

PRIVATIZATION OF STATE AND COMMUNAL PROPERTY UNDER THE CONDITIONS OF MARTIAL LAW

On September 1, 2022, auctions for the privatization of state and municipal property resumed in the Prozorro.Sale system. This became possible due to a number of amendments to the legislation provided for by *the Law of Ukraine № 2468-IX*.

Changes in the privatization process

On August 19, 2022, *The Law of Ukraine № 2468-IX*, dated 28.07.2022, came into force, which introduced the following changes to the privatization procedure:

- ◆ Potential buyers must first send letters of intent to privatize the asset in any form to the SPFU's regional office (for state property) or to the relevant territorial community (for municipal property). *An example of a letter.*
- ◆ Shortened exposure of the lot: **20-25** calendar days (instead of 20-35 calendar days).
- ◆ Increased amount of the guarantee fee (from **10% to 20%** of the starting price).
- ◆ The stages of concluding and paying for contracts have been changed. After the formation of the protocol:

within
10 days

must be signed, approved and made public;

within
20 days

the sale price of the lot must be paid;

within
25 days

an agreement must be concluded.



- ◆ New grounds for disqualification have been added: if the winner fails to sign the protocol or contract on time or fails to pay the sale price.
- ◆ Protocols must be signed with an electronic key (KEP), unless the winner insists on a paper form.
- ◆ The remuneration of the platforms (participation fee) will be deducted from the guarantee fee, and the difference will be credited to the lot payment.

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Documents required to participate in the auction

The Law № 2468-IX also amended the list of documents to be submitted by potential buyers in their bids in the auction process. The mandatory list of documents provided for by the Law of Ukraine "On Privatization of State and of communal property", legal entities and individuals must now add it:

- ◆ a statement that the potential buyer is not subject to the restrictions provided for in Article 8 of the Law of Ukraine "On Privatization of state and municipal property";
- ◆ application for familiarization with the object of privatization.

Documents required to participate in the auction

Privatization is intended to give everyone the opportunity to *buy out state and municipal property* for a fair price and get started, for example, to scale the business.

In particular, privatization will enable farmers to develop their production. According to the Ministry of Economy, auctions for elevator capacities and bakery plants will be published in the near future, as they are in high demand.

The vast majority of these state-owned and municipal facilities are not currently in operation, but they have the infrastructure, equipment, production facilities, and storage facilities to start or resume operations as soon as possible.

