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Ukrainian Law Firms 2009
YURIDICHESKAYA PRACTIKA PUBLISHING
A Handbook for Foreign Clients

Measure Twice, Cut Once

The year 2008 for foreign investments has turned out as a "super bissextile year". "Although lawyers prove to generally toss away any superstitions, this year might have proven they may be not always right. Even though Ukraine has been strongly hit by the financial crisis and many of the investments in their dollar or euro value have been strongly devalued, still many investors see Ukraine as a potential market for their business. The old rule of low yield — low profit has perhaps proven to be right this year. However, there are strong beliefs that a devaluation of the Ukrainian currency, which has made assets (including stocks) and labor force considerably cheaper, will be the key factor guiding investors in the following years, especially in the M&A field. There has probably not been a better time to invest in Ukraine for the last 5–7 years", considers **Markian Malskyy**, an attorney at law of **Arzinger & Partners** Ukraine, Lvov office. "In regards to the legislation changes in the investment sphere plenty of results have been achieved. Most importantly Ukraine has joined the trade club — World Trade Organization. The accession to this organization has required strong adjustments to existing legislation. The long-awaited *On Joint Stock companies Act of Ukraine* has finally been adopted and shall enter into force in March 2009. Although widely discussed, the favorable for investors' double taxation avoidance treaty with Cyprus has once again not

KM Partners acted as advisers of foreign investor concerning structuring a transaction on buying out of a shareholding in a Ukrainian media holding of a well-known world-wide group by its top-managers; advised on the termination of investment activity on the territory of Ukraine along with the return of investments to a foreign investor with a representative office in Ukraine; assisted in decision-making and establishment process of a Ukrainian company of one of well-known world-wide pharmaceuticals group. One notable deal of the past year is the operation on sale of JS AvtoZAZbank (Ukraine) to Bank of Cyprus (Cyprus).

Lawyers of **AstapovLawyers** provided full legal assistance of the Efco Company in connection with the construction of the Taman seaport in the Russian Federation. **Tatyana Kuzmenko** is known for getting to the bottom of things and engaging with clients.

International law firm **Schoenherr** provides for regular counselling on investment opportunities in Ukraine. Recently the firm advised RWE Dea AG on investment opportunities in the country; advising Akron on setting up a joint venture with Magnat Group for the development of an office building project in Kiev; advising UNIQA Real Estate AG on the acquisition of Black Sea Investment Capital LLC, etc.

Sergiy Tyurin & Partners was seen in investment projects to acquire Ukrainian assets. The firm represented the buyer Getin International s.a.r.l. in acquisition of assets and network of branches of the Akkord Credit Union and carried out due diligence in connection of the acquisition of CJSC Life Capital insurance company. Managing partner **Sergiy Tyurin** is the key person in handling the projects.

Salkom, Gramatskiy & Parnters and **CMS Cameron McKenna** were frequently referred to with regard to legal advice on investment issues.

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Educating Taxpayers

As **Yevgeniya Derbal**, a partner with **Konnov & Sozanovsky** attorneys at law argues, throughout 2008 sporadic legislative activity exacerbated by the uneven policy pursed by the Tax Administration did not lead to those badly-needed reassuring signs for investors and local businesses alike. "Actually, it's still not easy to pay taxes in Ukraine – The World Bank's and PricewaterhouseCoopers' 'Paying Taxes 2008' publication assigns it 177th place in overall chart with just one left – only in Belarus is the tax system more burdensome. Mind you, the permanent political turmoil here safely wanders around the bush and effectively omits any list of reformers. Thus far, with the economic crisis unfolding and vital governmental decisions yet to be made (tax rates are hardly going to be reduced) tax counselors are in demand to make this conundrum not entirely insoluble."

KM Partners has built up a remarkable reputation of high-profiled practitioners for tax expertise. **Alexander Minin** is frequently noted as one of the strongest tax advisors in the country. The firm assisted foreign investor regarding structuring of a transaction on buying out of a part of shares of a Ukrainian media holding, including development of an optimal scenario of the transaction (including the tax consequences).

Maintaining an excellent reputation on the market, the tax practice of **Konnov & Sozanovsky** attorneys at law headed by **Yevgeniya Derbal**, received recognition of the presented tax ranking. Its knowledgeable team provided a developed and introduced restructuring scheme for a construction holding in the energy sector, assisted in the restructuring of a group of companies producing construction units and carried out a plan to restructure a telecommunications equipment producer.

Enjoying a strong reputation in Ukraine and CIS, **Magisters** are praised by their peers. In 2008 the team headed by tax partner **Oleh Marchenko** covered tax issues within the framework of advising UFG Private Equity Fund I on its purchase of a 100% shareholding in Cyprus-based Soudelor Ltd, which owns a 50%+1 shareholding in Industrial Media Network advising Alexander Rodnyansky and Boris Fuchsmann on the acquisition of shares in TV company Studio 1+1.

DLA Piper Ukraine's 6-lawyers tax team is widely recognized as leading specialists in the tax field. Among recent projects – provision of a comprehensive restructuring advice to a Ukrainian group involved in operating large retail trade centres, developing commercial property and delivering financial services – including limited due diligence and the development of a tailor-made and tax efficient target structure using companies incorporated in the Netherlands, BVI and Cyprus. The team provided assistance to a Ukrainian group of companies involved in the wholesale pharmaceutical business and the development of country estates on its restructuring and handled the actual implementation of the restructuring, advised on tax structuring of group companies and the development of international tax planning techniques. **Svitlana Musienko**, head of the tax practice and associate **Illya Sverdlov** have extensive expertise of tax cases. **Yulia Logunova**, who recently joined the team, significantly strengthened it.

Focusing its practice on matters related to corporate and complicated financial transactions, the tax team of **Baker & McKenzie** ensures coverage of tax issues. The team consists of **James Hitch, Hennadiy Voytsitskyi, Mykola Stetsenko, Lina Nemchenko, Maxim Sokiran** and **Valeria Tarasenko**. Recent projects include providing tax advice to Kernel in an IPO on the Warsaw Stock Exchange; to Gooioord B.V., the Dutch developer, on the disposal of a commercial property portfolio in Kiev; developing a holding structure and providing tax advice to KDD Group N.V., a leading real estate developer in Ukraine with respect to the admission of primary and secondary shares on the London Stock Exchange's AIM.

Enjoying a strong reputation, **KPMG** provided recognizable complex tax services to international and local clients running their businesses in a vast range of spheres such as real estate, banking and finance, agricultural, insurance, oil and gas, telecommunication, manufacturing. Partners **Rob Shantz** and **Sergey Popov** head the tax practice. They are supported by a strong team of professionals: **Oleg Chayka, Tatiana Zamorska, Alisa Dubrova, Alexandr Boboshko, Pavlo Myronov** and **Yulia Nogovitsyna**.

Leading FIRMS

1. **Magisters**
2. **KM Partners**
3. **Ernst & Young**
4. **DLA Piper Ukraine**
5. **Konnov & Sozanovsky**

The selection of the firms in the table reflects the research of the editorial staff at Yuridicheskaya Practika Publishing and is based on interviews with market participants. It remains a subjective view and implies no disparagement of any firm not mentioned here but which is nevertheless active in this field.

Leading INDIVIDUALS

1. **Alexander Minin**
   KM Partners
2. **Oleh Marchenko**
   Magisters
3. **Volodymyr Kotenko**
   Ernst & Young
4. **Yevgeniya Derbal**
   Konnov & Sozanovsky
5. **Anna Tsirat**
   Juryneshservice

Anna TSIRAT

Anna Tsirat, partner, is a recognized practitioner in the resolution of tax disputes.