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THE NEW LAW ON COMBATING CORRUPTION

On 7 April 2011 the President of Ukraine signed the Law "On Fundamentals of Prevention of and Combating Corruption in Ukraine" (the "**Law**").

The Law is to take effect on 1 July 2011, except for Article 11 ("Special control over individuals applying for positions connected with performing functions within the State or local self-government authorities") and Article 12 ("Financial Control") that will take effect on 1 January 2012.

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

- 1) individuals authorized to perform functions within State or local self-government authorities (such as the President, ministers, deputies, judges, government officials, officers of local self-government bodies, officers and officials of public authorities etc.).
- 2) individuals whose positions are equivalent to the above positions (such as officials of public law legal entities not mentioned in clause (1) above, but obtaining salary from the state or local budget, persons who are not government officials or local self-government officers, but render public services (notaries, auditors, experts, arbitrazh managers, etc.), officers of foreign states and international organizations);
- 3) individuals who permanently or temporarily hold positions bearing organizational-executive or administrative-economic duties, or individuals specifically authorized to perform such duties at private law (private sector) legal entities irrespective of their form;
- 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.

The Law authorizes the following State bodies to take measures to prevent and combat corruption:

- the President of Ukraine;
- State authorities within their powers determined by law;
- the Cabinet of Ministers of Ukraine;
- the Specially Authorized Agency for Anticorruption Policy established by the President of Ukraine and acting according to requirements set by law;

- authorized bodies for combating corruption, such as the Public Prosecutor's Office, units to combat organized crime within the Ministry of Internal Affairs of Ukraine, the tax police, units to combat organized crime and corruption within the State Security Service of Ukraine, the Military Police within the Armed Forces of Ukraine;
- local authorities, governments and their units;
- enterprises, institutions and organizations regardless of their subordination and ownership, their officials and officers, as well as individuals and associations upon their consent.

Article 8 of the Law determines situations where gifts cannot be accepted. As a general rule, subject to established exceptions, it is possible to accept a gift if the value of such gift does not exceed 50 percent of the minimum wage established on the day when a gift is accepted (effective 1 April 2011 the minimum wage in Ukraine was set at 960 UAH, or approximately \$120 USD), and the aggregate value of gifts received from one source during a year shall not exceed a minimum wage established on 1 January of the respective year (effective 1 January 2011, the minimum wage in Ukraine was set at 941 UAH, or approximately \$118 USD).

Article 17 of the Law 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.

According to Article 24 of the Law, any regulations (decisions) issued (approved) as the result of corruption may be canceled by the agency or official authorized to adopt or cancel the relevant acts (decisions) or declared illegal in a court. A deal executed as a result of corruption is void.

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