

## In an interview with dsnews.ua, Metinvest's CFO Yuliya Dankova spoke about rising tax contributions, frontline community assistance and key taxation issues in Ukraine

According to dsnews.ua, Metinvest Group ranks among the ten largest taxpayers in Ukraine.



In its article

["Top 10 Companies Among the Largest Taxpayers"](#)

, the publication ranked Ukrainian companies by revenues in the public rating of the YouControl system for 2023.

In 2023, Metinvest Group, including its associated companies and joint ventures, paid UAH14.6 billion in taxes and duties to budgets of all levels in Ukraine. The largest items included a single social contribution of UAH3.3 billion, income tax of UAH3.2 billion and personal income tax of over UAH3.0 billion.

Elsewhere, Metinvest's Ukrainian enterprises increased land rent payments by almost 10% year-on-year to UAH1.2 billion, while environmental tax payments rose to UAH608 million.

Subsoil use fees of UAH2.2 billion were a significant contributor to state and local budgets of Ukraine.

In addition, since the beginning of the full-scale war, Metinvest has allocated UAH4.8 billion to help Ukraine and its citizens, including more than UAH2.5 billion for the needs of the Ukrainian defence forces as part of Rinat Akhmetov's Steel Front defence initiative. The Group has become the largest donor among private businesses in Ukraine to the Ukrainian defence forces, to which it supplies equipment and machinery, as well as manufactures steel products for the frontline.

The opening of the Black Sea corridor in August 2023 allowed Metinvest to resume exports of mining and metals products, which had been blocked since the beginning of the invasion. As a consequence, the Group began to gradually increase the capacity utilisation of its steel mills from 50% to 75%, and that of its mining and processing plants from 35-40% to 80%, thereby increasing tax revenues.

In February 2024, Metinvest commissioned the 11th longwall for coking coal in Block 10 of Pokrovske Colliery, which will enable the Group to produce almost 1 million tonnes of coal. The greater production volumes will make it possible to support the frontline region and increase tax payments.

[In an interview with dsnews.ua](#)

, Yuliya Dankova, Chief Financial Officer of Metinvest Group, spoke about the Group's contributions to the state, communities and citizens.

— **Last year, Metinvest paid UAH14.6 billion in taxes to the budgets of all levels. What is the trend in payments year-on-year? Can we expect even better performance this year?**

— The trend in tax contributions is positive. In Q1 2024, we expect contribution to rise to more than UAH4 billion, compared with UAH2.5 billion in Q1 2023. Meanwhile, in Q1 2022, the Group paid UAH6.9 billion in taxes. However, we need to bear in mind that those contributions were based on the results of Q4 2021, which was a peak for steelmakers, and were effectively two months before the full-scale invasion. Therefore, in January-March this year, we expect to increase payments of all types of taxes compared with the same period in 2023.

— **Metinvest's facilities are concentrated in frontline cities, where there is a greater need for enterprises that create demand for work and generate taxes. How significant is the Group's contribution to the budgets of these cities?**

— Take Pokrovsk as an example, which is located several dozen kilometres from the frontline. In 2023, Metinvest's enterprises paid over UAH261 million in taxes and duties, which is a third of all tax revenues to the local budget. The largest contributions were in the form of personal income tax of over UAH245 million, rent payment for subsoil use of UAH8.5 million, property tax of UAH4.5 million, land rent payment of over UAH3 million and environmental tax of over UAH2.3 million. We believe that this is a significant contribution to the development of local communities and the country's defence capability.

— **In your opinion, what should be improved in the tax landscape to enable businesses to operate more efficiently amid the war?**

— In Ukraine, the possibility of introducing tax consolidation has been discussed for a long time. For some time, it was not in focus. But given the current realities, we believe that it is worth returning to this issue because it is a sound, civilised tax practice. For example, our US coal mining subsidiary United Coal consolidates taxes and reports for a common list of legal entities that are coal mining companies.

Another issue we are concerned about is tax duplication. Our mining and processing plants pay several types of taxes for one facility: environmental tax, land rent payment, waste disposal fee and subsoil fee. In addition, there is income tax. Although these are all supposedly different taxes, we are paying quite a lot for just one quarry. This does not seem fair to us, and we think that taxes are duplicated.

Instead, we could direct this resource to investments that would create new jobs. This would also generate budget revenues in the form of import VAT and customs duties. This would increase our efficiency, which in turn would generate more income tax.

— **It has been almost two years since VAT refunds to exporters began. How does this mechanism work now?**

— As an export-oriented company, Metinvest relies on VAT refunds. While the mechanism generally works, there are some significant issues that remain unresolved. Some of our counterparties from whom we purchase services or goods are considered risky by the tax authorities. These counterparties withdraw VAT, so it does not go to the budget as it should according to the law.

Instead of targeting these risky taxpayers, tax authorities refuse to refund VAT to companies like ours that operate officially and transparently. Essentially, tax authorities are punishing us for the fact that our unscrupulous counterparties do not pay VAT to the budget. This practice has been in place for many years, not just the last two.

Now, amid the military operations, the significance of this issue is increasing, as it affects our working capital. We are not receiving VAT refunds because the government has not yet learnt how to deal with risky taxpayers. Ultimately, the government will see an increase in tax revenues if it resolves this issue. In addition, tax authorities will not divert as many resources that could be directed to more useful purposes.

— **Taxes and duties are also a way of managing the environmental impact of production. For example, in 2026, a new tax on carbon-containing imports will become fully operational in the EU. Ideally, Ukrainian steelmakers need to adapt their production processes in time to remain competitive in this market. Otherwise, part of the funds that could have replenished Ukraine's budget will go to the EU budget as a "CBAM tax". Does Metinvest have a plan to mitigate this scenario?**

— Indeed, this is a challenge for Metinvest's Ukrainian enterprises. We planned to rebuild our plants to produce low-carbon steel. However, we will not be able to complete the green transformation of our enterprises by 2026 because of the war. Since we cannot invest in large-scale projects in Ukraine right now, there are two options: accelerated accession of Ukraine to the EU and joining the EU Emissions Trading System (EU ETS) or postponement of the CBAM requirements for Ukraine.

