



14 July 2021

(21-5588)

Page: 1/4

Committee on Subsidies and Countervailing Measures

Original: English

SUBSIDIES

NEW AND FULL NOTIFICATION PURSUANT TO ARTICLE XVI:1 OF THE GATT 1994 AND ARTICLE 25 OF THE AGREEMENT ON SUBSIDIES AND COUNTERVAILING MEASURES

UKRAINE

The following communication, dated and received on 13 July 2021, is being circulated at the request of the delegation of Ukraine.

This notification is prepared pursuant to Article XVI:1 of the GATT 1994 and Article 25 of the Agreement on Subsidies and Countervailing Measures.

This notification relates to subsidies granted to aircraft sector in 2019 and 2020 and provides statistical information for respective years.

In preparing this notification, Ukraine has taken into account applicable "General Rules" listed in G/SCM/6/Rev.1.

SECTORAL PROGRAMME

Aircraft

Period covered by the notification

2019-2020

Policy objective and/or purpose

To promote an efficient use of existing production, research and development facilities and to encourage investment for modernization of the aircraft construction industry.

Background and authority

Legislation:

Law of Ukraine of 12 July 2001 No. 2660-III "On aircraft industry development", with amendments.

Customs Code of Ukraine (Law of Ukraine of 13 March 2012 No. 4495-VI, with amendments).

Tax Code of Ukraine (Law of Ukraine of 2 December 2010 No. 2755-VI, with amendments).

FormExemption from import duty

In accordance with paragraph 4 of subsection 2 of Section XX "Transitional Provisions" of the Tax Code, subparagraph 13 of paragraph 4 of Section XXI "Transitional Provisions" of the Customs Code from import duty for importation into the customs territory of Ukraine and placing into the import customs regime are exempted goods, imported by aircraft enterprises eligible by the Art. 2 of the Law "On aircraft industry development", by such HS (UKTZED¹) codes:

2707 20 90 00, 2707 30 10 00, 2707 99 80 00, 2710 19 81 00, 2710 19 99 00, 2712 20 90 00, 2805 30 90 00, 2818 10, 2827, 2835, 3204 90 00 00, 3208, 3209, 3211 00 00, 3214 10 10 10, 3403 99 00 10, 3506 10 00 10, 3506 10 00 98, 3506 91 00 90, 3506 99 00 90, 3814 00, 3824 10 00 90, 3824 90 35 00, 3824 90 40 00, 3824 90 50, 3824 90 65 00, 3901, 3907 30 00 00, 3909, 3911, 3917, 3919, 3920, 3921, 3926 90 92 30, 3926 90 97 30, 4002, 4005, 4006 90 00, 4008, 4009, 4011 30 00 30, 4011 30 00 90, 4016, 4017 00 00, 7003, 7007, 7018 20 00 00, 7019, 7202, 7205 10 00 00, 7205 29 00 00, 7207, 7208, 7209, 7211, 7212, 7213 10 00 00, 7213 20 00 00, 7213 91 41 00, 7213 91 49 00, 7213 91 70 00, 7213 91 90 00, 7213 99 10 00, 7213 99 90 00, 7214 10 00 00, 7214 20 00 00, 7214 30 00 00, 7214 91, 7214 99 31 00, 7214 99 39 00, 7214 99 50 00, 7214 99 71 00, 7214 99 79 00, 7214 99 95 00, 7215, 7216, 7217, 7218, 7219, 7220, 7221 00 10 00, 7221 00 90 00, 7222 11, 7222 19, 7222 20, 7222 30, 7222 40, 7223 00, 7224 90 18 00, 7224 90 38 00, 7225, 7226, 7227, 7228, 7229, 7304 31, 7304 39 52, 7304 39 58, 7304 39 92, 7304 41 00, 7304 49 10 00, 7304 49 93 00, 7304 59, 7304 90 00 00, 7306 40, 7306 50, 7307, 7312, 7318, 7320 90 90, 7326, 7407, 7409, 7411, 7412, 7413 00 00 00, 7419, 7502, 7504 00 00 00, 7505, 7506, 7507, 7508, 7601, 7603, 7604, 7605, 7606, 7607 11 90 00, 7607 19 90 00, 7607 20 90 00, 7608, 7609 00 00 00, 7616, 8101, 8102, 8104, 8105, 8108, 8111 00 90 00, 8112, 8302 10 00 10, 8302 20 00 10, 8302 60 00 10, 8307, 8409 10 00 00, 8411 11 00 00, 8411 12, 8411 21 00 00, 8411 22 20 00, 8411 22 80 00, 8411 81 00 00, 8411 82, 8411 91 00 00, 8411 99 00 00, 8412 10 00 10, 8412 21 80 10, 8412 29 89 10, 8412 31 00 91, 8412 39 00 10, 8412 80 80 10, 8412 90 20 10, 8412 90 80 10, 8413 19 00 00, 8413 20 00 00, 8413 30 20 00, 8413 30 80 00, 8413 50 40 00, 8413 50 69 00, 8413 50 80 00, 8413 60 31 00, 8413 60 39 00, 8413 60 69 00, 8413 60 70 00, 8413 60 80 00, 8413 70 21 00, 8413 70 29 00, 8413 81 00 00, 8413 91 00 90, 8414 10 89 10, 8414 20 80 10, 8414 30 20 10, 8414 30 81 10, 8414 30 89 10, 8414 51 00 10, 8414 59 20 91, 8414 59 40 10, 8414 59 80 10, 8414 80 11 10, 8414 80 19 10, 8414 80 22 91, 8414 80 28 10, 8414 80 73 91, 8414 90 00 00, 8415 81 00 30, 8415 81 00 90, 8415 82 00 30, 8415 83 00 10, 8415 90 00 00, 8418 69 00 10, 8419 50 00 00, 8419 81 20 10, 8419 81 80 10, 8419 90 85 00, 8421 19 70 10, 8421 21 00 00, 8421 23 00 30, 8421 29 00 00, 8421 31 00 00, 8421 39 20 00, 8424, 8425 11 00 00, 8425 19 00 00, 8425 31 00 00, 8425 39 00 00, 8425 42 00 00, 8425 49 00 00, 8431 10 00 00, 8456, 8457, 8458, 8459, 8460, 8461, 8462, 8463, 8466, 8468, 8471 30 00 00, 8471 41 00 00, 8471 49 00 00, 8471 50 00 00, 8471 60 60 00, 8471 60 70 00, 8471 70, 8471 80 00 00, 8471 90 00 00, 8473 30, 8477, 8479 89 97 90, 8481, 8482, 8483, 8501 10 99 90, 8501 20 00 10, 8501 20 00 90, 8501 31 00 10, 8501 32 00 10, 8501 33 00 10, 8501 34 00 20, 8501 40 20 10, 8501 40 80 10, 8501 51 00 10, 8501 52 20 10, 8501 52 30 10, 8501 52 90 10, 8501 53 81 00, 8501 61 20 10, 8501 61 80 10, 8501 62 00 10, 8501 63 00 10, 8502 11 20 10, 8502 11 80 10, 8502 12 00 10, 8502 13 20 10, 8502 13 40 10, 8502 13 80 10, 8502 20 20 10, 8502 20 40 10, 8502 20 60 10, 8502 20 80 10, 8502 39 20 10, 8502 39 80 10, 8502 40 00 10, 8503 00, 8504 10 20 10, 8504 10 80 10, 8504 31 80 00, 8504 32 00 10, 8504 33 00 10, 8504 40 90 00, 8504 50 20 10, 8504 50 95 10, 8505, 8506, 8507 10 20 10, 8507 10 80 10, 8507 20 20 10, 8507 20 80 10, 8507 40 00 00, 8507 90 80 00, 8511 10 00 10, 8511 20 00 10, 8511 30 00 10, 8511 40 00 10, 8511 50 00 10, 8511 80 00 10, 8512 20 00, 8512 40 00 30, 8514 10 80 00, 8514 20 10 00, 8514 40 00 00, 8514 90 00 00, 8515, 8516 80 20 10, 8517 69 39 10, 8517 70 11 00, 8517 70 19 10, 8525 50 00 10, 8525 60 00 00, 8526 10 00 10, 8526 91 20, 8526 91 80, 8526 92

¹ UKTZED – Ukrainian Foreign Economic Activity Commodity Classification, based on Harmonized System 2017

00 10, 8528 41 00 00, 8528 51 00 00, 8528 61 00 00, 8529 10 69 10, 8529 10 80 10, 8529 10 95 10, 8529 90 97 10, 8531 10 95 10, 8531 20 20 10, 8531 20 40 10, 8531 20 95 10, 8531 80 20 10, 8531 80 95 10, 8532, 8533, 8535, 8536, 8537, 8538 10 00 00, 8538 90 99 00, 8541, 8542, 8543, 8544, 8545, 8546, 8803 10 00, 8803 20 00, 8803 30 00, 8803 90 90, 8805 29 00 00, 8907 10 00 00, 9014 10 00 10, 9014 20 20 10, 9014 20 20 90, 9014 20 80 10, 9014 20 80 90, 9014 80 00 00, 9014 90 00 10, 9014 90 00 90, 9017 20, 9017 30 00 00, 9017 80, 9020 00 00 00, 9023 00, 9024, 9025 11 80 10, 9025 19 20 10, 9025 19 80 98, 9025 80 20 10, 9025 80 40 10, 9025 90 00 95, 9026 10, 9026 20, 9026 80, 9026 90 00 00, 9027, 9029 10 00 10, 9029 20 38 10, 9029 90 00 30, 9029 90 00 90, 9030 10 00 00, 9030 20 10 00, 9030 20 30 00, 9030 20 91 00, 9030 31 00 00, 9030 32 00 00, 9030 33, 9030 39 00 00, 9030 40 00 00, 9030 84 00 00, 9030 89 30 00, 9030 90 85 00, 9031 80 34 00, 9031 90 85 00, 9032 10, 9032 20 00 00, 9032 81 00 00, 9032 89 00 00, 9032 90 00 00, 9033 00 00 00, 9104 00 00 10, 9401 10 00, 9405 10 21 10, 9405 10 40, 9405 60.

The Cabinet of Ministers approved the procedure and volume of goods for import with exemption from payment of import duty and VAT (Resolution of the Cabinet of Ministers of 9 August 2017 No. 635, with amendments).

Amount

	2019, thousand UAH	2020, thousand UAH
Exemption from import duty	103 329	106 117

Exemption from VAT

In accordance with paragraph 4¹ of subsection 2 of Section XX "Transitional Provisions" of the Tax Code aircraft enterprises eligible by the Art. 2 of the Law "On aircraft industry development" are exempted from VAT on such operations:

- importation in the customs territory of Ukraine in the import regime of goods (except excise goods) that used for aircraft industry needs, if such goods are exempted from import duty in accordance with subparagraph 13 of paragraph 4 of Section XXI "Transitional Provisions" of the Customs Code;
- supply to the customs territory of Ukraine results of research and development activities that conducted for aircraft industry needs.

The Cabinet of Ministers approved the procedure and volume of goods for import with exemption from payment of import duty and VAT (Resolution of the Cabinet of Ministers of 9 August 2017 No. 635, with amendments).

Amount

	2019, thousand UAH	2020, thousand UAH
Exemption from VAT on import of goods	4 392 796	3 069 697
Exemption from VAT on supply of research results	192 914,74	246 745,24

Exemption from corporate income tax

In accordance with paragraph 4 of subsection 4 of Section XX "Transitional Provisions" of the Tax Code aircraft enterprises eligible by the Art. 2 of the Law "On aircraft industry development" are exempted from corporate income tax.

The Cabinet of Ministers approved the procedure for control of the use of disengaged funds of aircraft entities eligible by the Art. 2 of the Law "On aircraft industry development" (Resolution of the Cabinet of Ministers of 7 June 2017 No. 476, with amendments).

Amount

	2019, thousand UAH	2020, thousand UAH
Exemption from corporate income tax	315 746,304	619 314,293

Exemption from land tax

In accordance with paragraph 7 of subsection 6 of Section XX "Transitional Provisions" of the Tax Code aircraft enterprises eligible by the Art. 2 of the Law "On aircraft industry development" and that carry out the development and/or manufacturing with the final assembly of aircrafts and engines to them are exempted from land tax, except land plots, which are located objects of social, commercial, agricultural and non-industrial construction.

Amount

	2019, thousand UAH	2020, thousand UAH
Exemption on land tax	121 452,56	133 214,40

Beneficiaries

Legal entities – residents of Ukraine that carry out activity in aircraft industry and have respective licenses and certificates granting the rights for development or production, or repair, or conversion, or modification or technical service of aircrafts and aircraft engines, and meet at least two of the following criteria:

- develop aircrafts and aircraft engines, produce aircrafts and aircraft engines, repair aircrafts and aircraft engines;
- fulfill state or military order on development of aircrafts and aircraft engines, production of aircrafts and aircraft engines, repair of aircrafts and aircraft engines;
- ensure implementation of international obligations of Ukraine by international contracts on development of aircrafts and aircraft engines, supply of aircrafts and aircraft engines, production of aircrafts and aircraft engines, repair of aircrafts and aircraft engines.

The Cabinet of Ministers approved the list of eligible aircraft entities (Resolution of the Cabinet of Ministers of 9 June 2010 No. 405, with amendments).

Duration

1 January 2017 – 1 January 2025.

Statistics for estimation of trade effects

Statistical data indicating trade effects is not available.