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<http://www.rsf.org/ukraine-independent-tv-station-boss-facing-19-07-2012,43066.html>

Europe/Ex-USSR - Ukraine

"Tax fraud charge"

Independent TV station boss facing "tax evasion" charge

19 July 2012

Reporters Without Borders condemns the harassment of **Mykola Knyazhitsky**, the head of the privately-owned national television station *TVi*. Knyazhitsky is being investigated on a criminal charge of "tax evasion" following a raid on the station by tax inspectors on 12 July.

"This latest form harassment of the independent television station *TVi* is absolutely unacceptable," Reporters Without Borders said. "While we appreciate the importance of tax controls, we deplore the way the tax police raided *TVi*. We call for an investigation into the legality of this operation and we urge the authorities to respect media independence in the run-up to elections."

During the 12 July raid, *TVi* interrupted its regular programming to provide live coverage of the tax inspectors examining its financial documents.

Knyazhitsky is being investigated under article 212 of the criminal code for allegedly evading more than 3 million hryvnias (305,000 euros) in Value Added Tax. He denies the charge and insists that he always submitted tax statements and paid his taxes to the Kiev tax department.

The dispute concerns the VAT on equipment that Knyazhitsky bought for the station when it was launched in 2008. Having paid VAT on the equipment at the time although it was exempt, because necessary for the station's operations, he requested reimbursement, which he failed to obtain. When *TVi* proceeded to deduct this sum from its subsequent tax declarations, no objection was raised during tax inspections and the initiative seemed to have been regarded as legitimate.

However, on 14 April Knyazhitsky announced that *TVi* was being harassed by the tax department and that he had asked the interior minister and the Kiev city government to intervene. The station's taxes were being subjected to very detailed inspections, the latest of which was ordered by the investigative police.

The station has been the target of various forms of harassment for several years. In 2010, [its over-the-air broadcast frequency was withdrawn by court](#) order as a result of an action brought by Inter Media Group, a broadcasting company.

The close attention being paid to *TVi*'s finances violates an undertaking by the tax department in February that its tax inspections would be suspended from 1 April until after the parliamentary elections.

Owned by Konstantin Kagalovsky, a former shareholder in the oil company Yukos, *TVi* is one of the two TV stations that compete with the pro-government station Pershyi Natsionalnyi. It is now facing the possibility of being forced to close.

Around 100 journalists demonstrated outside the attorney-general's office in Kiev today to protest against harassment of the media and, in particular, to show their support for the staff of *TVi*.



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