*Draft*

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**CABINET OF MINISTERS OF UKRAINE**

**ORDER**

**of “…” …………… 2017 No. …**

**On Amendments to the Action Plan**

**for Implementation of the Concept for Development of the Gas Production Industry of Ukraine**

To make amendments to the Action Plan for Implementation of the Concept for Development of the Gas Production Industry of Ukraine, as approved by the Order of the Cabinet of Ministers of Ukraine, of December 28, 2016, No. 1079-r, to be restated in the version attached.

The Prime Minister of Ukraine V. GROYSMAN

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| **APPROVEDby the Order of the Cabinet of Ministers of Ukraine of “…” …………… 2017 No. …** |

**Action Plan**

**for Implementation of the Concept for Development of the Gas Production Industry of Ukraine**

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| Measure | Implementation Deadline | Responsible Party |
| Priority measures |
| 1. | Drafting and submission to the Verkhovna Rada of Ukraine a draft Law of Ukraine on amendments to the Tax Code of Ukraine regarding the introduction of a new incentive-based model for taxation of oil and gas producing companies, including the introduction of tax incentives regime for enterprises which operate new wells*OR*Support at the Verkhovna Rada of Ukraine of the draft laws of Ukraine on amendments to the Tax Code of Ukraine regarding the introduction of a new incentive-based model for taxation of oil and gas producing companies (registration No. 5459, 7063) | IV quarter 2017 | Ministry of FinanceMinistry of Economic Development and TradeMinistry of Energy and Coal IndustryState Fiscal Service |
| 2. | Support at the Verkhovna Rada of Ukraine of the draft Law of Ukraine "On Amendments to Certain Legislative Acts of Ukraine Regarding Simplification of Certain Aspects of the Oil and Gas Industry" (registration No. 3096d) | IV quarter 2017 | Ministry of Energy and Coal IndustryMinistry of Environment and Natural ResourcesMinistry of Economic Development and TradeState Regulatory Service |
| 3. | Support at the Verkhovna Rada of Ukraine of the draft Law of Ukraine "On Ensuring Transparency in Extractive Industries" (registration No. 6229) | IV quarter 2017 | Ministry of Energy and Coal IndustryMinistry of Economic Development and TradeMinistry of Environment and Natural ResourcesMinistry of Finance |
| 4. | Drafting and submission to the Cabinet of Ministers of Ukraine of draft legal acts of the Cabinet of Ministers of Ukraine on amendments to the Procedure for Granting Special Permits for Subsoil Use, approved by the Resolution of the Cabinet of Ministers of Ukraine, of May 30, 2011, No. 615; the Procedure for Holding Auctions for the Sale of Special Permits for Subsoil Use, approved by the Resolution of the Cabinet of Ministers of Ukraine, of May 30, 2011, No. 594; the Regulation on the Procedure for Use of Geological Information, approved by the Resolution of the Cabinet of Ministers of Ukraine, of June 13, 1995, No. 423; the Methodology for Determining the Initial Auction Sale Price for Special Permits for Subsoil Use, approved by the Resolution of the Cabinet of Ministers of Ukraine, of October 15, 2004, No. 1374, – with regard to improvement of the procedure and payment for granting special permits for subsoil use in accordance with the Directive 94/22/EC of the European Parliament and of the Council of 30 May 1994 on the conditions for granting and using authorisations for the prospection, exploration and production of hydrocarbons, in order to ensure openness, transparency, cancellation of preferential treatment, transparent approach to establishing the starting price for special permits for subsoil use, ensuring access to geological information and its centralized accounting | IV quarter 2017 | Ministry of Environment and Natural ResourcesState Service for Geology and Mineral ResourcesMinistry of Energy and Coal IndustryMinistry of Economic Development and TradeMinistry of Finance |
| 5. | Support at the Verkhovna Rada of Ukraine of draft laws of Ukraine "On Amendments to Certain Legislative Acts of Ukraine (regarding bringing them in compliance with the Law of Ukraine "On the Natural Gas Market") (registration No. 4868, 5289) | IV quarter 2017 | Ministry of Energy and Coal IndustryNational Energy and Public Utilities Regulatory Commission (upon consent)Ministry of Economic Development and Trade |
| Basic measures |
| 6. | Drafting and submission to the Cabinet of Ministers of Ukraine, with the subsequent submission to the Verkhovna Rada of Ukraine, of the draft Code of Ukraine on Subsoil (new version), which will ensure the codification of the provisions of the laws of Ukraine "On Oil and Gas", "On Gas (Methane) in Coal Deposits", "On State Geological Service of Ukraine", "On Production Sharing Agreements", the Mining Law of Ukraine, and envisage the following:- including the rights of subsoil use to the special property law, with the respective consequences for the civil law regulation,- the procedure for granting special permits for oil and gas subsoil use on transparent and competitive basis,- a limited time period for the implementation of geological study and geological exploration programs; withdrawal of the subsoil use rights in the cases of failure to implement work programs, - a balanced set of powers of local self-government authorities by means of granting the right to issue special permits for subsoil use of the resources of local significance and cancelling the requirement to approve special permits for subsoil use of the resources of national significance, - simplification of permitting documents (in particular, cancellation of the requirement for registration of oil and gas mining allotment) to prevent duplication in permitting documents,- improvement of the system of control over the subsoil use and penalties for violations | I quarter 2018 | Ministry of Environment and Natural ResourcesState Service for Geology and Mineral ResourcesMinistry of Energy and Coal IndustryMinistry of Economic Development and Trade |
| 7. | Drafting and submission to the Cabinet of Ministers of Ukraine of draft legal acts of the Cabinet of Ministers of Ukraine on amendments to the Methodology for Determining the Cost of Geological Information Produced at the Expense of the State Budget, approved by the Resolution of the Cabinet of Ministers of Ukraine, of December 10, 2008, No. 1075 | ІІ quarter 2018 | Ministry of Environment and Natural ResourcesState Service for Geology and Mineral ResourcesMinistry of Energy and Coal IndustryMinistry of Economic Development and TradeMinistry of Finance |
| 8. | Development and submission to the Cabinet of Ministers of Ukraine of draft legal acts of the Cabinet of Ministers of Ukraine on the procedure for information disclosure by economic entities operating in the extractive industries, and the procedure for consideration, by the central executive authority that ensures implementation of the state policy in the field of energy and coal industry, of the cases of violation of the legislation on information disclosure in the extractive industries, as well as the reporting forms (after the adoption of the laws of Ukraine "On Amendments to the Law of Ukraine "On Accounting and Financial Reporting in Ukraine" (regarding improvement of certain provisions)" and "On Ensuring Transparency in Extractive Industries") | ІІ quarter 2018 | Ministry of Energy and Coal IndustryMinistry of FinanceState Fiscal ServiceState Statistics Service |
| 9. | Work on the issue of developing software for electronic reporting by the entities subject to information disclosure in the extractive industries, as well as publication of the data received in open data format | ІІ quarter 2018 | Ministry of Energy and Coal IndustryState Agency for Electronic GovernanceMinistry of FinanceState Fiscal Service |
| 10. | Drafting and submission to the Verkhovna Rada of Ukraine of a draft Law of Ukraine on amendments to the Land Code of Ukraine regarding simplification of the procedures for obtaining land plots for the purpose of subsoil use | ІІI quarter 2018 | Ministry of Environment and Natural ResourcesState Service for Geology and Mineral Resources |
| 11. | Support at the Verkhovna Rada of Ukraine of the draft Law of Ukraine "On Amendments to the Tax Code of Ukraine regarding the establishment of royalty (rent payments) rates for subsoil use for the purpose of minerals extraction under production sharing agreements" (registration No. 3027) | І quarter 2018 | Ministry of FinanceMinistry of Energy and Coal IndustryMinistry of Environment and Natural ResourcesState Service for Geology and Mineral Resources |
| 12. | Drafting and submission to the Cabinet of Ministers of Ukraine, with the subsequent submission to the Verkhovna Rada of Ukraine, of a draft Law of Ukraine on amendments to the Tax Code of Ukraine regarding the accounting of costs for the exploration of mineral resources, as well as the accounting of tax obligations for the payment of royalty (rent payments) for subsoil use to the budgets of local self-government authorities, with further adjustments in the Accounting Standards (Regulations) 33 " Mineral Resources Exploration Costs", approved by the Ministry of Finance Order, of August 26, 2008, No. 1090 | ІІ quarter 2018 | Ministry of FinanceState Fiscal Service |
| 13. | Work on the issue of a higher degree of operational and managerial autonomy of Ukrgazvydobuvannya PJSC in the structure of the Naftogaz of Ukraine NJSC Group, for the purpose of effective and transparent gas sales in the course of further market liberalization, in particular by means of establishing key corporate functions, improvement of corporate governance standards, initiation of technical and commercial analysis of production assets for the purpose of restructuring, gradual implementation of a gas release program for transparent sales of the produced gas at exchanges | І quarter 2018 | Ministry of Energy and Coal IndustryMinistry of Economic Development and TradeUkrgazvydobuvannya PJSC (upon consent)Naftogaz of Ukraine NJSC (upon consent) |
| Strategic measures |
| 14. | Development, in accordance with the recommendations in the EuroGeoSurveys Independent Assessment, of a plan for the implementation of structural and functional reform of central executive authorities responsible for the formation and implementation of the state policy in the field of geological study and rational use of subsoil, to include the following:- reform of the State Service for Geology and Mineral Resources, with the separation of licensing function, other optional functions and powers, and transformation into a full-scale State Geological Survey as a research institution responsible for geological study and conservation of subsoil, with the relevant scientific-informational and analytical functions, - establishing a central executive authority (State Service for Subsoil Use) or defining a structural unit within Ministry of Environment and Natural Resources as an authorized executive authority responsible for permitting (granting special permits for subsoil use) and regulatory activities,- dissolution of the structural units in the State Service for Geology and Mineral Resources with unnecessary permitting functions (such as the State Commission on Deposits of Mineral Resources), with the simultaneous transfer of the functions of expert assessment and evaluation of deposits of mineral resources to the State Geological Survey, - restructuring of the state-owned regional geological enterprises subordinated to the State Service for Geology and Mineral Resources, in particular by means of allocating assets in geological exploration and research, and creating on their basis the branches of the State Geological Survey, as well as transferring the enterprises (assets in search and exploration of mineral deposits, production, processing, sale of minerals and products of their processing, operation of deposits), in particular Burshtyn of Ukraine SE and Nadra Ukrayny NJSC, under the management of the Ministry of Economic Development and Trade or the State Property Fund | ІІ quarter 2018 | Ministry of Environment and Natural ResourcesState Service for Geology and Mineral ResourcesMinistry of FinanceMinistry of Justice |
| 15. | Drafting and submission to the Cabinet of Ministers of Ukraine, with the subsequent submission to the Verkhovna Rada of Ukraine, of the draft Law of Ukraine on amendments to a number of legislative acts regarding the cancellation of approvals for drilling and completing oil and gas wells, consolidation of the functions of various controlling and permitting authorities based on "one-stop shop" principle and work on the issue of introducing a single title document for subsoil use, which will combine environmental, sanitary, permission, engineering and other rights | ІІІ quarter 2018 | Ministry of Economic Development and TradeBetter Regulation Delivery Office (upon consent)State Regulatory ServiceMinistry of Environment and Natural Resources |
| 16. | Work on the issue of establishing, on the basis of Geoinform of Ukraine SRDE, of a center for processing and digitization of geological information, granting the necessary funding (in particular, through international technical assistance projects) for the implementation of relevant projects | ІІ quarter 2018 | Ministry of Environment and Natural ResourcesState Service for Geology and Mineral ResourcesMinistry of Finance |
| 17. | Work on the issue of developing a single informational system for subsoil use and creating a special portal about natural resources of Ukraine for the publication of respective databases, information for investors | ІІ quarter 2018 | Ministry of Environment and Natural ResourcesState Service for Geology and Mineral Resources |
| 18. | Drafting and submission to the Cabinet of Ministers of Ukraine, with the subsequent submission to the Verkhovna Rada of Ukraine, of a draft Law of Ukraine on improving the procedures for the information disclosure on final beneficiaries (regarding the elimination of possibilities for enterprises not to specify beneficiaries, to increase responsibility, to reduce the threshold for equity participation, to expand the requirements for the disclosure of beneficiaries while signing production sharing agreements) and work on the issue of functional improvement of the operation of the United State Register of Legal Entities, Individual Entrepreneurs and Public Organizations of Ukraine | ІІ quarter 2018 | Ministry of Justice |

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*The opinions, findings and recommendations are those of their author or editor and do not necessarily reflect the views of UNDP or SlovakAid.*