



НАРОДНАЯ УКРАИНСКАЯ АКАДЕМИЯ

Е. В. Тарасова

**Some Legal Aspects of Business and Economic
Activities in Ukraine and Worldwide**

Учебное пособие

для студентов 4–5 курсов факультетов «Бизнес-управление»

и «Социальный менеджмент» ХГУ «НУА»

Издательство НУА

НАРОДНАЯ УКРАИНСКАЯ АКАДЕМИЯ

Е. В. Тарасова

**Some Legal Aspects of Business and Economic
Activities in Ukraine and Worldwide**

Учебное пособие

для студентов 4–5 курсов факультетов «Бизнес-управление»

и «Социальный менеджмент» ХГУ «НУА»

Харьков
Издательство НУА
2017

УДК 341=111(075.8)
ББК 67.4я7
Т19

*Утверждено на заседании общеакадемической кафедры
английского языка Народной украинской академии.
Протокол № 2 от 04.10.17.*

Р е ц е н з е н т канд. филол. наук, проф. *Т. М. Тимошенко*
(Харьковский гуманитарный университет «Народная
украинская академия»).

Навчальний посібник призначений для формування у студентів старших (4–5) курсів факультетів «Бізнес-управління» і «Соціальний менеджмент» ХГУ «НУА» навичок обговорення англійською мовою професійних проблем, пов'язаних з юридичним обґрунтуванням економічної та підприємницької діяльності в Україні та за її межами.

Тарасова, Елена Владиславовна.

Т19 Some legal Aspects of business and economic activities in Ukraine and Worldwide : учеб. пособие для студентов 4–5 курсов фак. «Бизнес-управление» и «Социальный менеджмент» ХГУ «НУА» / Е. В. Тарасова ; Нар. укр. акад., [общеакад. каф. англ. яз.]. – Харьков : Изд-во НУА, 2017. – 40 с.

Учебное пособие предназначено для формирования у студентов старших (4–5) курсов факультетов «Бизнес-управление» и «Социальный менеджмент» ХГУ «НУА» навыков обсуждения на английском языке профессиональных проблем, связанных с юридическим обоснованием экономической и предпринимательской деятельности в Украине и за ее пределами.

**УДК 341=111(075.8)
ББК 67.4я7**

© Народная украинская академия, 2017

Введение

Цель настоящего пособия – ознакомление студентов и других заинтересованных лиц, специализирующихся в области экономики и управления бизнесом, но не являющихся специалистами в области права, с основами правового регулирования предпринимательских и других связанных с ними общественных отношений в Украине и за ее пределами.

Основные задачи пособия сформулированы в названиях его основных разделов и связаны с необходимостью овладения студентами факультета «Бизнес управление» ХГУ «НУА» правовыми знаниями, а также специальной англоязычной лексикой и терминологией в области правового регулирования экономической деятельности в Украине и других странах современного мира.

В публикации приводится обзор существующих в современном мире юридических систем, дается их краткая характеристика и сравнительный анализ, рассматриваются вопросы юридической природы международного права, истории его развития, его основные принципы и др.

Сборник включает в себя статьи по отдельным актуальным вопросам международного, частного, гражданского, корпоративного и торгового права, налогообложения и др., связанным с осуществлением предпринимательской деятельности. В пособии содержится также анализ нового украинского анти-монопольного и анти-коррупционного законодательства, призванного регулировать деловые отношения в стране в современных экономических условиях, освещается национальная и международная судебная и арбитражная практика применения права к внешнеэкономическим сделкам, рассматриваются опубликованные в последнее время международные документы, посвященные проблемам регулирования экономических правоотношений и предпринимательства в Украине.

Пособие позволяет сформировать комплексное представление о правовом регулировании внутри- и внешнеэкономической деятельности, о правовых актах и нормах украинского и международного законодательства в сфере предпринимательства и бизнеса.

Пособие предназначено для студентов, изучающих основы экономики и бизнеса, преподавателей вузов, научных работников и всех, кто интересуется юридическими аспектами экономической и предпринимательской деятельности в Украине и в международном контексте и в достаточной мере владеет английским языком для их обсуждения.

Some Legal Aspects of Business and Economic Activities in Ukraine and Worldwide

A Culture of Compliance

Laws and regulations that affect businesses can be complex, confusing and burdensome. At the same time, these regulations can protect your business from the unfair practices of others and are designed to positively affect society.

There is no escaping regulating laws and agencies. The best course of action is to develop an in-depth understanding of those that will govern your business and create systems and processes for monitoring your operations. Create a culture of compliance so that you and your employees know nothing but the right way to do business (Source: Wikipedia).

It's often difficult to keep up with the various *sources* that regulate business today. It can seem like they are coming at you from all directions. Some sources to be aware of include, but may not be limited to:

1. The Federal Government
2. The State Government
3. The City / County Government
4. Industry Governing Bodies
5. Contractual Obligations.

Regulations will set stipulations on the wages of your employees, workplace conditions, your company's effect on the environment, and many other spheres of its operation. It's important to remember that while these regulations can seem unnecessary, they are by and large intended to protect either consumers, employees, or the environment from unfair and harmful business practices.

Here is a list of the most common **Regulatory Areas**:

Employment and Labor

Employment and labor requirements constitute the most expansive area of regulations governing business. This segment includes laws pertaining to:

- wages
- benefits
- working conditions
- equal opportunity employment
- work for foreign citizens

Safety and Health

Employers are required to provide a safe and sanitary, hazard-free work environment (as described in the Occupational Safety and Health Act). To ensure that the necessary standards in this area are met, the work environment should undergo frequent inspections and business owners should closely follow the ever-changing regulations.

Environmental

The impact a business has on the natural environment is regulated on both the federal and state level. Activities that can potentially come into conflict with environmental regulations include:

- agriculture;
- disposal of hazardous waste;
- activities threatening endangered species;
- operating a business in the vicinity of a wetland area.

The Environmental Protection Agency is responsible for enforcing environmental laws on the federal level, with corresponding state agencies enforcing state laws. Such agencies perform frequent regulatory inspections and can require a business to obtain a permit for certain types of business operations.

Industry Specific Regulations

For multiple reasons, it is of extreme importance for business owners to have a very detailed grasp of the industry in which they operate. Each industry has its own required licenses and permits, its own specific regulations and even intra-industry governing bodies.

(Mimbs T. J. Regulations Governing Business [Internet resource] / T. J. Mimbs // LoveToKnow. – URL: <http://business.lovetoknow.com/business-operations/regulations-governing-business> (access date 10.07.2017). – Title on screen.

Task 1. Explicate the meanings of the following terms:

- compliance;
- wetland area;
- hazardous waste;
- equal opportunity employment;
- endangered species;

- sources of business regulation;
- business regulatory areas

Task 2. Find in the text answers to the following questions:

- What kind of activities can potentially come into conflict with environmental regulations?
- What are the responsibilities of Environmental Protection Agencies?
- What are the *sources* of business regulation? Name some of them.
- What are the main *areas* of business regulation? Name some of them.
- What do the Employment and Labor regulations of business pertain to?
- What do Safety and Health regulations provide for?
- What do Environmental regulations include?
- What are Industry Specific regulations?

International Business Legislation

Before you enter into business relations with a person or company in a foreign country, you should become familiar with that country's legal system and its laws that will affect your contractual arrangement. You should also gain an understanding of the distinctions between your own country's legal system and the legal system of the other party's country. This knowledge can be as important as running a background check on your supplier for two reasons. First, the laws in both countries will determine certain aspects of your business relationship. Second, the laws of one country (and not necessarily your own country) may be more favorable to you than those of the other country.

Legal Systems Worldwide

There are four major types of legal systems in the world that provide for commercial law: common law, civil law, Islamic (Shari'ah) law, and communist (socialist) law. Many countries have adopted a combination of these legal systems and in addition have retained some influences from various cultures throughout their histories. For example, Japan looked to Germany when developing its modern laws, and therefore it follows the civil law system although its commercial code shows US influence. Malaysian law is a combination of common law, Islamic law, and Malay principles. The civil law system adopted in Egypt combines Islamic principles with French civil law and some common law rules reflecting a lingering British influence. In Asia, Africa, and South America, the legal system of each country is usually that of its

former colonial master—Brazil applies civil law reflecting its Portuguese history, while Singapore applies common law on account of its English heritage.

Categorization of Law

Common Law

The common law system developed as a court system in England before any statutes were adopted for the country. By the time statutes were drafted, the courts were well-entrenched and a tremendous body of law, common law, had already been established. The statutes served to confirm, codify, limit, and supplement the common law of the courts. As a result, its distinguishing feature is its reliance on precedents established by judges in earlier cases.

In other words, the courts in common law countries apply and interpret statutes by following the principles developed in earlier decisions or by extrapolating new principles from the old ones to apply in new factual situations.

Civil Law

Most countries that do not apply common law have civil law systems. Civil law is characterized by comprehensive and systematic compilations of statutes, known as codes of law, that govern most aspects of human endeavor.

These countries have developed their codes first and then their courts. Therefore, judicial decisions are based on the legal principles set forth in the codes.

Civil law systems use nonjury trials, except in criminal cases, and the courts are typically composed of a panel of judges. In comparison to common law systems, there are few well-defined rules of evidence, and minimal oral testimony or argument is permitted before the court. Most evidence and arguments are presented to the court in writing.

Legal decisions are generally based on one-time interpretations of the codified laws without reference to preceding cases, although in some countries prior case decisions are recognized after the same decision has been made a certain number of times. As a result, the decision in any particular lawsuit is less predictable than it would be in a common law court, which will rely on the preceding case law.

Commercial / Contract Law

Commercial law provides the rules that merchants and others involved in commerce must follow as they conduct business amongst themselves and with consumers. It

governs the sales of goods and services, negotiable instruments, security interests, leases, principal and agent relationships, contracts of carriage, and much more. Commercial law covers legal issues that arise prior to the initiation of a lawsuit. Commercial law attorneys help their clients negotiate and enter into business deals. They also help their clients defend their interests in court when deals go bad.

Contracts

The foundation of modern commercial law is the ability to form contracts. Without contracts, sellers and buyers would be unable to enter into transactions, as they would have no guarantee that the other side will honor its half of the bargain. That is not to say that contracts are based on the goodwill or trustworthiness of parties in the marketplace. Rather, contracts are based on a system of rules for forming agreements that, if followed, allows parties to rest assured that the terms of their agreements will be enforced by the legal system if necessary.

Contracts are formed when the following three elements are present: an *offer*, an *acceptance*, and *consideration*. For an offer to be valid, specific rules must be followed. The offer must be made to an identified party, and it must set forth definite and certain terms. The offer must also demonstrate a present intent to enter into an agreement. Similarly, the other party must properly accept the offer in order for a contract to be formed. In most situations, a valid acceptance must mirror the offer. A purported acceptance that adds new terms to the deal will not count. Instead, it will be treated only as a counteroffer.

The final element required to form a contract is known as consideration. Consideration refers to a bargained-for exchange. It means that the person who promises to do something must receive a benefit in return. Otherwise, the promise is merely gratuitous, and there is no contract. For example, if the owner of a lawnmower promises to lend it to a neighbor, no contract exists and the owner can later refuse. But if the neighbor pays the owner \$10 in consideration for the right to borrow the lawnmower, a contract has been formed and the owner must honor it.

Criminal Law and Criminal Procedure

Criminal law is aimed at crime prevention and constitutes a body of rules and statutes that defines conduct prohibited by the government because it threatens and harms public safety and welfare and that establishes punishment to be imposed for the commission of such acts.

The term *criminal law* generally refers to substantive criminal laws. Substantive criminal laws define crimes and may establish punishments. The term *criminal procedure* describes the process through which the criminal laws are enforced. For example, the law prohibiting murder is a substantive criminal law. The manner in which government enforces this substantive law - through the gathering of evidence and prosecution - is generally considered a procedural matter.

Crimes are usually categorized as felonies or misdemeanors based on their nature and the maximum punishment that can be imposed. A felony involves serious misconduct that is punishable by death or by imprisonment for more than one year. Most state criminal laws subdivide felonies into different classes with varying degrees of punishment. Crimes that do not amount to felonies are misdemeanors or violations. A misdemeanor is misconduct for which the law prescribes punishment of no more than one year in prison. Lesser offenses, such as traffic and parking infractions, are often called violations and are considered a part of criminal law.

Islamic (Shari'ah) Law

In criminal, family, and personal injury matters, Moslem or Islamic countries apply the Law of Islam, originally derived from the Koran and the Sunna. The Koran is believed by its adherents to contain the revelations of Allah to the Prophet Mohammed, and the Sunna is a recording of the Prophet's later teachings and actions. These sacred volumes do not contain detailed codes, but rather principles and precepts of the Muslim religion. The Muslims do not modify these laws because of their belief that after the Prophet's death the direct revelations of God ceased and the words of God are immutable.

With some exceptions, most Muslim countries no longer adhere to the strict traditional form of Shari'ah law. Today, its application tends to be limited to family and estate succession law. Even these laws have been codified, so reference to the traditional texts is rarely made except when existing statutes and codes fail to cover a specific situation. To accommodate changes in modern societies and international activities that can potentially come into conflict with environmental regulations, most Muslim countries have adopted modified codes based on European legal models, particularly French or Napoleonic Code.

A separate division of commercial courts or administrative tribunals usually handles commercial disputes in accordance with civil law concepts. Case decisions are based on the law; case precedents are not binding on later cases.

Communist Law

The communist law system is used in the People's Republic of China, Cuba, the Democratic People's Republic of Korea, and Vietnam. It originated from the Communist Manifesto of Karl Marx and Friedrich Engels. The Manifesto is a philosophical mandate under which individual rights were subsumed for the good of all society on the assumption that the rights of each citizen inhere in the goals of the state. A code of laws was gradually developed from the Manifesto for the purpose of transforming society into a socialist and then a communist order, at which time the laws were supposed to cease because the new society would function smoothly without the need for rules and regulations.

In the communist system, commercial and foreign trade is primarily operated by the state. Commercial relationships with state-owned entities are heavily affected by whatever government policy is currently in effect, and a modification of contract terms can be required by a sudden shift in state ideology for purposes of implementing a planned economy. To the extent that you are able to trade with private individuals, you will find that individual rights to contract vary depending on state policies as well because the right of society as a whole prevails over individuals.

Private individuals rarely resort to the communist court system for resolution of commercial disputes. The laws applied tend to have a strong ideological content that is unsuitable for interpreting commercial relations.

Communist court proceedings are open, direct, and heavily reliant on oral testimony and examination. The rules of evidence are minimal, and prior case decisions carry little weight. The court will consider all evidence presented, decide the relative value and importance of the facts, and make determination based on general legal principles and communist ideology.

(International Trade Law [Internet resource] // Wikipedia: The Free Encyclopedia. – URL: https://en.wikipedia.org/wiki/International_trade_law (access date: 10.07.2017). – Title on screen).

Task 1. Which of the international law systems are characterized by the following features?

1. Reliance on precedence established by judges in earlier cases.
2. Juridical decisions based on legal principles set forth in codes and statutes.
3. Are based on contracts and governing the sales of goods and services;
4. Are based on the Law of Islam.
5. Are aimed at crime prevention?

Task 2. Answer the following questions:

- In which countries are their legal systems based on those of their former masters?
- What are most aspects of human behavior governed by under civil law?
- Who are courts typically composed of under civil law?
- What does common law govern?
- What is the role of common law attorneys?
- What are the three key elements of a contract?
- What does the communist Law system originate from?
- What is the essence of K. Marx and F. Engels' Communist Manifesto?
- In what countries is the Communist Law used? What does it govern?
- Which legal systems modified their codes according to European legal models, particularly French or Napoleonic code?
- What is Islamic Law derived from?
- What are environmental regulations in most Muslim countries based on?
- How are crimes categorized according to criminal law? What is their categorization based on?
- What is the difference between a misdemeanor, a felony, and an offence? What is each punishable by?

Task 3. Identify the following statements as “True” or “False”.

1. Employment and Labor regulations are not applicable to foreign citizens.
2. Civil law systems do not use jury trials, except in criminal cases.
3. Both the Koran and the Sunna contain detailed codes of the Muslim religion.
4. Almost all Muslim countries still strictly adhere to the traditional form of Sharia'ah Law.
5. Under civil law, in commercial disputes case precedents are binding.
6. Cuba is one of the few countries in which the Communist law is still used.
7. In the Communist systems, commercial relationships are heavily affected by the state and the government policy currently in effect.
8. Private individuals and companies prefer the Communist court system for resolutions of commercial disputes.

Task 4. Match the terms (1-11) with their definitions (a - j).

- 1) background check;
- 2) attorney;
- 3) statute;
- 4) well-entrenched;
- 5) precedent;
- 6) lawsuit;
- 7) consideration;
- 8) gratuitous;

- 9) succession law;
- 10) counteroffer

- a) a person who is legally qualified and licensed to represent a person in a legal matter, such as a transaction or lawsuit.
- b) a written law passed by a legislative body.
- c) given or done free of charge.
- d) something firmly established; difficult to challenge or dislodge; (hence) unlikely to change.
- e) a claim or dispute brought to a court of law for adjudication.
- f) a proposal that is made as a result of an undesirable offer.
- g) background check
- h) something of value given by both parties to a contract that induces them to enter into the agreement to exchange mutual performances.
- i) the law regulating inheritance of property, rights and obligations of a deceased person to his/her heirs.
- j) an earlier event or action that is regarded as an example or guide to be considered in subsequent similar circumstances.

Tax Law

Taxation is a means by which governments finance their expenditure by imposing charges on citizens and corporate entities.

Tax law is an area of legal study dealing with the constitutional, common-law, statutory, and regulatory rules that constitute the law applicable to taxation.

Tax law is a body of rules under which a public authority has a claim on taxpayers, requiring them to transfer to the authority part of their income or property. The power to impose taxes is generally recognized as a right of governments. The tax law of a nation is usually unique to it, although there are similarities and common elements in the laws of various countries.

Tax law falls within the domain of public law—i.e., the rules that determine and limit the activities and reciprocal interests of the political community and the members composing it—as distinguished from relationships between individuals (the sphere of private law). *International tax law* is concerned with the problems arising when an individual or corporation is taxed in several countries.

Tax law can also be divided into *material* tax law, which is the analysis of the legal provisions giving rise to the charging of a tax; and *formal* tax law, which concerns the rules laid down in the law as to assessment, enforcement, procedure, coercive measures, administrative and judicial appeal, and other such matters.

What is a tax?

A **tax** is a compulsory charge or other levy imposed on an individual or a legal entity by a state or a functional equivalent of a state (e.g., tribes, secessionist movements or revolutionary movements). Taxes could also be imposed by a subnational entity.

Taxes may be paid in cash or in kind or as corvee labor. In modern capitalist taxation systems, taxes are designed to encourage the most efficient circulation of goods and services and are levied in cash. In kind and corvee taxation are characteristic of traditional or pre-capitalist states and their functional equivalents. The means of taxation, and the uses to which the funds raised through taxation should be put, are a matter of hot dispute in politics and economics, so discussions of taxation are frequently tendentious.

Public finance is the field of political science and economics that deals with taxation (source: Investopedia).

History of Taxation

The development of tax law as a comprehensive, general system is a recent phenomenon. One reason for this is that no general system of taxation existed in any country before the middle of the 19th century.

Political authority has been used to raise capital throughout history. In many pre-monetary societies, such as the Incan empire, taxes were owed in labor. Taxation in labor was the basis of the Feudal system in medieval Europe.

In more sophisticated economies such as the Roman Empire, tax farming developed, as the central powers could not practically enforce their tax policy across a wide realm. The tax farmers were obligated to raise large sums for the government, but were allowed to keep whatever else they raised.

Many Christians have understood the New Testament to support the payment of taxes, through Jesus's words "Render unto Caesar the things that are Caesar's".

There were certain times in the Middle Ages where the governments did not explicitly tax, since they were self-supporting, owning their own land and creating their own products. The appearance of doing without taxes was however illusory, since the government's (usually the Crown's) independent income sources depended on labor enforced under the feudal system, which is a tax exacted in kind.

Many taxes were originally introduced to fund wars and are still in place today, such as those raised by the American government during the American Civil War (1861-1865). Income tax was first introduced into Britain in 1798 to pay for weapons and equipment in preparation for the Napoleonic wars and into Canada in 1917 as a "temporary" tax under the Income War Tax Act to cover government expenses resulting from World War I.

The current income tax in America was set up by Theodore Roosevelt in 1913. It was called The Federal Income Tax and was deducted from incomes at rates varying from 1-7%. But, since then, the American Tax Code has been modified and new taxes have been added, especially over the World War I and II periods. Since World War II, the American Tax Code has increased in size four-fold.

(International Trade Law [Internet resource] // Wikipedia: The Free Encyclopedia. – URL: https://en.wikipedia.org/wiki/International_trade_law (access date: 12.07.2017). – Title on screen).

Task 1. Answer the following questions:

- What is the definition of a tax?
- What bodies can taxes be imposed by?
- What is the purpose of taxation in modern capitalist taxation systems?
- What is international Tax Law concerned with?
- What are two constituent parts of Tax Law?
- What are the historical forms of paying taxes? How were taxes paid in Medieval Europe?
- For what reason were taxes originally introduced?
- What kind of document describes what taxes American people have to pay?

Task 2. Explicate the meanings of the following terms:

- secession;
- subnational entity;
- in kind taxation;
- corvee taxation;
- tax farming;
- pre-monetary society.

Task 3. Identify the following statements as “True” or “False”.

1. Taxes can only be imposed on individuals and legal entities by the state/
2. In kind and corvee taxation are not characteristic of modern capitalist states.
3. Political and economic considerations are irrelevant to taxation.

4. Tax laws as a system have been in operation for centuries in many countries of the world.
5. Tax farmers were allowed to keep some of what they had raised to themselves.
6. Many taxes were originally introduced to fund agricultural production.

Types Of Taxes

A business must pay a variety of taxes based on the company's physical location, ownership structure and nature of the business. Business taxes can have a huge impact on the profitability of businesses and the amount of business investment. Taxation is a very important factor in the financial investment decision-making process because a lower tax burden allows the company to lower prices or generate higher revenue, which can then be paid out in wages, salaries and/or dividends. Business may be required to remit the following types of taxes:

Federal Income Tax (федеральный подоходный налог): a tax levied by a national government on annual income.

State and/or Local Income Tax (государственный или местный подоходный налог): a tax levied by a state or local government on annual income. Not all states have implemented state level income taxes.

Payroll Tax (налог с заработной платы): a tax an employer withholds and/or pays on behalf of their employees based on the wage or salary of the employee. In most countries, including the United States, both state and federal authorities collect some form of payroll tax. In the United States, Medicare and Social Security, also called FICA, make up the payroll tax.

Unemployment Tax (налог на безработицу): a federal tax that is allocated to state unemployment agencies to fund unemployment assistance for laid-off workers.

Sales Tax (налог с продаж): a tax imposed by the government at the point of sale on retail goods and services. It is collected by the retailer and passed on to the state. Sales tax is based on a percentage of the selling prices of the goods and services and is set by the state. Technically, consumers pay sales taxes, but effectively, business pay them since the tax increases consumers costs and causes them to buy less.

Income tax (подоходный налог): a tax imposed on individuals or entities (taxpayers) that varies with the income or profits (taxable income) of the taxpayer. Details vary widely by jurisdiction. Many jurisdictions refer to income tax on business entities as companies tax or corporate tax. Partnerships generally are not

taxed; rather, the partners are taxed on their share of partnership items. Tax may be imposed by both a country and subdivisions. Most jurisdictions exempt locally organized charitable organizations from tax.

Foreign Tax (иностранный налог): an income tax paid to a foreign government on income earned in that country.

Value-Added Tax (налог на добавленную стоимость): a national sales tax collected at each stage of production or consumption of a good. Depending on the political climate, the taxing authority often exempts certain necessary living items, such as food and medicine from the tax.

(Business dictionary [Internet resource] – URL: <http://www.businessdictionary.com/definition/taxation.html>. (access date: 10.07.2017). – Title on screen).

Task 1. Match terms (1 - 8) with their definitions (a - h).

1. Federal Income Tax
2. State and/or Local Income Tax
3. Payroll Tax
4. Unemployment Tax
5. Sales Tax
6. Income tax
7. Foreign Tax
8. Value-Added Tax

- a) a tax imposed by the government at the point of sale on retail goods and services.
- b) a federal tax that is allocated to state unemployment agencies to fund unemployment assistance for laid-off workers.
- c) a tax imposed on individuals or entities that varies with the income or profits (taxable income) of the taxpayer.
- d) an income tax paid to a foreign government on income earned in that country.
- e) a national sales tax collected at each stage of production or consumption of a good.
- f) a tax levied by a state or local government on annual income.
- g) a tax an employer withholds and/or pays on behalf of their employees based on the wage or salary of the employee.
- h) a tax levied by a national government on annual income.

Company Law

Company law (or the law of **business associations**) is the field of law concerning companies and other business organizations. This includes corporations, partnerships and other associations which usually carry on some form of economic or charitable

activity. The most prominent kind of company, usually referred to as a "corporation", is a "juristic person", i.e. it has separate legal personality, and those who invest money into the business have limited liability for any losses the company makes, governed by corporate law. The largest companies are usually publicly listed on stock exchanges around the world. Even single individuals, also known as sole traders may incorporate themselves and limit their liability in order to carry on a business. All different forms of companies depend on the particular law of the particular country in which they reside.

The law of business organizations originally derived from the common law of England, but has evolved significantly in the 20th century.

(Business dictionary [Internet resource] – URL: <http://www.businessdictionary.com/efinition/taxation.html>. (access date: 15.07.2017). – Title on screen).

Task 1. Ask and answer 5 questions about Corporate Law based on the information in the above text.

Task 2. Match terms (1 – 6) with their definitions (a – f).

1. Juristic/juridical person.
 2. Charitable activities.
 3. Liability.
 4. Stock exchange.
 5. Sole trader.
 6. Publicly listed company.
- a) a company whose shares are traded on the stock market:
 - b) a business structure whereby one individual runs and owns the whole business.
 - c) a market in which securities are bought and sold.
 - d) Entity (such as a firm) other than a natural person (human being) created by law and recognized as a legal entity having distinct identity, legal personality, and duties and rights.
 - e) the state of being responsible for something, especially by law.
 - f) unpaid efforts aimed at helping and supporting people who are ill very poor, or who have a disability.

Intellectual Property Law

What is Intellectual Property?

Intellectual property (IP) refers to creations of the mind, such as inventions; literary and artistic works; designs; and symbols, names and images used in commerce.

Intellectual property (IP) refers to creations of the intellect for which a monopoly is assigned to designated owners by law.

Intellectual property rights (IPRs) are the rights granted to the creators of IP, and include trademarks, copyright, patents, industrial design rights, and in some jurisdictions trade secrets. Artistic works including music and literature, as well as discoveries, inventions, words, phrases, symbols, and designs can all be protected as intellectual property.

IP is protected in law by, for example, patents, copyright and trademarks, which enable people to earn recognition or financial benefit from what they invent or create. By striking the right balance between the interests of innovators and the wider public interest, the IP system aims to foster an environment in which creativity and innovation can flourish.

Types of Intellectual Property

Copyright

Copyright is a legal term used to describe the rights that creators have over their literary and artistic works. Works covered by copyright range from books, music, paintings, sculpture and films, to computer programs, databases, advertisements, maps and technical drawings.

Patents

A patent is a form of right granted by the government to an inventor, giving the owner the right to exclude others from making, using, selling, offering to sell, and importing an invention for a limited period of time, in exchange for the public disclosure of the invention. An invention is a solution to a specific technological problem, which may be a product or a process and generally has to fulfil three main requirements: it has to be new, not obvious and there needs to be an industrial applicability.

A patent is an exclusive right granted for an invention. Generally speaking, a patent provides the patent owner with the right to decide how - or whether - the invention can be used by others. In exchange for this right, the patent owner makes technical information about the invention publicly available in the published patent document.

Trademarks

A trademark is a sign capable of distinguishing the goods or services of one enterprise from those of other enterprises. Trademarks date back to ancient times

when craftsmen used to put their signature or "mark" on their products. A copyright gives the creator of an original work exclusive rights to it, usually for a limited time. Copyright may apply to a wide range of creative, intellectual, or artistic forms, or "works". Copyright does not cover ideas and information themselves, only the form or manner in which they are expressed. A trademark is a recognizable sign, design or expression which distinguishes products or services of a particular trader from the similar products or services of other traders.

Trade dress

Trade dress is a legal term of art that generally refers to characteristics of the visual and aesthetic appearance of a product or its packaging (or even the design of a building) that signify the source of the product to consumers.

Industrial designs

An industrial design constitutes the ornamental or aesthetic aspect of an article. A design may consist of three-dimensional features, such as the shape or surface of an article, or of two-dimensional features, such as patterns, lines or color. An industrial design right (sometimes called "design right" or *design patent*) protects the visual design of objects that are not purely utilitarian. An industrial design consists of the creation of a shape, configuration or composition of pattern or color, or combination of pattern and color in three-dimensional form containing aesthetic value. An industrial design can be a two- or three-dimensional pattern used to produce a product, industrial commodity or handicraft.

Geographical indications

Geographical indications and appellations of origin are signs used on goods that have a specific geographical origin and possess qualities, a reputation or characteristics that are essentially attributable to that place of origin. Most commonly, a geographical indication includes the name of the place of origin of the goods.

Trade secrets

A trade secret is a formula, practice, process, design, instrument, pattern, or compilation of information which is not generally known or reasonably ascertainable, by which a business can obtain an economic advantage over competitors and customers. There is no formal government protection granted; each business must take measures to guard its own trade secrets (e.g., Formula for Coca-Cola).

(Business dictionary [Internet resource] – URL: <http://www.businessdictionary.com/efinition/taxation.html> (access date: 16.07.2017). – Title on screen).

Task 1. Find in the text the answers to the following questions?

- What does Intellectual Property (IP) refer to?
- What is meant by “creations of the mind”?
- What can be protected by law as IP?
- What do IP rights grant?
- What are the types of IP?

Task 2. Match the (1 - 7) types of IP to their definitions (a - g).

1. Trademarks.
2. Copyright.
3. Geographical indications
4. Patents.
5. Trade secrets.
6. Industrial designs.
7. Trade dress.

- a) the right that creators have over their literary and artistic works;
- b) information which is not generally known or easily ascertainable, by which a business can obtain an economic advantage over competitors and customers.
- c) signs used on goods that have a specific geographical origin that are essentially attributable to that place of origin.
- d) characteristics of the visual and aesthetic appearance of a product that signify the source of the product to consumers.
- e) a sign capable of distinguishing the goods or services of one enterprise from those of other enterprises
- f) an exclusive right granted by the government to the inventor giving the owner the right to exclude others from making, using, selling his invention.
- g) something that constitutes the ornamental or aesthetic aspect of an article, such as shape, configuration or composition of pattern or color in three-dimensional form.

Morality behind IP rights

According to Article 27 of the Universal Declaration of Human Rights, "everyone has the right to the protection of the moral and material interests resulting from any scientific, literary or artistic production of which he is the author", although the relationship between intellectual property and human rights is a complex one,^lthere are moral arguments for intellectual property.

The arguments that justify intellectual property fall into *three major categories*. Personality theorists believe intellectual property is an extension of an individual.

Utilitarians believe that intellectual property stimulates social progress and pushes people to further innovation. Lockeans argue that intellectual property is justified based on deservedness and hard work.

Various moral justifications for private property can be used to argue in favor of the morality of intellectual property, such as:

1. *Natural Rights / Justice Argument*: this argument is based on Locke's idea that a person has a natural right over the labour and/or products which is produced by his/her body. Appropriating these products is viewed as unjust. It is possible to apply his argument to intellectual property rights, in which it would be unjust for people to misuse another's ideas. Locke's argument for intellectual property is based upon the idea that laborers have the right to control that which they create. They argue that we own our bodies which are the laborers, this right of ownership extends to products of our mind that we create. Thus, intellectual property ensures this right when it comes to production.
2. *Utilitarian-Pragmatic Argument*: according to this rationale, a society that protects private property is more effective and prosperous than societies that do not. Innovation and invention in 19th century America has been attributed to the development of the patent system. By providing innovators with "durable and tangible return on their investment of time, labor, and other resources", intellectual property rights seek to maximize social utility. The presumption is that they promote public welfare by encouraging the "creation, production, and distribution of intellectual works". Utilitarians argue that without intellectual property there would be a lack of incentive to produce new ideas. Systems of protection such as Intellectual property rights optimize social utility.
3. *"Personality" Argument*: European intellectual property law is shaped by the notion that ideas are an "extension of oneself and of one's personality". Personality theorists argue that by being a creator of something one is inherently at risk and vulnerable for having their ideas and designs stolen and/or altered. Intellectual property protects these moral claims that have to do with personality.
(Source: Wikipedia)

(Business dictionary [Internet resource]. – URL : <http://www.businessdictionary.com/efinition/taxation.html> (access date: 17.07.2017). – Title on screen).

Task 1. Name three theories that provide moral arguments for IP. Summarize the focal point of each theory.

Task 2. Explain the essence of

1. The Natural/Rights Justice Argument.
2. Utilitarian Pragmatic Argument.
3. Personality Argument. Business Ethics

Business Ethics

Business ethics (also known as **corporate ethics**) is a form of applied ethics or professional ethics that examines ethical principles and moral or ethical problems that arise in a business environment. It applies to all aspects of business conduct and is relevant to the conduct of individuals and entire organizations. These ethics originate from individuals, organizational statements or from the legal system.

Business ethics refers to contemporary organizational standards, principles, sets of values and norms that govern the actions and behavior of an individual in the business organization. Business ethics has normative and descriptive dimensions. As a corporate practice and a career specialization, the field is primarily normative. Academics attempting to understand business behavior employ descriptive methods. The range and quantity of business ethical issues reflects the interaction of profit-maximizing behavior with non-economic concerns.

Interest in business ethics accelerated dramatically during the 1980s and 1990s, both within major corporations and within academia. For example, most major corporations today promote their commitment to non-economic values under headings such as ethics codes and social responsibility charters.

Adam Smith said, "People of the same trade seldom meet together, even for merriment and diversion, but the conversation ends in a conspiracy against the public, or in some contrivance to raise prices. "Governments use laws and regulations to point business behavior in what they perceive to be beneficial directions. Ethics implicitly regulates areas and details of behavior that lie beyond governmental control. The emergence of large corporations with limited relationships and sensitivity to the communities in which they operate accelerated the development of formal ethics regimes.

(Business ethics [Internet resource] // Wikipedia: The Free Encyclopedia. – URL: https://n.wikipedia.org/wiki/Business_ethics (access date: 12.07.2017). – Title on screen).

Task. Answer the following questions.

1. What is another term for Business Ethics?
2. What does business ethics apply to?
3. What are the normative and descriptive dimensions of business ethics?

Corporate law

Corporate law (also known as **business law** or **enterprise law** or **company law** or **trade law** or **commercial law**) is the body of law that applies to the rights, relations, and conduct of persons and businesses engaged in commerce, merchandising, trade, and sales.¹

It studies how shareholders, directors, employees, creditors, and other stakeholders such as consumers, the community, and the environment interact with one another. Corporate law is a part of a broader companies law (or law of business associations). It is often considered to be a branch of civil law and deals with issues of both private law and public law.

Other types of business associations can include partnerships (in the UK governed by the Partnership Act 1890), or trusts (like a pension fund), or companies limited by guarantee (like some community organizations or charities). Under corporate law, corporations of all sizes have separate legal personality, with limited or unlimited liability for its shareholders. Shareholders control the company through a board of directors which, in turn, typically delegates control of the corporation's day-to-day operations to a full-time executive. Corporate law deals with firms that are incorporated or registered under the corporate or company law of a sovereign state or their subnational states. The four defining characteristics of the modern corporation are:

- Separate legal personality of the corporation (access to tort and contract law in a manner similar to a person)
- Limited liability of the shareholders (a shareholder's personal liability is limited to the value of their shares in the corporation)
- Shares (if the corporation is a public company, the shares are traded on a stock exchange)
- Delegated management; the board of directors delegates day-to-day management of the company to executives

Corporate law is often divided into corporate governance (which concerns the various power relations within a corporation) and corporate finance (which concerns the rules on how capital is used).

In many developed countries outside of the English speaking world, company boards are appointed as representatives of both shareholders and employees to "codetermine" company strategy.

Corporate Crime

In criminology, **corporate crime** refers to crimes committed either by a corporation (i.e., a business entity having a separate legal personality from the natural persons that manage its activities), or by individuals acting on behalf of a corporation or other business entity (see vicarious liability and corporate liability). Some negative behaviours by corporations may not actually be criminal; laws vary between jurisdictions. For example, some jurisdictions allow insider trading.

Corporate crime overlaps with:

- white-collar crime, because the majority of individuals who may act as or represent the interests of the corporation are white-collar professionals;
- organized crime, because criminals may set up corporations either for the purposes of crime or as vehicles for laundering the proceeds of crime. The world's gross criminal product has been estimated at 20 percent of world trade. (de Brie 2000); and
- state-corporate crime because, in many contexts, the opportunity to commit crime emerges from the relationship between the corporation and the state.

(Business ethics [Internet resource] // Wikipedia: The Free Encyclopedia. – URL: https://en.wikipedia.org/wiki/Business_ethics (access date: 18.07.2017). – Title on screen).

Task 1. Study the text Corporate Law and do the following:

- name some other terms Corporate Law goes by;
- give a definition of Corporate Law;
- explain the kind of relationship Corporate Law regulates;
- name the two kinds of entities business associations include;
- give examples of “companies limited by guarantee”;
- explain how shareholders control the company and who controls the company's day-to-day activities;
- name the four defining characteristics of the modern corporation;
- explain the idea of “corporate governance” and “corporate finance”;
- explain the principle which underlies appointment of the company board in most developed countries;
- explain the concept of Corporate Crime;

- name three varieties of crime Corporate Crime overlaps with and explicate the nature of each overlap.

Task 2. Make up sentences based on the content of the text using the following phrases and expressions:

- to be known as...;
- to interact with one another;
- a body of law that applies to...;
- to be part of...;
- to control something through something;
- to delegate control to somebody;
- to be limited to...;
- to “co-determine” something;
- separate legal personality;
- a board of directors;
- a full-time executive;
- the defining characteristics.

Legal Issues with Regard to Business Operations and Investment in Ukraine

(from the Organization for Economic Cooperation and Development (OECD) Report on the European Union/OECD supported project “ Improving the Conditions for Enterprise development and the Investment Climate for Domestic and International Investors in Ukraine”)

The OECD is a forum in which governments compare and exchange policy experiences, identify good practices in light of emerging challenges, and promote decisions and recommendations to produce better policies for better lives. The OECD’s mission is to promote policies that improve economic and social wellbeing of people around the world.

Ukraine has made good progress across a broad front of legal and regulatory issues concerning the general business climate, but the country still needs to address major challenges. From the perspective of investors and legal analysts, a lack in consistency and coherence of legislation can affect investment decisions. Another issue is the institutional capacity of Ukrainian authorities and the judiciary to implement the legislation. The Report reviews these issues in important areas of legislation and puts forward suggestions for improvement.

Civil Legislation

On 1 January 2004, Ukrainian civil legislation underwent a fundamental transformation. The adoption of new Civil and Commercial Codes signified a new age for the national legal system, as these two legislative acts became the new basis

for the development of some of the key legal spheres in Ukraine. There is a downside to this, however, because any defects in the Codes will be magnified in their importance through the promulgation of subordinate legislation built upon them. That is the reason why the Civil and Commercial Codes must be unambiguous, clear and flawless, and consistent with each other.

Months of experience in using the Codes suggest that they are in need of significant improvement. The potential for conflicts, both internal to the Codes and among the Codes and other laws, is substantial. The Survey and the Roundtable focused on the following major problems with the Codes:

- Each Code contains provisions that conflict with other provisions of the same Code. As examples, private sector representatives cited conflicting requirements for the form that contracts should take and conflicting rules on identifying the moment various types of contracts take legal effect.
- Substantial conflicts exist between many provisions of the Civil and Commercial Codes that regulate the same issues. For example, some corporate forms recognized in the Civil Code are not recognized by the Commercial Code, and vice versa.
- Numerous conflicts exist between provisions of the Codes and subordinate laws. For example, the Civil Code requires a contract, to which a legal entity is party, to bear the legal entity's corporate seal in order to be valid. This requirement undermines the effectiveness of Ukraine's new laws on the subjects of electronic documents and digital signatures.
- Some good ideas contained in the Codes cannot be implemented in practice because of gaps within the subordinate legislation. For example, the Civil Code requires that purchases of land be registered with a government agency, in accordance with an unnamed law, before a buyer can obtain title. Such registrations theoretically should help to bring order to the country's real estate market, simplify the process of title searching, etc. However, no government agency has yet been empowered to register such purchases of land, and no law on the procedure for registration has been passed.

The above problems hinder the normal operation of businesses in most spheres of the economy, rendering the legal system incapable of regulating certain relationships and protecting the interests of participants in the economy. Moreover, the large number of legislative gaps in Ukrainian civil legislation gives broad grounds for regulatory agencies and courts to interpret the meanings of the laws and facilitates corruption among the regulators and unfair competition among business competitors. In this

regard, the Commercial Code appears to present an obstacle to the development of the free market in Ukraine because its nature and methods of regulation do not support Ukraine's nascent market economy. For the above reasons, Ukrainian civil legislation requires improvements.

(Legal issues with regard to business operations and investment in Ukraine [Internet resource]. – URL: <https://www.oecd.org/countries/ukraine/34514482.pdf>. (access date: 18.07.2017). – Title on screen).

Task 1. Find in the text the English equivalents of the following terms:

- положения (закона);
- право собственности на землю;
- принять закон;
- электронная подпись;
- подзаконные акты;
- законодательный акт;
- способствовать коррупции;
- рынок недвижимости;
- рыночная экономика;
- препятствие на пути создания свободного рынка;
- противоречивые требования;
- конкуренция.

Task 2. Which of the following major challenges Ukraine faces in the improvement of the general business climate in the country are NOT mentioned in the Report?

- Incapacity of the Ukrainian authorities and the judiciary to implement the legislation.
- Lack of political will on the part of the government to fight bribery and corruption.
- Lack of consistence and coherence of legislation.

Task 3. Answer the following questions.

1. What sort of criticism is expressed in the Report concerning the Civil Law Codes?
2. What contradictions in the Civil Code are pointed out in the Report?
3. What suggestions for improvement of the Ukrainian Civil legislation does the Report put forward?

Company Law in Ukraine

The OECD's Investment Policy Review of Ukraine noted several weaknesses in Ukraine's company law regulation, embodied in the Law on Enterprises and the Law

on Companies. Ukraine has repaired some of these problems by annulling the Law on Enterprises. Yet, serious problems with Ukraine's company laws continue to disrupt the economic life of the country.

The businesses surveyed feel that Ukrainian company laws can be improved if the following three issues are properly addressed:

- how to resolve overlapping and uncoordinated provisions of the Civil and Commercial Codes that regulate the same issues; clarifications of ambiguous terminology; and problems with the effective application of many of the Codes' important provisions;
- how to possibly remove incongruous provisions and legislative gaps in the Law on Companies, which is the primary Ukrainian law regulating companies; and
- how to possibly remove impractical and unreasonable provisions found in the Codes.

All of these problems hinder enterprise development and business operations in Ukraine. They often create bureaucratic obstacles to the free operation of companies, open the door to unscrupulous competitors using legal loopholes to compete unfairly and create a fertile ground for corruption to grow within government agencies and the courts.

(Legal issues with regard to business operations and investment in Ukraine [Internet resource]. – URL: <https://www.oecd.org/countries/ukraine/34514482.pdf>. (access date: 18.07.2017). – Title on screen).

Task 1. Answer the following questions.

1. What has the annulling the Law on Enterprises help to repair?
2. What issues are to be addressed in order to improve Ukrainian company laws?
3. How do the problems in the Ukrainian legislation pointed out in the Report hinder the enterprise development and business operations in Ukraine?

Task 2. Characterize the current situation with the Ukrainian Company Law using the following terms and expressions:

- to disrupt the economic life of the country;
- overlapping and uncoordinated provisions;
- to remove legislative gaps;
- to address issues/problems;
- to hinder enterprise development;
- to create bureaucratic obstacles;

- unscrupulous competitors;
- create a fertile ground for corruption.

Antimonopoly Law in Ukraine

Fair competition is essential to any healthy market economy. Antimonopoly laws seek to ensure that business enterprises develop best and operate most efficiently in an atmosphere of free and fair competition. For these reasons, Ukraine has created a legislative basis for protecting competition and established an independent state body responsible for this sphere of law – the Antimonopoly Committee of Ukraine (“AMC”). Antimonopoly law in Ukraine thoroughly regulates many aspects related to protecting and monitoring competition in Ukraine. It also provides a mechanism for preventing and eliminating monopolistic and unfair competitive acts. In general, Ukraine’s antimonopoly laws reflected the philosophies expressed in European Union and other Western antimonopoly laws fairly well.

A few issues have been identified however as requiring significant reform:

- clarifying ambiguous and limiting overbroad definitions of violations;
- reviewing the rules against coordinated actions and economic concentrations; and
- eliminating conflicts between certain provisions of Ukraine’s Commercial Code and its antimonopoly laws. For example, Article 30 of the Commercial Code seems to ban coordinated actions between companies outright, whereas the antimonopoly laws only subject such actions to regulatory review, and only in certain instances. And Article 126 of the Commercial Code calls for Antimonopoly Committee regulation of all acquisitions of control over Ukrainian companies, whereas the antimonopoly laws again regulate only transactions that meet certain thresholds.

So, the general conclusion seems to be that the Antimonopoly Committee’s internal policy is to ignore the Commercial Code where it conflicts with the antimonopoly laws and to prevent other government agencies from attempting to enforce it.

(Legal issues with regard to business operations and investment in Ukraine [Internet resource]. – URL: <https://www.oecd.org/countries/ukraine/34514482.pdf>. (access date: 18.07.2017). – Title on screen).

Task 1. Identify the following statements as “True” or “False”, according to the content of the above text.

1. The antimonopoly laws in Ukraine reflect the philosophy of the European Union and other Western antimonopoly laws.
2. Fair competition is desirable but not essential to a healthy market economy, according to the Report.

3. Antimonopoly law in Ukraine protects and monitors competition, but does not provide a mechanism for preventing and eliminating monopolistic competitive acts.

4. The Antimonopoly Committee's internal policy is to observe the Commercial Code, even though it conflicts with the antimonopoly laws.

5. To ensure that business enterprises operate most efficiently, Ukraine has established an independent state body responsible for protecting competition.

Task 2. Answer the following questions.

1. What has Ukraine done in order to create an atmosphere of free and fair competition in the country?

2. What do Ukrainian antimonopoly laws ensure?

3. What is the Antimonopoly Committee of Ukraine responsible for?

4. What three issues of the Ukrainian Antimonopoly Law require significant reform, according to the OECD Report?

Tax Legislation in Ukraine

Taxpayers are:

- Residents receiving either income originating from the territory of Ukraine or foreign income.
- Non-residents receiving income originating from the territory of Ukraine.

A person is a tax resident in Ukraine if he has a place of residence in Ukraine. If the person has a permanent place of residence in Ukraine and another country, the person is deemed to be resident of Ukraine if his center of vital interests is in Ukraine, or if he stays in Ukraine at least 183 days during the tax year (calendar year). This is the general rule which is subject to any features provided by the Agreement of avoidance of double taxation.

Personal Tax Deduction in Ukraine

A resident taxpayer may claim a deduction from annual taxable income for a limited amount of documented expenses incurred in the reporting year for:

- Secondary professional or higher education of the taxpayer and his family members;
- Donations or charitable contributions to non-profit organizations;
- Cost of paid services with regard to medical treatment of the taxpayer or a member of his family of the first degree of kindred.

Corporate profit taxation in Ukraine Income Taxes

Ukrainian entities and foreign entities doing business in Ukraine through a permanent establishment are liable for corporate profit tax. The Corporate Tax Law provides for the taxation of the following persons:

- Legal entities organized under the laws of Ukraine and which carry out business in Ukraine;
- Foreign entities which get a profit from sources in Ukraine (the profit arises from activities performed or property located in Ukraine, in case of dividends, interest, royalties and other passive income, the income is paid by a resident of Ukraine)
- Non-resident legal entities which carry out business activities on the territory of Ukraine through a permanent establishment;

The corporate Tax Law established a basic corporate tax rate of 18% in 2014.

Software industry entities pay only 5% tax.

This is a standard rate from the net income for the entities and natural persons - private entrepreneurs.

Insurance companies and agricultural producers pay reduced corporate tax rate subject to terms.

Small legal entities may choose the simplified taxation paying up to 5% of their turnover.

There are tax incentives for companies performing approved investments in priority sectors as defined by law.

Approved investments are exempt from corporate income tax in the years 2014 to 2017. For the years 2018 to 2022 the corporate income tax rate is 8%.

Payments to non-residents are subject to tax withholding rates as follows:

- Dividend - 15%
- Interest - 15%
- Royalties - 15%
- Technical Services – 15%

(Ukraine Tax Laws Tax System [Internet resource] // WorldWide-Tax.com. – URL: www.worldwide-tax.com/ukraine/ukraine_taxes.asp (access date: 10.07.2017). – Title on screen).

Task 1. Answer the following questions.

1. What persons are liable to taxation in Ukraine?
2. If a person has a permanent place of residence in Ukraine and another country, how can he/she avoid double taxation?

3. For what reason can a resident Ukrainian taxpayer claim a deduction from annual taxable income?
4. What entities are subject to taxation under the Corporate Tax Law of Ukraine?
5. What is the 2014 basic corporate tax rate?
6. What tax is imposed on software industry?
7. What kind of investments are exempt from corporate income tax in the years 2014 - 2017?
8. What corporate income tax rate is to be imposed on that kind of investments for the years 2018 - 2022?
9. How are payments to residents taxed depending on the nature of their activities?

Task 2. Find in the above text the English equivalents of the following Russian terms:

- налоговое законодательство;
- налогооблагаемый доход;
- налогоплательщик;
- двойное налогообложение;
- налог на корпоративную прибыль;
- благотворительный взнос;
- некоммерческая организация;
- первая степень родства;
- налог на корпоративную прибыль;
- физическое лицо;
- юридическое лицо;
- чистый доход;
- частный предприниматель;
- страховая компания;
- налоговые ставки удержания.

Task 3. Match terms (1 -15) to their definitions (a – p).

1. Legal entity.
2. Natural person.
3. Royalties.
4. Tax legislation.
5. Double taxation.
6. Charitable contribution.
7. The first degree of kindred.
8. Tax deduction.

9. Tax payer.
10. Corporate profit tax.
11. A non-profit organization.
12. Tax withdrawal.
13. Insurance company.
14. Net income.
15. Taxable income.
 - a) the amount of income subject to income taxes; found by subtracting the appropriate deductions (IRA contributions, alimony payments, unreimbursed business expenses, some capital losses, etc.) from adjusted gross income.
 - b) gross income from which standard deductions and other allowances have been subtracted.
 - c) an occurrence where the income from the same source is taxed twice before translating into net income;
 - d) a process by which a proposed tax rule or tax change may become law;
 - e) a reduction of income that is able to be taxed and is commonly a result of expenses, particularly those incurred to produce additional income.
 - f) cash or cash equivalent (goods or property) donated to a charitable organization. Though it is commonly in the form of cash, but can also take the form of real estate, motor vehicles, etc.;
 - g) a corporation or an association that conducts business for the benefit of the general public without shareholders and without a profit motive;
 - h) a degree of kindred between two members of a pedigree, with the minimum number of steps to be traced in going from the one to the other;
 - i) an assessment levied by a government on the profits of a company;
 - j) an individual or organization which is legally permitted to enter into a contract, and be sued if it fails to meet its obligations;
 - k) a person who has its own legal personality, i.e. an individual human being, as opposed to a legal person, which may be a private (i.e., business entity or non-governmental organization) or public (i.e., government) organization;
 - l) the balance of gross income remaining after all allowable deductions and exemptions are taken;
 - m) someone who organizes, manages, and assumes the risks of a business or enterprise;
 - n) a business that provides coverage, in the form of compensation resulting from loss, damages, injury, treatment or hardship in exchange for premium payments;
 - o) an income tax withheld from employees' wages and paid directly to the government by the employer, and the amount withheld is a credit against the income taxes the employee must pay during the year;

- p) a sum of money paid to a patentee for the use of a patent or to an author or composer for each copy of a book sold or for each public performance of a work;
- q) wages, salaries, bonuses, commissions and tips, that are eligible to taxation.

Anti-corruption Legislation in Ukraine

(from the OECD “Round 3 Monitoring of the Istanbul Anti-Corruption Action Plan” Report of March 24, 2015).

Ukraine updated its anti-corruption policy in 2011 and 2014. The latest policy document (Anti-Corruption Strategy for 2014-2017) was for the first time adopted as a law, which may facilitate its better implementation. Both policy documents were not based on substantive research and analysis of the previous efforts. The new strategy better sets priorities and includes indicators measuring its success. It was also developed in close cooperation with the civil society and was preceded by public consultations. The action plan to implement the new Strategy has yet to be approved by the Government.

No regular corruption surveys have been conducted to provide analytical basis for the monitoring of implementation of the anti-corruption strategy and its future updates. Public participation and awareness raising prior to 2014 were largely formalistic and ineffective. The involvement of civil society in anti-corruption and other public policies after the Maidan events have radically evolved: main anti-corruption policy documents were developed with direct participation of NGOs, or were developed by NGOs and civil society experts themselves. This public participation was not formalized through any procedures or mechanisms and was very effective. The civil society became a driving force behind many reforms measures, e.g. the anti-corruption package of laws adopted in October 2014.

After numerous revisions in 2013-2015 Ukraine has finally aligned its criminal law on corruption with applicable international standards. All corruption offences and their elements are now criminalized, including the crime of illicit enrichment. Ukraine also enacted in April 2014 quasi-criminal liability of legal persons, which however lacks autonomous nature and is dependent on prosecution of natural offender. In February 2015 Ukraine introduced civil and criminal law extended confiscation of assets legal origin of which cannot be explained by the perpetrator of corruption crime. Main challenge now lies in the practical enforcement of the new provisions. Capacity of law enforcement agencies, prosecutors and judges need to be

strengthened in this regard though trainings, guidelines and additional resources. Immunity of judges and parliamentarians remains an obstacle for effective prosecutions. However, the report concludes that the main reason for ineffective investigation and prosecution of corruption in Ukraine is not poor legislation but the lack of genuine political will to tackle systemic and high-level corruption. This may change with establishment of the new institutions – the National Anti-Corruption Bureau and the Specialized Anti-Corruption Prosecutor’s Office as envisaged in the laws adopted in the end of 2014 – beginning of 2015. However, it is not clear whether the new institutions will be allowed to function independently and with sufficient resources. The first test for the Ukraine’s authorities to pass is to ensure successful selection of the new institutions’ leadership, which for the first time in Ukraine’s history is to be conducted through an open public competition. One of the examples where law enforcement system of Ukraine failed to produce tangible results is the recovery of assets allegedly stolen by the Yanukovich regime. Ukraine is recommended to step up efforts in obtaining mutual legal assistance in relevant cases, review procedures on assets recovery to ensure that they are effective and allow swift repatriation of stolen assets, raise capacity of the Prosecutor’s General Office and other agencies (notably, the newly established National Anti-Corruption Bureau). It is also important to establish national mechanism for independent and transparent administration of stolen assets recovered from abroad to prevent embezzlement of the returned funds.

To prevent future legal challenges Ukraine should provide constitutional basis for functioning of the new independent anti-corruption agencies (law enforcement and preventive). The whole system of the anti-corruption repression should be safeguarded against illegal interference – it is therefore recommended to ensure operational and institutional autonomy of the specialized anti-corruption prosecutor’s office and to come up with a solution to eliminate existing bottlenecks in the judicial system (e.g. through specialized anti-corruption courts or judges).

(Anti-Corruption Reforms in Ukraine. Round 3 Monitoring of the Istanbul Anti-Corruption Action Plan [Internet resource] / OECD. – 2015. – 264 p. – URL : <https://www.oecd.org/corruption/acn/Ukraine-Round-3-Monitoring-Report-ENG.pdf> (access date 15.07.2017). – Title on screen).

Task 1. Identify the following statements as “True” or “False”.

1. The latest anti-corruption policy document (Anti-Corruption Strategy for 2011-2014) will hardly facilitate better implementation of anti-corruption laws in Ukraine.

2. Anti-Corruption Strategy for 2011-2014 was based on substantial research and analysis of the previous experience of fighting corruption in Ukraine.
3. Anti-Corruption Strategy for 2011-2014 was developed with participation of the civil society and was preceded by public consultations.
4. The action plan to implement the new strategy has already been approved by the Ukrainian government.
5. The involvement of the civil society and public participation in anti-corruption policies remained formalistic and ineffective after the Maidan events.
6. The civil society became a driving force behind anti-corruption reforms after 2014.
7. Even after the revisions of 2012 -2015, the criminal law on corruption still did not correspond to international standards.
8. The main reason for ineffective investigation and prosecution of corruption in Ukraine is poor legislation.
9. The recovery of assets allegedly stolen by the Yanukovich regime is a tangible result of successful anti-corruption law enforcement in Ukraine.

Task 2. Find in the text the English equivalents of the following Russian terms and make up sentences with them based on the content of the above text:

- осуществлять, реализовать (постановления, политику и т.п.);
- предметное исследование;
- устанавливать приоритеты;
- проводить (социологический) опрос;
- контроль (за соблюдением законов и пр.);
- движущая сила;
- пакет законов;
- пересмотр (законодательства и т.п.);
- незаконное обогащение;
- вводить в действие (закон, постановление и пр.);
- юридическое лицо;
- правонарушитель;
- лицо, совершившее преступление;
- ощутимые результаты;
- положения (закона, устава и т.п.);
- возвращение (похищенных ценностей);
- растрата (фондов и пр.);
- узкое (уязвимое) место (в юридической системе и т.п.).

Task 3. Name 3 serious faults the OECD finds with Ukrainian anti-corruption legislation.

Legislation for international contracts: The Lawyer's Point of View

For the most part, you will face the same issues in negotiating domestic contracts as you will when you make agreements with traders in other countries. For example, parties to any commercial contract, whether domestic or international, must consider quality control, compliance with government regulations, protection of intellectual property rights, and dispute resolution. The international aspect of the contract adds a level of complexity to negotiations, performance, and enforcement because the parties are distant, have diverse cultural backgrounds, and are subject to the laws of different countries.

International contracts must be understood within the context of the legal profession. If you should be so unlucky as to be in a crowd of practitioners of the legal profession, there are two words that you will hear spoken over and over again. Without a doubt, it is those two words that have led to the development of the complex language known to the general public as "legalese." No matter what the culture, regardless of the country, legal professionals from around the world live by this two-word creed. Ask them a question, and their eyes will take on a thoughtful gaze, their brow will furrow intently, and they will declare, "It depends" (or the equivalent in their own tongue).

Legal practitioners are trained to consider all options, and therefore they strive to state explicitly every possibility, leaving no room for argument or doubt. For example, if a sales contract requires a buyer to inform a seller that the goods being purchased must meet certain specifications, a question may arise as to the meaning of the word "inform." An attorney for the buyer might say, "it depends." In this case, the seller should have known that the buyer had particular specifications because the seller previously filled five orders for the buyer for the same goods.

Then an attorney for the seller might say, "it depends." In this case, the buyer should have given written instructions because the buyer wrote the specifications on the previous five order forms. Thus, the attorneys might turn the simple phrase "the buyer must inform the seller of any particular specifications for the goods" into legalese: "the buyer, regardless of whether he or she has previously ordered any of the seller's goods to conform with any specifications whatsoever, shall inform, whether in writing, orally, or otherwise, the seller of any and all specifications with

which the buyer demands conformance of the goods that are the subject of this contract".

Cross-Cultural Expectations

Well-drafted contracts can help to ensure that parties who have diverse cultural backgrounds reach a mutual understanding with regard to their rights and obligations. All contracting parties come to the table with individual expectations, which in turn tint their understanding of the terms. What is reasonable to one may not be to the other, in which case mutual understanding—an essential element in the creation of an enforceable contract—is lacking.

The key is in the drafting of the agreement. You should write the provisions to reflect the culture of the foreign party, while at the same time keeping in mind your own requirements. Such drafting requires that you have an understanding of the other party's culture and the extent to which it differs from your own. Your contract provisions may need to be simplified so that they can be clearly understood, particularly if the contract will have to be translated into the other party's own language. You should review the provisions for shorthand phrases, legalese, and slang familiar to you but not to the other party—these provisions should be written in plain terms to ensure mutual understanding.

Further, you will need to determine the extent to which the other party is familiar with international business. If the other party has been trading internationally for some time, he or she is more likely to have gained an understanding of cross-cultural transactions. During your negotiations, you should explore the business history of the other party so that you can draft your contract to the appropriate level of sophistication.

A contract that reflects the cultural expectations of each party is more likely to be performed to the satisfaction of both. Mutual understanding means not only that each party knows its rights and obligations before signing the contract, but that the parties are in complete agreement as to each other's rights and obligations. Disputes typically arise when one party interprets a right or obligation differently than the other party. A contract drafted to ensure mutual understanding of culturally diverse parties will help to avoid, or at least to settle, subsequent disagreements over performance.

10 TIPS TO CULTURAL SUCCESS

- 1) Follow your host's lead.
- 2) Practice fundamental politeness and business courtesies.

- 3) Listen attentively and with interest.
- 4) Keep hand motions and body movement to a minimum.
- 5) Speak firmly, with conviction, and in a warm tone that invites the other party's comments; avoid boisterous talk and slang.
- 6) Personally sign all correspondence.
- 7) Respond promptly to inquiries and orders.
- 8) Ask what language is spoken and arrange for a translator if necessary.
- 9) Avoid generalities and preconceived expectations.
- 10) Laugh at yourself, and be serious when it counts.

(Shippy K. C. A Short Course in International Contracts / K. C. Shippy. – 2-nd ed. – Petaluma : World Trade Press, 2010. – 177 p.).

Task 1. Find in the text the answers to the following questions.

- Does negotiating international contracts differ essentially from negotiating domestic ones?
- Why does the international aspect of the contract add a higher level of complexity to negotiations?
- What is “legalese”?
- What is the importance of well-drafted contracts? What do they ensure?
- What is the essential element in the creation of an enforceable international contract?
- What is the key thing in the drafting of an international contract?
- What should the contractual parties bear in mind while drafting an international contract?
- What do the parties need to determine before drafting an international contract?
- What does “mutual understanding” between the parties to an international contract imply and why is it of vital importance in international negotiations?

Task 2. Study the 10 tips to cultural success in international negotiations and arrange them in the order of importance from your own perspective - from the most important (1) to the least important one (10).

Навчальне видання

ТАРАСОВА Олена Владиславівна

Some Legal Aspects of Business and Economic Activities in Ukraine and Worldwide

Навчальний посібник
для студентів 4–5 курсів факультетів «Бізнес-управління»
та «Соціальний менеджмент»

(англійською мовою)

В авторській редакції
Комп'ютерний набір *О. В. Тарасова*

Підписано до друку 2.10.2017. Формат 60×84/16.
Папір офсетний. Гарнітура «Таймс».
Ум. друк. арк. 2,32. Обл.-вид. арк. 2,05.
Тираж 50 пр. Зам. №

План 2016/17 навч. р., поз. № ? в переліку робіт кафедри

Видавництво
Народної української академії
Свідоцтво № 1153 від 16.12.2002.

Надруковано у видавництві
Народної української академії

Україна, 61000, Харків, МСП, вул. Лермонтовська, 27.