



# 2013



**EITI REPORT OF UKRAINE**  
**THE SHORT VERSION**

The English version  
(translated from  
original in Ukrainian)

# EXTRACTIVE INDUSTRIES TRANSPARENCY INITIATIVE (EITI): INFORMATION ON THE INITIATIVE, HISTORY OF ITS DEVELOPMENT IN UKRAINE

## Information on the Initiative

The Extractive Industries Transparency Initiative (EITI) – is a global Standard that has the main purpose of promoting the transparency of revenues of a state from natural resources. The countries implementing the EITI Standard should disclose the information on tax and other payments received by the state from natural resources extractive companies, the procedures for granting permits (licenses) for the use of natural resources and other information related to the use of natural resources.

The governance and control over the EITI implementation in a given country are executed by a Multi-Stakeholder Group (MSG), which should include the representatives of the government, business and civil society. Ukraine also has the EITI National Secretariat, which provides administrative support and coordinates the activities on the EITI implementation in Ukraine.

More information on EITI in Ukraine can be found on the website [www.eiti.org.ua](http://www.eiti.org.ua)



## The development of EITI in Ukraine



**2009**  
30 september

Ukraine committed to implement the EITI having approved the Resolution No. 1098 of the Cabinet of Ministers of Ukraine «On Ukraine's Accession to the Extractive Industries Transparency Initiative»



**2012**  
10 october

The EITI Multi-Stakeholder Group in Ukraine was created, which included the representatives of the government, business and civil society on a parity basis



**2013**  
17 october

Ukraine was accepted as an EITI Candidate Country



**2015**  
16 june

The Parliament passed the Law of Ukraine No. 521-VIII «On Amendments to Certain Legislative Acts of Ukraine on Ensuring the Transparency in the Extractive Industries»



**2015**  
31 july

The agreement with the Independent Administrator was concluded. The beginning of preparation of the first EITI Report of Ukraine



**2015**  
december

Publication of the first national EITI Report of Ukraine



**2016**  
october

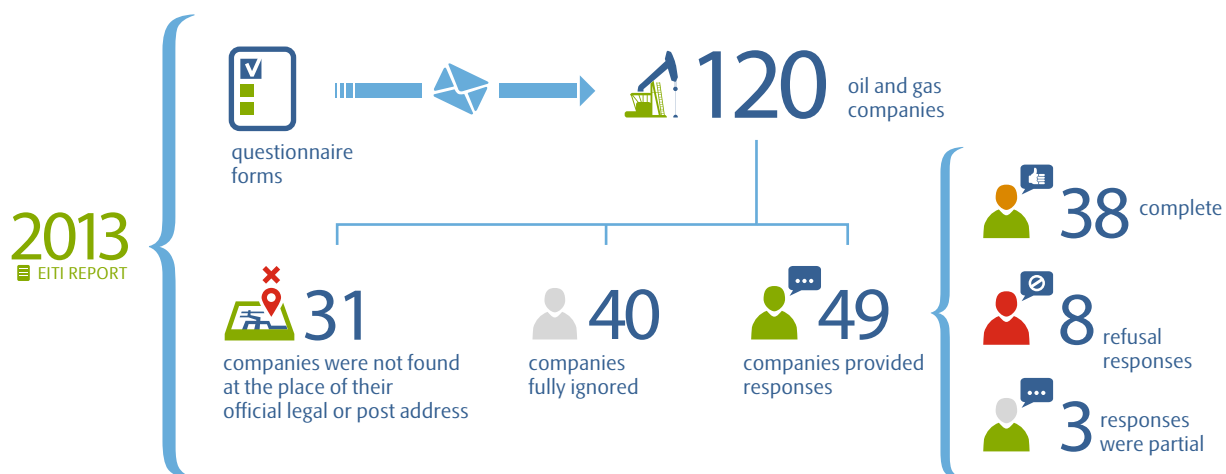
The first validation of Ukraine by the EITI International Secretariat



## SCOPE OF THE 2013 EITI REPORT OF UKRAINE



Companies engaged in oil and gas production and their transportation through the territory of Ukraine, which during 2013 had a special subsoil resource use permit (payers of tax and non-tax payments).



Central state bodies (payment recipients)



Oblast councils and oblast state administrations in 24 regions of Ukraine and Kyiv

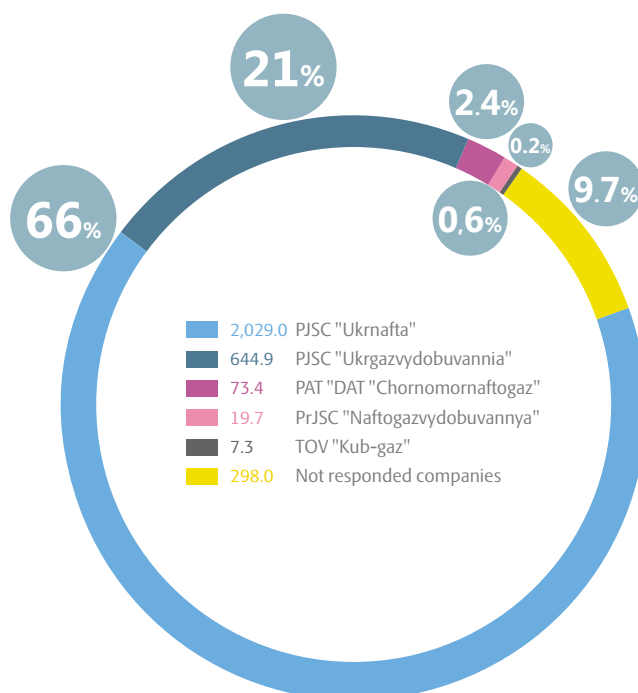


State-owned and state-funded enterprises, institutions and other organizations (payment recipients)

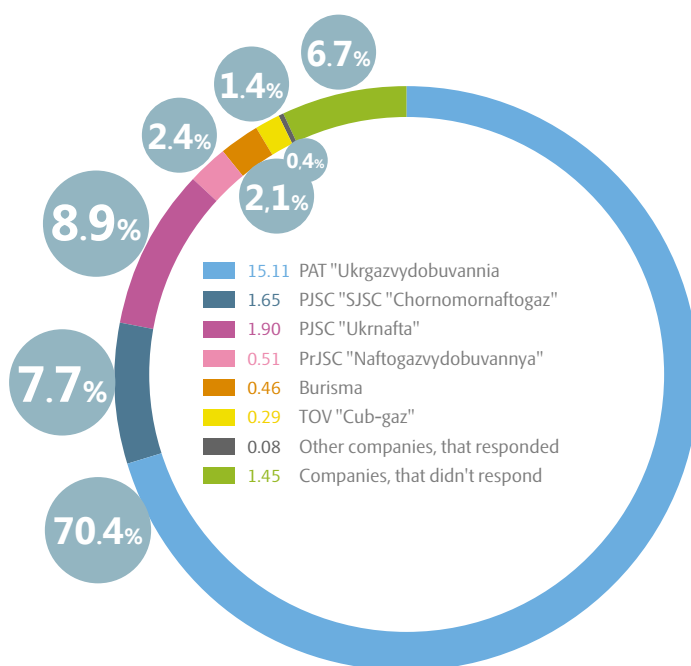


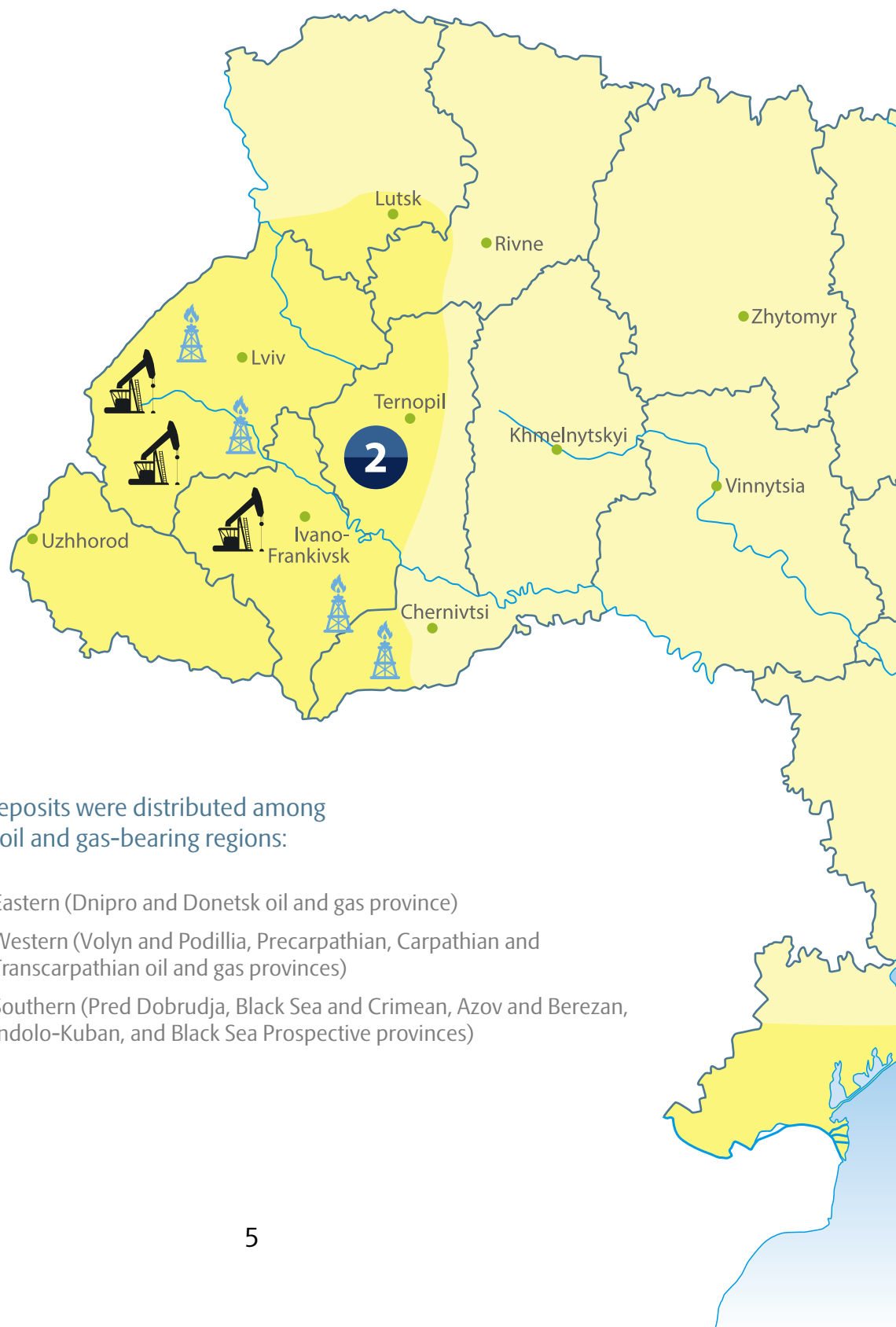
## BRIEF OVERVIEW OF UKRAINE'S OIL AND GAS SECTOR IN 2013

Major companies engaged in **oil** production in Ukraine in 2013, thousand tonnes (according to questionnaires)



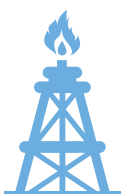
Major companies engaged in natural **gas** production in Ukraine in 2013, bcm (according to questionnaires)





The deposits were distributed among three oil and gas-bearing regions:

- 1 Eastern (Dnipro and Donetsk oil and gas province)
- 2 Western (Volyn and Podillia, Precarpathian, Carpathian and Transcarpathian oil and gas provinces)
- 3 Southern (Pred Dobrudja, Black Sea and Crimean, Azov and Berezan, Indolo-Kuban, and Black Sea Prospective provinces)



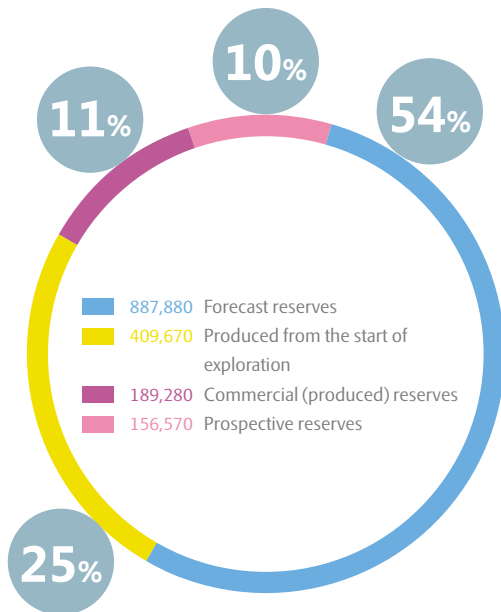
As of 1 January 2014, there were 410 oil and gas deposits in Ukraine, including:

- Oil deposits – 77
- Gas deposits – 103
- Oil/gas and gas/oil deposits – 13
- Gas condensate deposits – 115
- Oil/gas condensate and gas condensate/oil deposits – 102

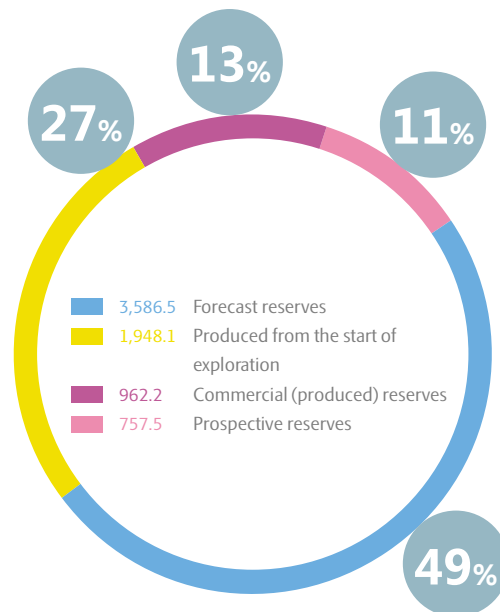


Most of the available hydrocarbon reserves in Ukraine belong to the forecast reserve category.

Distribution of initial reserves of oil and gas condensate, thousand tonnes

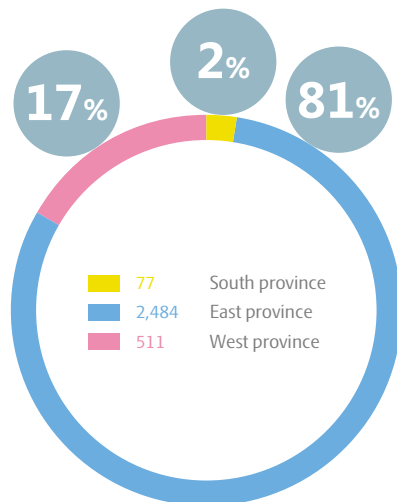


Distribution of initial reserves of non-associated natural gas, bcm

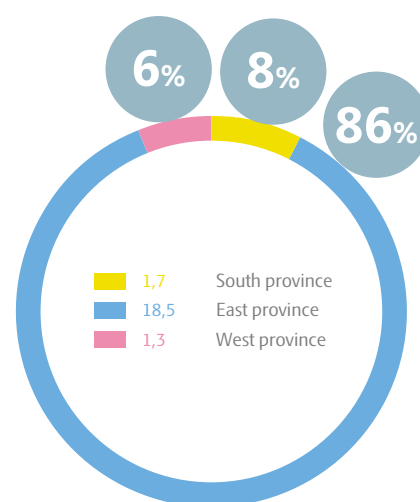


Combined data on natural gas, oil and gas condensate initial<sup>1</sup> reserves as at 1 January 2014

Oil and gas condensate production structure broken down by oil and gas provinces, thousand tonnes



Natural gas production structure broken down by oil and gas provinces, bcm



<sup>1</sup> INITIAL RESERVES – total index of current stocks of deposits and the accumulated production of hydrocarbons from the date of putting wells in operation. FORECAST RESERVES – possible amount of hydrocarbons in geologically poorly researched areas of the earth's crust and hydrosphere, valued on the general geological data. COMMERCIAL (PRODUCTION) RESERVES – economically feasible reserves. INFERRED RESERVES – amounts of hydrocarbons that are quantified by the results of the study of subsoil areas within productive areas with known mineral deposits of certain geological and industrial type.





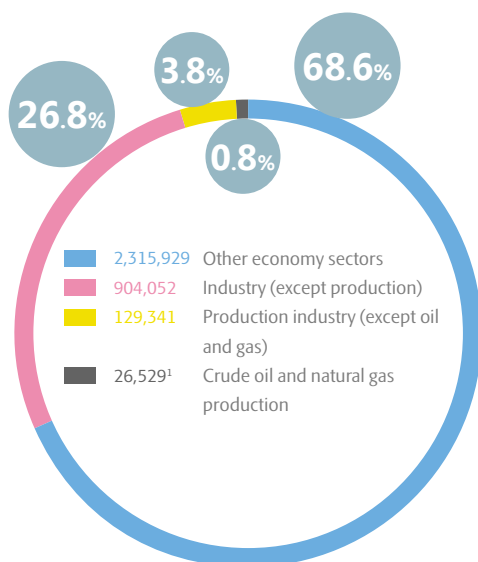
## ROLE OF THE OIL AND GAS SECTOR IN ECONOMY

The role and importance of the oil and gas sector for Ukraine's economy is minor in terms of a contribution to the GDP. According to the State Statistics Service of Ukraine, the direct contribution to GDP of the oil and gas

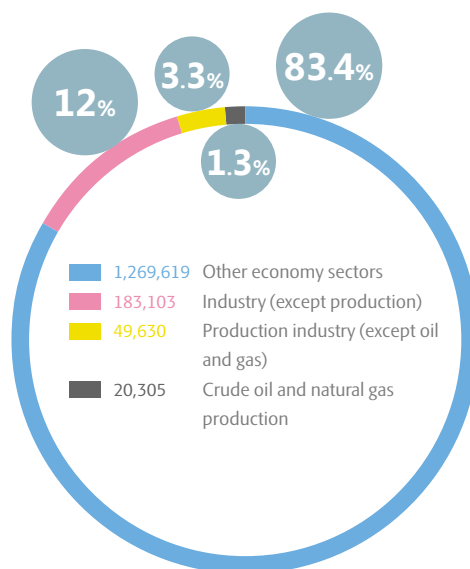
sector amounted to UAH 20.0 billion, or about 1.3% of Ukraine's GDP. In 2013, the value of products produced by the oil and gas sector amounted to UAH 26.5<sup>1</sup> billion, or about 0.8% of the output of goods and services in Ukraine.

### Direct contribution of Ukraine's oil and gas sector to the output of products and services and the GDP in 2013

Sectoral structure of goods and services output in Ukraine in 2013



GDP sectoral structure in 2013



<sup>1</sup>This amount does not include the output from transportation of oil and gas, trade and transport margins and any taxes on products.



## Certain economic indicators of the oil and gas industry in 2013

Indicator	Measurement unit	Amount in 2013
Aggregate revenues of the state from the oil and gas industry	UAH mln	26,837.0*
(according to SFS data, 120 companies)	in % of the aggregate revenues of the Consolidated Budget	6.06
Aggregate revenues of the state from the oil and gas industry	UAH mln	25,369.0*
(according to 38 companies' data)	in % of the aggregate revenues of the Consolidated Budget	5.73
Oil and gas export	UAH billion	-
	in % of the aggregate export	-
Number of employed workers in the extraction of crude oil and natural gas (without oil and gas transportation)	thousand people	55.6
	in % of the employed workers of companies in Ukraine	0.48

\* This payment includes the amount of VAT from NJSC Naftogaz of Ukraine UAH 7,742.4 mln mainly not related to oil and gas extraction in Ukraine.



## DATA ON TAX PAYMENTS BY THE SECTOR COMPANIES

The most material taxes in the oil and gas sector of Ukraine

Tax	Rate	Receiving Budget	The amount of payments in 2013, UAH mln	
			based on data from 38 companies	based on data from SFS on 120 companies
Corporate Income Tax	19%	State budget	2,822.1	3,194.2
Fee for the Use of Subsoil Resources for the Mineral Resources Production	Oil and condensate: 17% - 39% Gas: 11-25%	State budget	8,825.9	8,799.9
Rental fee, taxes on fuel and energy resources	Various	State budget	2,058.8	2,132.5
VAT	20%/0%/exemption in case of gas imports	State budget	10,190.1*	10,185.7*

The data received from state authorities about those 38 companies which provided their data\*

24,238  
UAH mln

21,347  
UAH mln

79.5%

The total amount of confirmed tax payments\*

of all tax payments by the oil and gas companies of Ukraine according to the data of the state authorities (see the table below for details)

2,890  
UAH mln

The amount of tax payments where discrepancies were identified and no cause was found due to lack of responses from respondents (38 companies)

\* This payment includes the amount of VAT from NJSC Naftogaz of Ukraine UAH 7,742.4 mln mainly not related to oil and gas extraction in Ukraine.



## Information on payments by oil and gas companies in 2013

Adjusted after the reconciliation

## Tax payments, total in 2013 UAH mln

The data received from payers companies (38 companies)	25,369.0*
The data received from state authorities about those 38 companies which provided their data	24,238.1*
The data received from state authorities about all oil and gas companies (120 in total)	26,837.0*
The total amount of confirmed payments	21,347.6*
The amount of payments where discrepancies were identified and no cause was found due to lack of responses from respondents (38 companies)	2,890.5

## Non-tax payments, total in 2013 UAH mln

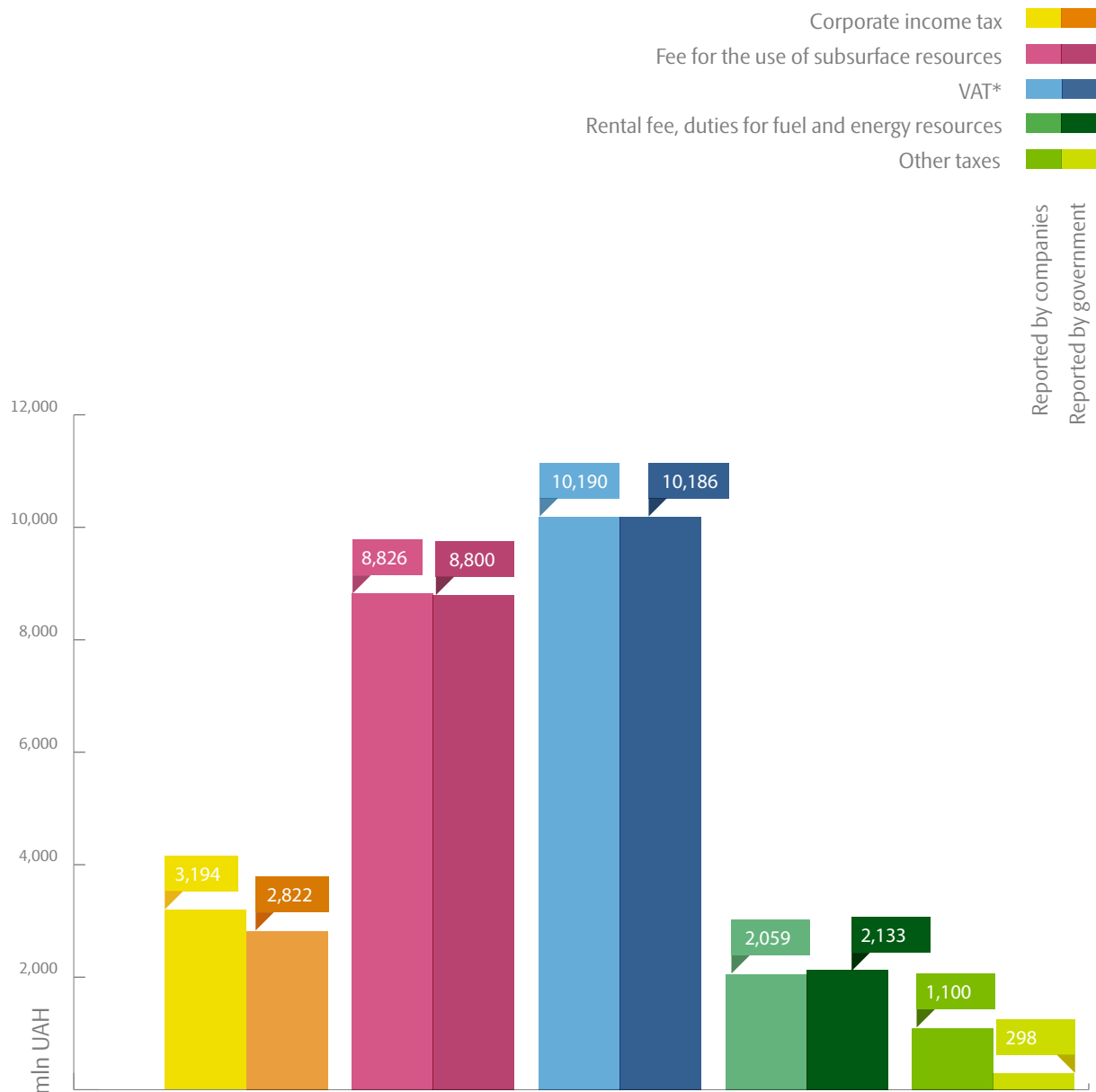
The data received from payers companies (38 companies)	2 496,5
The data received from state authorities about all oil and gas companies (120 in total)	454,9
The total amount of confirmed non-tax payments	90,3

\* This payment includes the amount of VAT from NJSC Naftogaz of Ukraine UAH 7,742.4 mln mainly not related to oil and gas extraction in Ukraine.



## DATA ON TAX PAYMENTS BY THE SECTOR COMPANIES

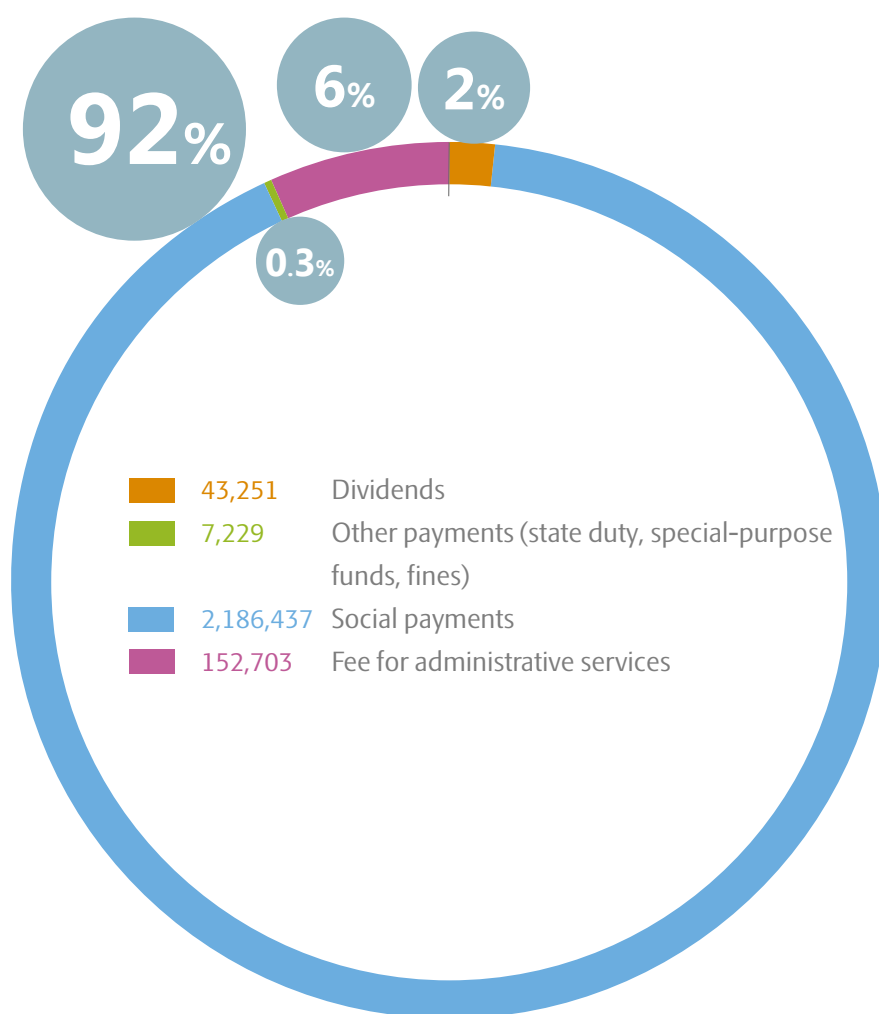
The structure of the most significant tax payments  
(based on data from the 38 companies), UAH mln



\* This payment includes the amount of VAT from NJSC Naftogaz of Ukraine UAH 7,742.4 mln mainly not related to oil and gas extraction in Ukraine.



### Structure of non-tax payments (based on data from the 38 companies), UAH mln\*



\*The "dividends" category includes the following types of payments:

- Part of the net income (profit) of state and municipal unitary enterprises and their associations directed to a certain budget
- Dividends (income) accrued on the shares (shares) of companies, which are partially or fully owned by the state.



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The 1st national EITI Report of Ukraine 2013 and its Short version are prepared by EY.

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