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Legal Alert – 27 December 2010

Verkhovna Rada approves New Anti-Corruption Bill at First Reading

A set of anti-corruption Laws¹, which were adopted back in 2009 and were scheduled to take effect on 1 January 2011, were cancelled by the Verkhovna Rada (Ukrainian Parliament). The relevant Law was sent to the President for signing on 23 December 2010.

On the same date, the Verkhovna Rada approved in first reading an entirely new anti-corruption bill, "On Fundamentals of Prevention of and Combating Corruption in Ukraine" submitted by the President on 17 December 2010 (the "**Bill**"). The Bill was drafted by the National Anti-Corruption Committee with the active support of the Ministry of Justice of Ukraine. It is expected that the Bill will be adopted in the middle of January 2011.

In comparison with the cancelled set of anti-corruption Laws, the Bill defines more clearly the list of persons who can be held liable for corruption and those who are subject to restrictions. The Bill also creates several groups of individuals who can be held liable when performing their functions.

According to Article 4 of the Bill, the following groups of individuals can be held liable for corruption:

- 1) individuals authorized to perform functions within State or local self-government authorities;
- 2) individuals whose positions are equivalent to the above positions;
- 3) individuals who permanently or temporarily hold positions bearing organizational-executive or administrative-economic duties, or individuals specifically authorized to perform such duties at legal entities that are funded by the State or local self-government authorities; and
- 4) officials of legal entities and individuals in case of obtaining from them or with their participation of unlawful benefit by officials listed in clauses (1) and (2) above.

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¹ Law of Ukraine "On the Fundamentals of Corruption Prevention and Counteraction" No. 1506-VI dated 11 June 2009; Law of Ukraine "On Legal Entities' Liability for Corrupt Acts" No. 1507-VI dated 11 June 2009; Law of Ukraine "On Amendments to Certain Legislative Acts of Ukraine Concerning the Liability for Corrupt Acts" No. 1508-VI dated 11 June 2009.

The Bill authorizes the following entities to take measures to prevent and combat corruption:

- President of Ukraine;
- Verkhovna Rada of Ukraine;
- Cabinet of Ministers of Ukraine;
- State authorities within their powers determined by law;

Article 8 of the Bill determines situations where gifts cannot be accepted. As a general rule subject to established exceptions, it is possible to accept gifts if the value of such gifts does not exceed 50 percent of the minimum wage, and the aggregate value of gifts received from one source during a year does not exceed a minimum wage established on 1 January of the respective year (effective 1 January 2011, the minimum wage in Ukraine will be 941 UAH, or approximately \$118 USD).

Article 17 of the Bill stipulates that neither public authorities nor local self-government authorities may receive from individuals or legal entities any property or services free of charge. Exceptions to this rule can only be made by relevant laws and applicable international treaties.

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