

Metinvest CFO Yuliya Dankova: Tax Changes Should Not Complicate Administration, Slow Down Business or Deprive It of Working Capital

At the XXII Annual Ukrainian CFO Forum, held on 24-25 October in Kyiv, Yuliya Dankova, Chief Financial Officer (CFO) of Metinvest Group, discussed the potential impact of introducing a single fiscal unit model in Ukraine, as well as internal transfer pricing, VAT refunds and other tax changes affecting large, transparent businesses.



The Ukrainian CFO Forum is the largest platform for financial discourse in Ukraine, where key business prospects are set. This year, it brought together 50 executives and CFOs from leading companies across various industries.

In an on-stage interview on the topic of “Taxes for Large Businesses: Compliant Start and Pay Twice” with Leonid Karpov, partner and tax and transfer pricing specialist at AC Crowe Ukraine, Yuliya Dankova shared her insights on a range of recent tax innovations.

The feasibility of introducing a single fiscal unit model in Ukraine

A single fiscal unit is a European and Anglo-Saxon model for structuring relationships between the state and businesses. This model requires enterprises under unified corporate ownership to be registered with the tax authorities of a particular country. A single management company is responsible for accounting, registration, and the payment of major taxes on behalf of the group’s enterprises.

Yuliya Dankova stated: “This model enhances the transparency of a group’s operations and tax profile while significantly reducing the administrative burden for both the group’s enterprises and the state. It is the best possible solution for both business and the state as a whole.”

In her view, one provision of the unit, which allows losses from one enterprise to offset profits from another, would not harm the state in peacetime. During wartime, however, it may cause certain inconveniences, which could be managed through transitional provisions. Metinvest’s CFO added: “It is possible to structure the transition in such a way that the state’s revenues remain unaffected.”

Yuliya Dankova shared positive experiences with the single fiscal unit model as implemented by Metinvest’s enterprises abroad. She noted: “In the Netherlands, the US, and the UK, everything operates smoothly, clearly, and efficiently. It is highly convenient, simplifies administration, and makes the business fully transparent to the state. All enterprises are registered together and visible, allowing any question to be answered immediately.”

Prospects for introducing new regulations on intra-group transactions in Ukraine

Yuliya Dankova believes that implementing transfer pricing for transactions between Ukrainian residents and group enterprises would be misguided. The purpose of transfer pricing is to regulate transactions subject to

different tax rates and tax systems.

She said: “In Ukraine, enterprises that pay income tax should not be subject to such regulation. We already have a complex and stringent transfer pricing system compared with any other country. Extending it to cover transactions between enterprises within Ukraine would be excessive.”

If internal transfer pricing is introduced, it will raise the costs of tax administration. Yuliya Dankova added: “Unfortunately, administration is very challenging. When the war began, the financial community was discussing how to legally move away from paperwork because it hinders businesses from operating quickly. We would not want internal transfer pricing to add unnecessary paperwork and burden honest taxpayers.”

VAT refunds

Metinvest’s CFO highlighted that the previously well-established system for automatic VAT refunds has stalled, as genuine exporters are being deprived of refunds while unscrupulous companies remain unchecked.

She explained: “An enterprise registers its VAT, the exporter receiving the refund includes it in its reporting, and all legally registered declarations are reflected in its records. Yet, the refund is not issued because the enterprise that registered the tax credit is classified as a risky counterparty. The state does not address the issue but simply cancels the refund.”

According to Yuliya Dankova, the amount of VAT refunds owed to Metinvest is comparable to the total payroll for all Ukrainian employees. She added: “Amid the war, an unpaid refund poses a significant risk. Unforeseen events could halt the enterprise’s operations and leave it without working capital.”

Environmental taxes under CBAM

Metinvest’s CFO believes that environmental payments expected with the implementation of European legislation and the introduction of the carbon border adjustment mechanism (CBAM) will promote accountability for environmental impact and help to prevent climate risks.

In her view, rather than adding new regulations to existing taxes, a new tax similar to the European model should be introduced. This should be implemented gradually, as encouraging environmentally responsible behaviour requires substantial investment.

For example, all steel plants in Europe have received billions of euros in government support for re-equipment. She noted: “Unfortunately, during the war, neither the EU nor the IMF will invest in environmental programmes, so the introduction of CBAM should also be postponed at the national level. If environmental taxes are implemented without grants and investments, it will further disadvantage Ukraine’s competitiveness in the global market.”

Resource payments

Yuliya Dankova stated that the provision for rent payments on iron ore mining in the Tax Code is relatively straightforward. However, one unresolved issue is the additional costs incurred by enterprises in Ukraine. The tax is calculated based on ore prices in China, yet Ukrainian companies must cover war-related logistics expenses to transport their products there.

According to Metinvest’s CFO, land payments impose a double or even triple burden on mining companies.

She explained: “All enterprises pay a rent fee for mining, an environmental fee for disposing of excavated soil, and a land fee for the site where mining takes place. This means that companies pay three taxes on a single plot of land, creating an additional financial burden.”

Additionally, land payments in Ukraine are higher than those in neighbouring Poland.

Consequences of the “compliant business law”

According to Yuliya Dankova, Metinvest was denied a VAT refund following the adoption of the “compliant business law.” The authorities cited sanctions, despite the fact that the Group’s enterprises are not subject to any sanctions.

She stated: “If this is a ‘compliant business law,’ it should support honest businesses. If it is a sanctions ban, it should target the sanctioned entity directly, rather than depriving the company of its refund and leaving it without working capital.”

Metinvest’s CFO believes that such laws should encourage companies to operate transparently rather than force them to scrutinise counterparties for risk.

Military tax increase

The law on raising taxes, including an increase in the military tax rate from 1.5% to 5%, which is currently awaiting the president's signature, will primarily affect individual incomes.

Yuliya Dankova stated: "The next question will be how the labour market responds to these changes. But for now, the burden falls not on corporate businesses but on individuals."

She does not rule out that businesses may need to raise employee salaries in response to the legislative changes, particularly given current staff shortages.

Meanwhile, Metinvest's CFO believes that alternative ways to reduce state budget expenditures should be explored, such as lowering the cost of tax administration. She added: "This could also be a way to increase efficiency and lessen the burden on the state budget."

Metinvest's CFO reported that the Group, including its joint ventures, invested US\$84 million in Ukrainian enterprises in the first half of 2024. Since the beginning of the full-scale war, Metinvest has allocated nearly UAH8 billion to social projects and support for Ukraine's defence forces.

She also shared that this year, the Group launched a landmark project to restore an overpass in southern Ukraine that was destroyed by Russian forces. Once completed, it will enable enterprises in central Ukraine to cut their route to the Odesa ports in half.

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