhailivska St.

*Ron Zacapa 23YO - 50ml*

*Amaro Montenegro - 15ml*

*Giffard Fraise de Boise - 10ml*

*Lemon Fresh - 10ml*

*Sugar Syrup - 10ml*

*Aromatic Bitter - 2 dashes*

"I felt very depressed when I was making up this cocktail. After the first one I felt better. After a third one I became optimistic again."

## Sergey Alekseev (Parovoz)

Sergey Alekseev is the head bartender at Parovoz - an iconic arty place hidden in the basement of Kyiv Cinema in the heart of Kyiv. Alekseev has worked as a bartender for more than 10 years. A native of Kharkiv, he won an international contest for bartenders - the Ultimate Monin Cup Global Final Paris - in 2014. Alekseev is also a brand ambassador of Campari Ukraine.

*Favorite cocktail: Amaro-tonic*

"A person who is fascinated about mixing drinks sooner or later encounters a moment when simple, sweet and sour 'stories' are not enough. And then complex mix of

bitter-sweet drinks - vermouth, biters and Amaro - comes to the rescue."

*50 ml Amaro Averna*

*100 ml tonic*

Mix the ingredients with ice in a high narrow glass highball. Decorate with lemon peel.

## Egor Pereuzenko (Alchemist, Mozhevelnik, Bar 13)

Egor Pereuzenko became a bartender only three years ago, having previously worked as a photographer and PR person for Ukrainian celebrities. After switching career, Pereuzenko became a bartender in Kyiv's top drinking places, such as Mozhevelnik and Bar 13, and now mixes drinks in Alchemist.

*Favorite cocktail: Martinez*

Martinez is one of the oldest cocktails - its recipe was published in Jerry Thomas's "How to Mix Drinks" in 1862. Pereuzenko said he loves Martinez because it's moderately sweet and strong.

*2 oz of gin*

*Red sweet vermouth*

*1/4 oz of maraschino liqueur*

*1 dash of orange bitter* ■



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## Flamenco

Piano Flamenco Band, a four-piece music band that performs classic flamenco songs, will play covers of hits by Paco de Lucia and Pablo Maldonado. Apart from the flamenco tunes, the audience will be treated to a dance performance by Olga Ostroverkh.



Feb. 4

**Flamenco Show. Feb. 4. 7 p.m. Caribbean Club (4 Symona Petlyury St.). Hr 100 - 250**

## Ukraine vs. Spain (futsal)

The Ukrainian national futsal team is about to play a friendly, or exhibition game with the current champions of Europe, the team of Spain, to warm up before the season. Futsal is a variation of football played by teams of five on a hard court, mainly indoors. The international futsal championship will kick off in spring.

**Futsal Friendly Games. Jan. 28-29. Palace of Sport. (1 Sportyvna Square St.). Hr 50 - 100**



Jan 28-29

Feb. 3



(Ruslan Egorov Quintet / facebook)

## A night of jazz, mulled wine

Art gallery D12 invites everyone to drink mulled wine and listen to a jazz concert by a quintet led by jazzman Ruslan Egorov on Feb. 3.

**Jazz and Mulled Wine. Feb. 3. 7 p.m. D12 Art Gallery (12 Desyatynna St.). Hr 250**

Compiled by Anna Yakutenko

Jan. 28



(Courtesy)

## Drum 'n' bass festival

Fans of electronic music can enjoy performances of drum 'n' bass music by Ukrainian and foreign DJs at the Zhakh Fest music festival on Jan. 28, in the Sentrum nightclub.

**Zhakh Fest (drum 'n' bass). Jan. 28. 11 p.m. Sentrum (11 Shota Rustaveli St.). Hr 300-450**

## Ukrainian Funk

Ukrainian singer Lisa Bajrak and cover band Groove Jam will perform folk and funk songs at Kyiv's Caribbean Club on Jan. 30. The band plays covers of world famous hits along with Ukrainian folk songs.

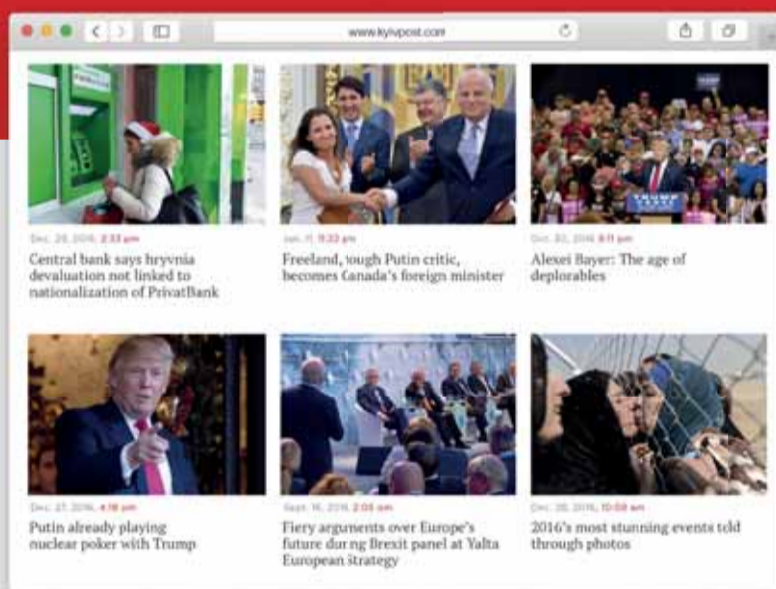
**Ukrainian Funk. Jan. 30. 8 p.m. Caribbean Club (4 Symona Petlyury St.). Hr 80 - 250**



Jan. 30

(Courtesy)

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**The National Democratic Institute for International Affairs (NDI) is a non-profit organization working to strengthen democracy worldwide.**

NDI-Ukraine is currently seeking two **Regional Program Coordinators** for its Women's Political Participation Program, who will be based in Dnipro and Ternopil.

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**The Equal Opportunities Caucus (EOC)** is an inter-faction union of MPs in the Verkhovna Rada of Ukraine working to promote gender equality.

NDI-Ukraine in partnership with the EOC is currently seeking

**Assistant for the Secretariat of the EOC.** The Assistant is hired by NDI through a consultancy contract and reports to the EOC coordinator and co-chairs and to NDI. This is a full time position, which will be based in Kyiv (Verkhovna Rada of Ukraine).

Interested applicants should submit CVs and motivation letters in English and Ukrainian by email to: [ukraine@ndi.org](mailto:ukraine@ndi.org).

#### Deadline:

The deadline for the submission of the required documents is **February 9, 2017 (by COB)**. Only selected candidates will be invited for a **written test** and **interview**.

Full text of the advertisement can be viewed here

<https://www.kyivpost.com/classifieds/jobs/assistant-equal-opportunities-caucus>



**The National Democratic Institute for International Affairs (NDI) is a non-profit organization working to strengthen democracy worldwide.**

**The Equal Opportunities Caucus (EOC)** is an inter-faction union of MPs in the Verkhovna Rada of Ukraine working to promote gender equality.

NDI-Ukraine in partnership with the EOC is currently seeking

**Coordinator for the Secretariat of the EOC.** The Coordinator is hired by NDI through a consultancy contract and reports to the EOC co-chairs and NDI. This is a full time position, which will be based in Kyiv (Verkhovna Rada of Ukraine).

Interested applicants should submit CVs and motivation letters in English and Ukrainian by email to: [ukraine@ndi.org](mailto:ukraine@ndi.org).

#### Deadline:

The deadline for the submission of the required documents is **February 12, 2017**. Only selected candidates will be invited for a **written test** and **interview**.

Full text of the advertisement can be viewed here

<https://www.kyivpost.com/classifieds/jobs/coordinator-equal-opportunities-caucus>



Ministry of Health of Ukraine  
for the World Bank – funded  
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is looking for qualified individual  
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#### POSITION ANNOUNCEMENT

Chemonics International Inc. is looking for a qualified professional to fill the position of **PROGRAM DEVELOPMENT OFFICER**. Chemonics International, an international development consulting firm, seeks a program development officer for an anticipated USAID-funded project. The program will provide fast, flexible, short-term assistance to Ukrainian partners in support of a successful, peaceful democratic transition and in promotion of community cohesion in the wake of the conflict in the East. The position will be based in Kramatorsk or Kherson, Ukraine. Send electronic submissions to [gmurecruit@gmail.com](mailto:gmurecruit@gmail.com) by Friday, February 3, 2017. Please insert the position you are applying for (“**Program Development Officer**”) in the subject line and include your CV and a cover letter/statement of interest explaining interest in and qualifications for the job. Candidates will be considered on a rolling basis and only finalists will be contacted. For more information, please visit [www.chemonics.com](http://www.chemonics.com).



#### POSITION ANNOUNCEMENT

Chemonics International Inc. is looking for a qualified professional to fill the position of **GRANTS MANAGER**. Chemonics International, an international development consulting firm, seeks a grants manager for an anticipated USAID-funded project. The program will provide fast, flexible, short-term assistance to Ukrainian partners in support of a successful, peaceful democratic transition and in promotion of community cohesion in the wake of the conflict in the East. The position will be based in Kramatorsk or Kherson, Ukraine. Send electronic submissions to [gmurecruit@gmail.com](mailto:gmurecruit@gmail.com) by Friday, February 3, 2017. Please insert the position you are applying for (“**Grants Manager**”) in the subject line and include your CV and a cover letter/statement of interest explaining interest in and qualifications for the job. Candidates will be considered on a rolling basis and only finalists will be contacted. For more information, please visit [www.chemonics.com](http://www.chemonics.com).



### International Law Firm Integrites Is looking for a position of **Associate/Senior associate Arbitration Practice** For our office in Kyiv

#### REQUIREMENTS TO CANDIDATES:

- Successful work experience as a (senior) associate for at least 2 years in a reputable international or leading Ukrainian law firm.
- Outstanding analytical thinking, stress resistance, multitasking, legal writing and research skills.
- Master degree in law (reputable Ukrainian university, LLM or internship abroad is a plus).
- Good practical knowledge of arbitration proceedings (ICAC at the UCCI, UNCITRAL, ICC, VIAC, SCC, LCIA, ICSID etc.).
- English: Advanced

Please send your CV with a photograph and a cover letter  
to [anna.kuzenkova@integrites.com](mailto:anna.kuzenkova@integrites.com)

### International Law Firm Integrites Is looking for a position of **Associate/Senior associate (Pharma and Real Estate Practices)** For our office in Kyiv

#### REQUIREMENTS TO CANDIDATES:

- Successful work experience as a (senior) associate or in-house.
- Outstanding analytical thinking, stress resistance, multitasking, legal writing and research skills.
- Master degree in law (reputable Ukrainian university, LLM or internship abroad is a plus).
- Post-graduate experience starting from 4 years, legal experience in pharmaceutical or real estate company will be a plus
- English: Advanced

Please send your CV with a photograph and a cover letter  
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#### POSITION ANNOUNCEMENT

Chemonics International Inc. is looking for a qualified professional to fill the position of **PROCUREMENT SPECIALIST**. Chemonics International, an international development consulting firm, seeks a procurement specialist to lead procurement efforts for grant activities for an upcoming USAID program. The program will provide fast, flexible, short-term assistance to Ukrainian partners in support of a successful, peaceful democratic transition and in promotion of community cohesion in the wake of the conflict in the East. The position will be based in Kramatorsk or Kherson, Ukraine. Send electronic submissions to [gmurecruit@gmail.com](mailto:gmurecruit@gmail.com) by Friday, February 3, 2017. Please insert the position you are applying for (“**Procurement Specialist**”) in the subject line and include your CV and a cover letter/statement of interest explaining interest in and qualifications for the job. Candidates will be considered on a rolling basis and only finalists will be contacted. For more information, please visit [www.chemonics.com](http://www.chemonics.com).



**Professionals for Reform Support Mechanism (PRSM)** provides human resource support – from managers to technical experts – to critical reform initiatives undertaken by national governmental agencies. PRSM is currently seeking candidates to fill the following expert positions for the Government of Ukraine:

- **Sector Lead (4 positions) for the Project Office for Sectoral Decentralization (POSD)** – responsible for defining the scope of sectoral (4 sectors) reform and development of the action plans and performance indicators to assess achievement of the relevant sectoral reform objectives.
- **Communication Expert for the National Agency for the Prevention of Corruption** – will provide communication support to activities of the NAPC in the CHS and WPM areas ensuring proper media coverage and public support.
- **Legal Expert for the National Agency for the Prevention of Corruption** – provide legislation drafting support to activities of the NAPC in the CHS and WPM areas.

For more detailed information about preferred qualifications and skills, indicative duties and responsibilities, as well as applying procedure, please visit web-site: <http://edge.in.ua/vacancies>

## Deloitte.

Deloitte is seeking qualified specialists for an anticipated Trade and Competitiveness Program in Ukraine. The program will aim to increase competition in domestic markets, improve the competitiveness of Ukrainian firms in markets abroad, and expand opportunities for Ukrainian firms to export goods and services. Deloitte is seeking candidates for the following positions:

#### Chief of Party

Link: <https://www.kyivpost.com/classifieds/jobs/chief-party-cop>

#### Trade Facilitation Lead

Link: <https://www.kyivpost.com/classifieds/jobs/trade-facilitation-lead>

#### Operations & Procurement Manager

Link: <https://www.kyivpost.com/classifieds/jobs/operationsprocurement-manager>

#### M&E Manager

Link: <https://www.kyivpost.com/classifieds/jobs/monitoring-evaluation-manager-2>

#### Deputy Chief of Party

Link: <https://www.kyivpost.com/classifieds/jobs/deputy-chief-party-dcop>

#### Trade Policy Lead

Link: <https://www.kyivpost.com/classifieds/jobs/trade-policy-lead>

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Link: <https://www.kyivpost.com/classifieds/jobs/export-promotion-lead>

#### Business Enabling Environment Lead – Legal/Regulatory

Link: <https://www.kyivpost.com/classifieds/jobs/business-enabling-environment-bee-lead>

#### Business Enabling Environment Lead – Small and Medium Enterprises (SMEs)

Link: <https://www.kyivpost.com/classifieds/jobs/business-enabling-environment-lead>

Qualified candidates should send a resume and cover letter to [tcirecruitment@deloitte.com](mailto:tcirecruitment@deloitte.com) with the subject line the position you are applying for. Only short-listed candidates will be contacted.

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The Municipal Energy Reform in Ukraine Project (MERP), with 12 months remaining, at the main office in Kyiv, is seeking qualified and experienced local expert for the following position:

#### ➤ **Monitoring & Evaluation Specialist: Full-time**

For more information on this vacancy, please visit:  
[www.merp.org.ua](http://www.merp.org.ua) (announcements).

Please send application and CV stating desired position in the subject line, to [HR@merp.org.ua](mailto:HR@merp.org.ua) through **February 6, 2017**. Only short – listed candidates will be contacted. No telephone inquiries please.

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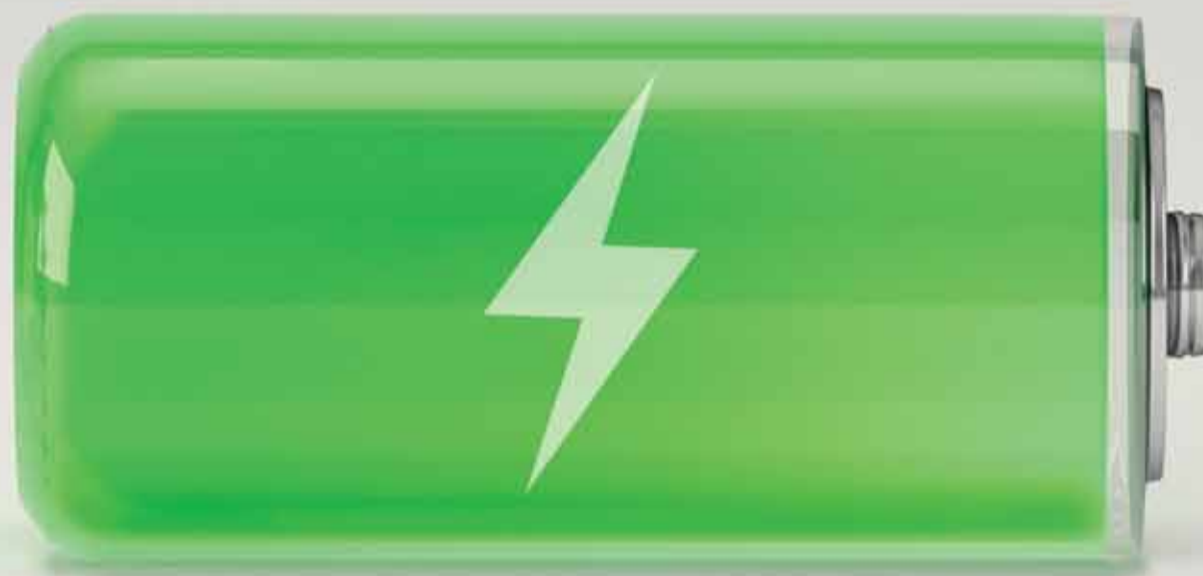
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