

# Investor's Guide to Ukraine's Recovery



Please note that this information is in effect as of the date of this document (05/05/2024). This analytical note contains general information taken from public sources and does not constitute professional advice or service.

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## Why Ukraine?

Ukraine is an opportunity for investors with a long-term vision!

### Strategic Location - The Hub of Regional Economy



- ▶ **The Heart of Europe**, a strategic bridge between East and West
- ▶ Access to the Black Sea ensures routes to global maritime pathways
- ▶ **Key economy of Eastern Europe**
- ▶ Access to the EU market (500+ million consumers)

#### Eastern Europe

**250+ million** consumers within a 1 000 km radius

#### EU and neighboring markets

**1000+ million** consumers within a 3 000 km radius

### Investment Potential



#### Trade network

- 25 free trade agreements (47 countries)



#### Advanced infrastructure

- Robust logistics: railways, seaports



#### Natural resources and Agricultural sector

- **30% of the world's black soil reserves** - perfect for agribusiness.
- Leading exporter of grains and sunflower oil.
- Deposits of strategic resources: lithium, titanium, uranium, iron ore.



#### Rapid growth of IT and digital economy

- **One of the largest IT markets in Europe.**
- Ukraine is a **global leader in outsourcing services.**
- Simplified business conditions for IT companies



#### Large-scale market and skilled workforce

- Large consumer market
- High level of technical and engineering education
- Competitive labor costs



#### Government support for business

- Simplified business registration procedure
- **Tax incentives** and public-private partnerships
- Grant programs and support for investments



#### Renewable energy and green transition

- High potential of **solar and wind energy**
- Investments in **hydrogen energy and energy independence**
- Programs to support green transformation along with the EU

## Ukraine's Global Rankings and Indices

To make it easier to decide about investing in Ukraine's economy, we offer you to familiarize with some ratings that partially represent the country's institutional and investment environment.

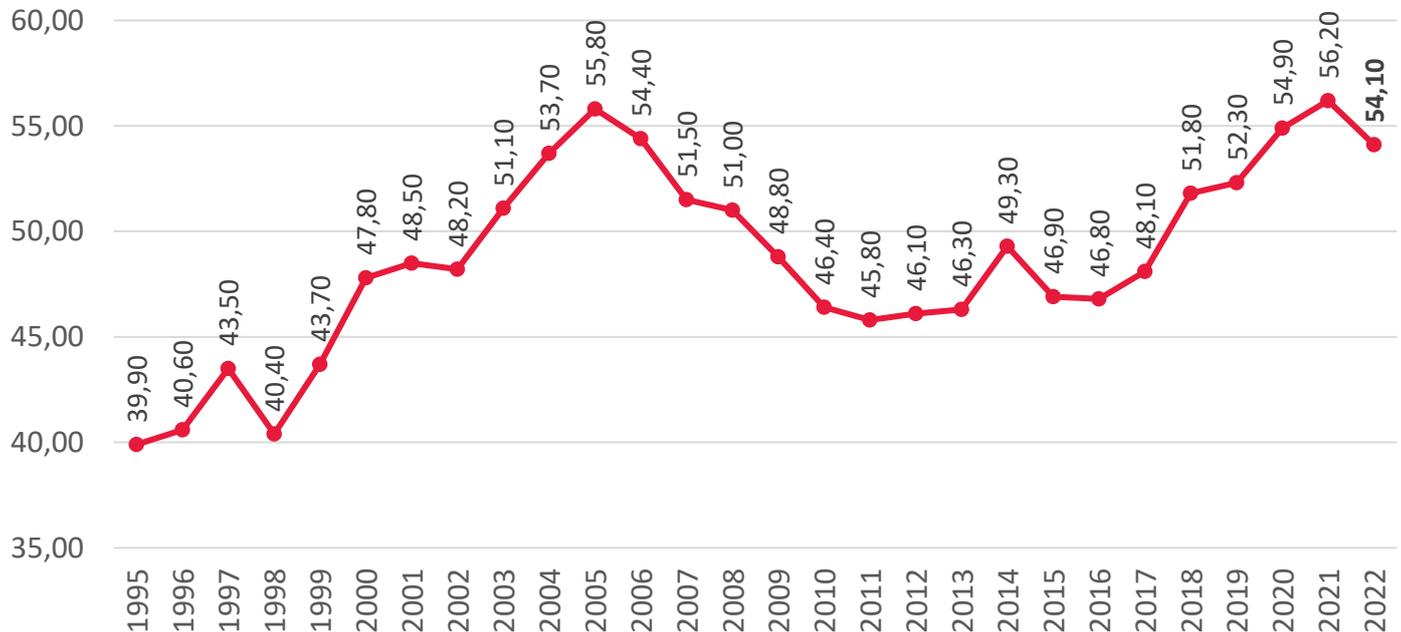
### Index of Economic Freedom

The Heritage Foundation's annual [Index of Economic Freedom](#) measure economic freedom based on 12 quantitative and qualitative factors, grouped into four broad categories, or pillars, of economic freedom:

- ▶ **Rule of Law** (property rights, government integrity, judicial effectiveness);
- ▶ **Government Size** (government spending, tax burden, fiscal health);
- ▶ **Regulatory Efficiency** (business freedom, labor freedom, monetary freedom); and
- ▶ **Open Markets** (trade freedom, investment freedom, financial freedom).

Each of the twelve economic freedoms within these categories is graded on a scale of 0 to 100. A country's overall score is derived by averaging these twelve economic freedoms.

According to the report for 2022 (in 2023-2024, the index was not calculated for Ukraine), Ukraine has an indicator of 54.1 and occupies the position of a country with a largely unfree economy. Ukraine's economy is considered "free" or "mostly free" in terms of tax burden, trade freedom, fiscal health, and monetary freedom.



[Index of Economic Freedom in Ukraine](#)

## The Global Innovation Index

[The Global Innovation Index \(GII\)](#) takes the level of innovation against a background of an economic and geopolitical environment fraught with uncertainty. It reveals the most innovative economies in the world, ranking the innovation performance of around 133 economies while highlighting innovation strengths and weaknesses.

Envisioned to provide the most comprehensive view of innovations, the Index comprises more than 80 indicators, including measures on the political environment, education, infrastructure and knowledge creation of each economy.

In 2024, Ukraine had the best positions in the indicators “knowledge and technology outputs” - 34th place in the ranking, “business sophistication” - 45th place in the ranking, “human capital and research” - 54th place.

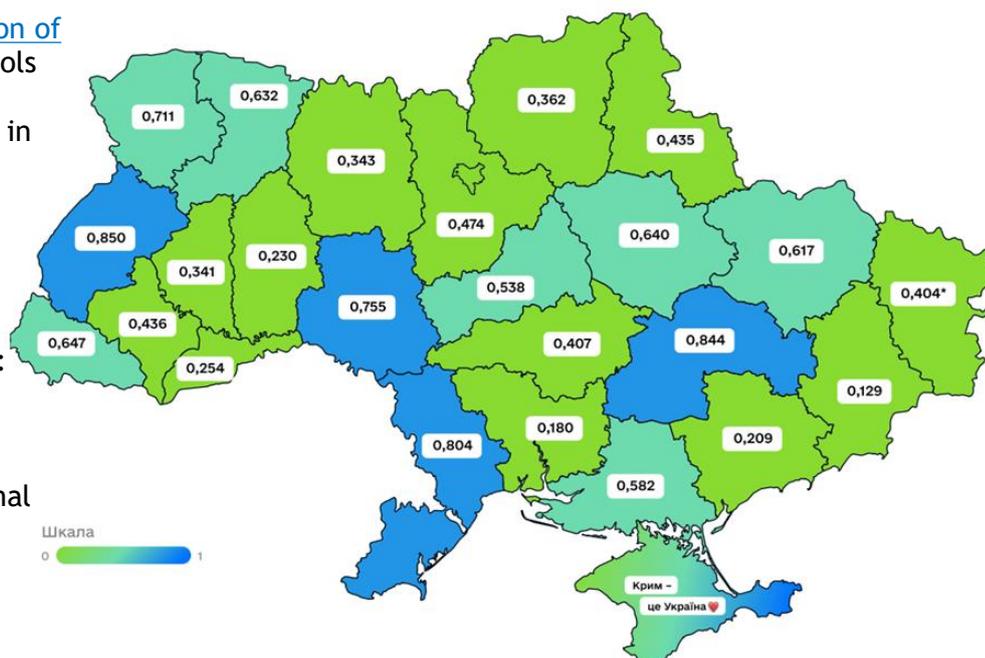
	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Rank	64	56	50	43	47	45	49	57	55	60
Score/ Value	36,5	35,7	37,6	38,5	37,4	36,3	35,6	31	32,8	49,7
<b>Rank</b>										
Institutions	98	101	101	107	96	93	91	97	100	117
Human capital and research	35	40	41	43	51	39	44	49	47	54
Infrastructure	112	99	90	89	97	94	94	82	77	82
Market sophistication	85	75	81	89	90	99	88	102	104	85
Business sophistication	78	73	51	46	47	54	53	48	48	45
Knowledge and technology outputs	34	33	32	27	28	25	33	36	46	34
Creative outputs	75	58	49	45	42	44	48	63	37	68

## The Global Innovation Index (GII)

### Index of digital transformation of Ukrainian regions

[The Index of Digital Transformation of Ukrainian Regions](#) is one of the tools for measuring the processes of informatization and digitalization in 24 regions, allows to study the capacity of authorities to make digital decisions, and determines the level of digital culture among citizens.

The index contains 9 main blocks: Institutional Capacity; Internet Development; ASC Development; Implementation of the Paperless Regime; Digital Education; Regional Business Card; Penetration of Basic Electronic Services; Sectoral Digital Transformation; Individual CDTO projects.



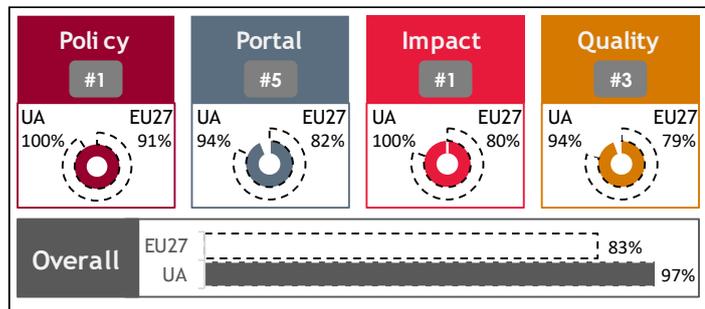
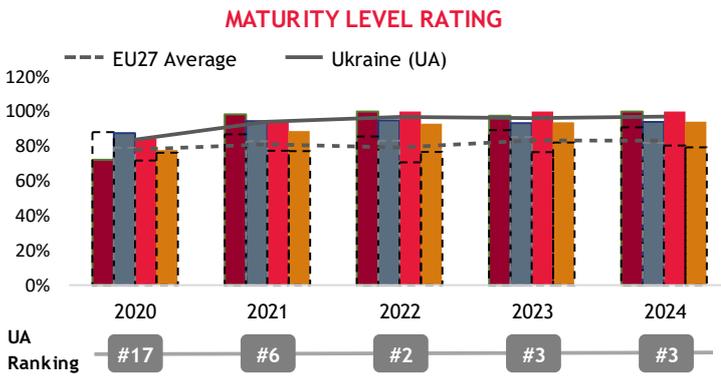
According to the survey in 2024, the average score of the Sectoral Digital Transformation is 0.497 of 1 possible. The highest scores are in the following sub-indices: Penetration of Basic Electronic Services (0.759), Institutional Capacity (0.687), and Internet Development (0.686). The lowest score was in the sub-index Implementation of Paperless Regime (0.421), which indicates the need to strengthen efforts in this area next year.

## Open Data Maturity

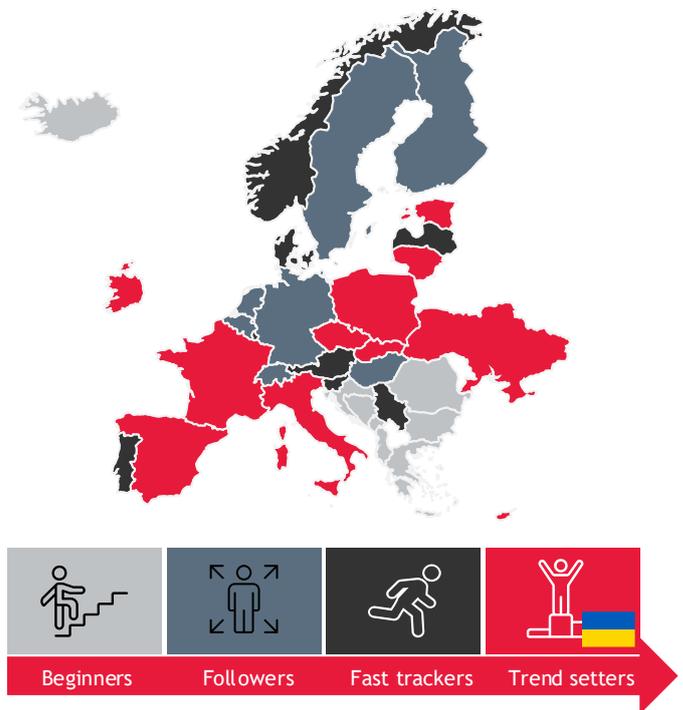
The **Open Data Maturity (ODM)** assessment is an annual exercise conducted to measure the progress of European countries in promoting and facilitating the availability and reuse of public sector information. Experts evaluate over 165 indicators grouped into four categories:

- ▶ Open data policy
- ▶ Operation of the national portal
- ▶ Impact of open data on key areas of life
- ▶ Quality of published data.

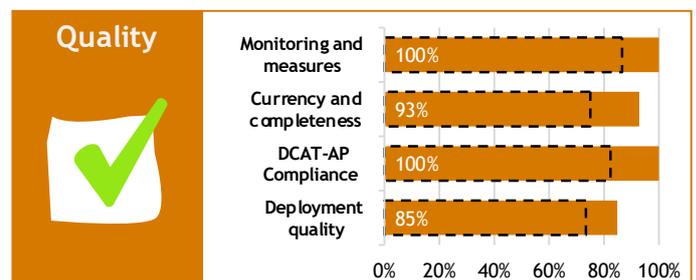
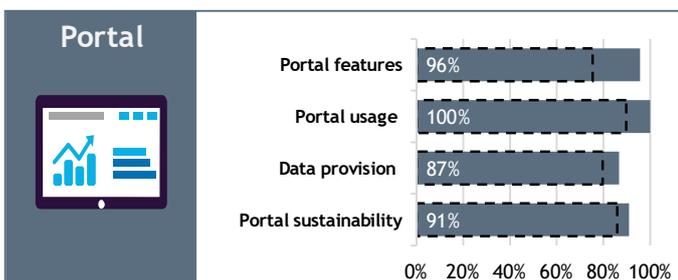
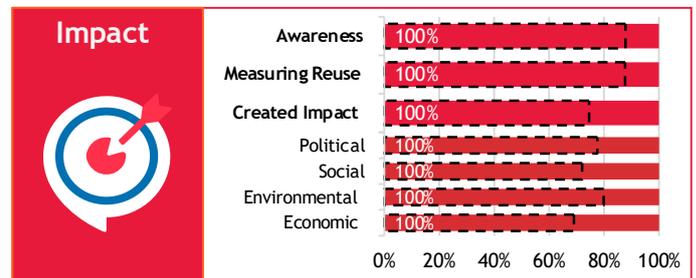
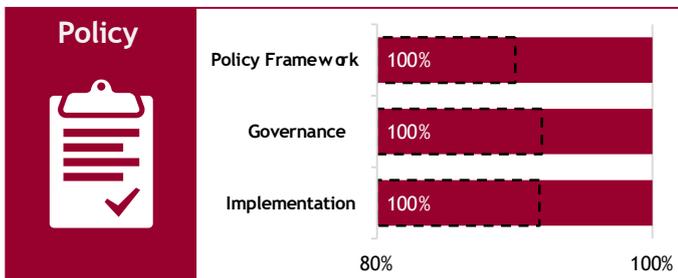
The 2024 report evaluated 34 countries. France showed the best results, followed by Poland and Ukraine. The national level of open data maturity is estimated at 97%, while the European average is 83%.



### OVERALL MATURITY LEVEL SEGMENTATION



### DIMENSION PERFORMANCE



--- EU27 Average    X% Ukraine

## E-Government Development Index

The United Nations E-Government Survey is a biennial project and publication created by the United Nations Department of Economic and Social Affairs (UN DESA) starting in 2001. The Survey evaluates the e-government development status of all 193 United Nations Member States. [E-government development](#) is monitored by the United Nations E-government index (EGDI) which measures progress at the national level. The EGDI is a composite calculated from weighted average of three normalized indices:

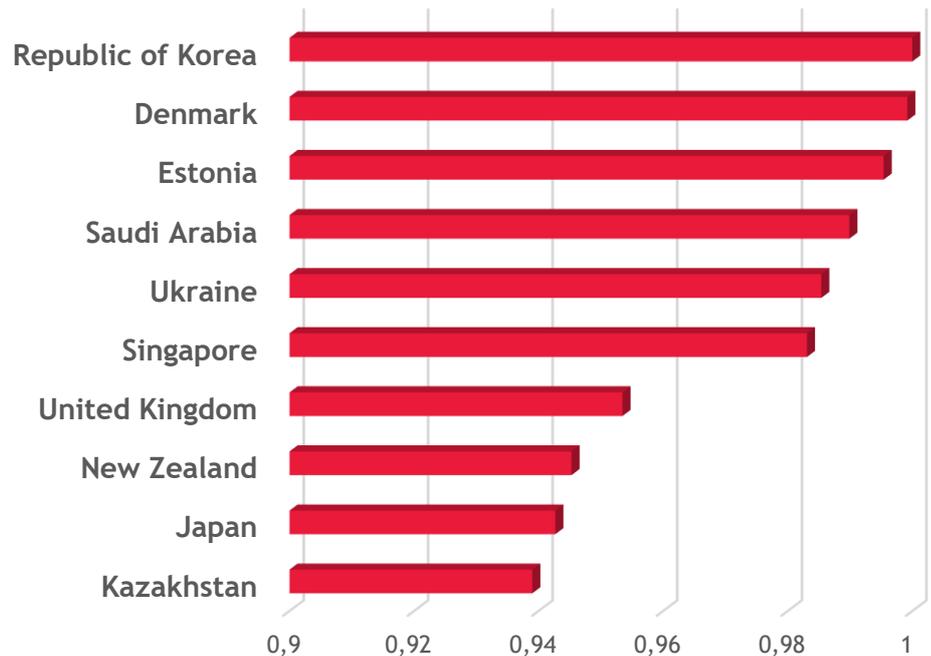
- ▶ Telecommunications Infrastructure Index (TII)
- ▶ Human Capital Index (HCI)
- ▶ Online Service Index (OSI)

In 2024, Ukraine ranks 30th in the world according to the E-Government Development Index.

Ukraine ranked fifth in the digital public services index (Online Service Index), 78th in the Telecommunications Infrastructure index (reflecting the level of public access to the Internet and other digital tools), and 47th in the Human Capital Index (assessing the level of literacy and access to education).

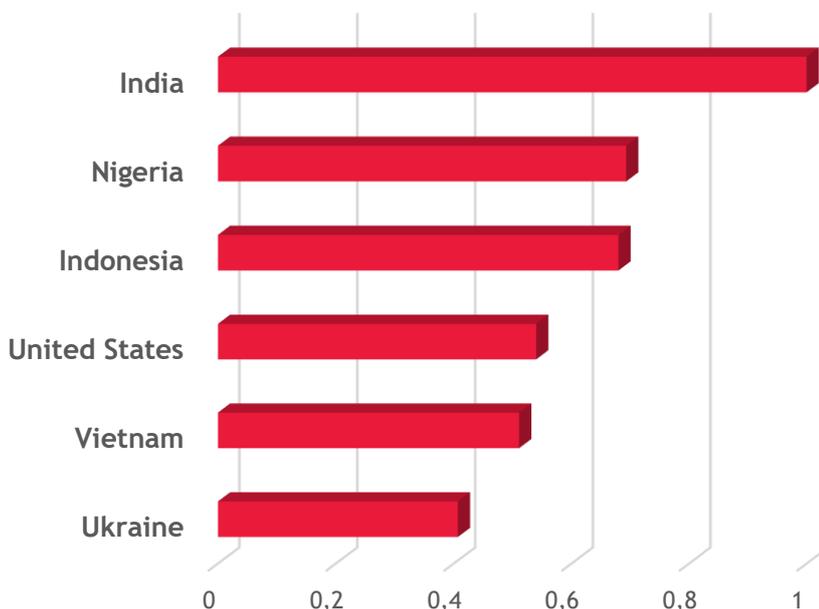
Ukraine ranked first in E-Participation (an additional indicator to the EGDI that measures the extent to which citizens are willing to engage in government processes through online platforms).

### Online Services Index



[E-Government Development Index](#)

## The 2024 Global Adoption Index



[The Global Crypto Adoption Index](#) is made up of four sub-indices, each of which is based on countries' usage of different types of cryptocurrency services.

Ukraine has a key role in the crypto economy in Eastern Europe, despite the war and economic challenges. In 2024, it was ranked 6th in the global cryptocurrency adoption ranking, retaining its leading position in Eastern Europe thanks to its active participation in the DeFi sector and retail operations.

## Territorial-Administrative Organization of Ukraine. Decentralization reform in Ukraine

The goal of the reform is to form effective local self-government and territorial organization of power to create and maintain a full-fledged living environment for citizens, provide high-quality and accessible public services, establish institutions of direct democracy, and align the interests of the state and territorial communities.

The reform makes local governments responsible to their residents for the effectiveness of their work, and to the state for its legitimacy.

### Key findings

In Ukraine, the decentralization process was launched in 2014 with the adoption of the Concept of the reform of local self-government and territorial organization of power in Ukraine (01.04.2014), the Laws of Ukraine "On Cooperation of Territorial Hromadas" (17.06.2014), "On Voluntary Association of Territorial Hromadas" (05.02.2015) and amendments to the Budget and Tax Codes regarding financial decentralization.

The Government has approved perspective plans for the formation of hromada territories in 24 regions, which cover 100% of the territory of the regions.

Pursuant to the Law of Ukraine No. 562-IX "On Amendments to Certain Laws of Ukraine on Determining the Territories and Administrative Centers of Territorial Hromadas" dated 16.04.2020, the Cabinet of Ministers of Ukraine determined the administrative centers and approved the territories of 1470 capable territorial hromadas where local elections were held in 2020 on a new territorial basis.

The introduction of inter-municipal cooperation has enabled hromadas to consolidate their efforts and implement joint projects. In particular, 1354 territorial hromadas entered into 604 cooperation agreements.

### What does the reform envisage?

Voluntary amalgamation and consolidation of territorial hromadas

The voluntary amalgamation of territorial hromadas (ATH) allowed the newly formed local governments to acquire the relevant powers and resources that were previously held by cities of regional status.

The interests of citizens living in the territory of the amalgamated hromada are now represented by an elected head, deputy members and executive bodies of the hromada council, which ensure the exercise of the powers granted by law in the interests of the hromada. In the settlements that became part of the amalgamated community, the right of residents to local self-government and the provision of services to citizens is ensured by their elected starostas.

In accordance with the Law of Ukraine "On Voluntary Amalgamation of Territorial Hromadas", the increase and amalgamation of hromadas was carried out through voluntary amalgamation, considering the opinion of citizens. When planning the creation of hromadas, it is mandatory to determine the potential resource capacities of the hromada for economic and social development and the ability to provide quality services to residents.

### Financial decentralization

Effective local self-government and its provision of progressive socio-economic development of the respective territories should be accompanied by an increase in the resource and financial base. Decentralized powers should be provided with adequate resources for their quality implementation.

Therefore, with the amendments to the Tax and Budget Codes, as of January 01, 2015, local governments received more funds to increase their economic capacity.

Amalgamated communities have gained the powers and resources that cities of regional status have, including the right to transfer 60% of personal income tax to local budgets of ATH for their own powers. In addition, revenues from taxes: single tax, income tax on communal enterprises and financial institutions, and property tax (real estate, land, and transportation) are fully local.

In addition, amalgamated hromadas have direct interbudgetary relations with the state budget (before the reform, only regional and district budgets and budgets of cities of regional status had direct relations), and they receive appropriate transfers (subsidies, educational and medical subventions, subventions for the development of community's infrastructure, etc.) Legislative changes also empowered local governments to approve local budgets regardless of the date of adoption of the State Budget Law.

These improvements provided the first noticeable results. Own revenues of local **budgets increased by UAH 200 billion** from 2014 to 2019 (from UAH 68,6 billion to UAH 267 billion). This is a real tool to influence the achievement of results and responsibility for the trust of communities.

### New powers and opportunities

As a result of decentralization, amalgamated territorial hromadas, apart from increasing their own financial capacities, have other tools to ensure economic development, such as external borrowing, independent selection of institutions to service local budget funds in relation to development and own revenues of budgetary institutions. Powers over architectural and construction control and improvement of urban planning legislation have been decentralized, and local governments have been granted the right to independently determine urban planning policy.

### International support for territorial hromadas

Since 2014, Ukraine has been implementing a comprehensive reform of local self-government and territorial organization of power on the basis of decentralization. The international community has consistently supported this reform and allocated considerable resources for its implementation throughout the country and keeps doing so even during the war.

### List of support programs with the US participation

#### [USAID DOBRE Program](#)

Launch: 08.06.2016

Closing: 30.09.2025

Assistance: USD 107 mln

#### [USAID HOVERLA Project](#)

Launch: 19.03.2021

Closing: 18.03.2027

Assistance: USD 150 mln

#### [SOERA Project](#)

Launch: 26.04.2021

Closing: 25.04.2028

Assistance: USD 100 mln

### International partnerships of territorial hromadas

Territorial communities of Ukraine are looking to cooperate and conclude cooperation agreements with foreign partners, particularly in the following areas:

- ▶ Humanitarian assistance during the crisis
- ▶ Involvement of international experience and exchange of best practices in various areas of municipal governance
- ▶ Local economic development and assistance in establishing cooperation between business structures
- ▶ Projects related to public participation and interaction of civil society institutions
- ▶ Joint projects related to culture
- ▶ Joint projects related to sports
- ▶ Joint projects in healthcare
- ▶ Joint projects focused on children and youth

### [Requests for cooperation from Ukrainian Hromadas](#)

#### Resources and links

- ▶ [Sustainable Development Strategy "Ukraine - 2020"](#)
- ▶ [State Strategy for Regional Development until 2020](#)
- ▶ [Concept of reforming local self-government and territorial organization of power in Ukraine](#)
- ▶ [Law of Ukraine "On Voluntary Amalgamation of Territorial Hromadas"](#)
- ▶ [Law of Ukraine "On Cooperation of Territorial Hromadas"](#)
- ▶ [Law of Ukraine "On the Principles of State Regional Policy"](#)
- ▶ [Order of the Cabinet of Ministers of Ukraine No. 77-r dated January 23, 2019 "On Approval of the Action Plan for the Implementation of a New Stage of Reforming Local Self-Government and Territorial Organization of Power in Ukraine for 2019-2021"](#)

# Research of the municipality by BDO. Main Findings

## BDO in Ukraine's survey coverage of Ukrainian communities

Survey 1 – about communities' experience in grant processes  
(survey date – May 2024)

Survey 2 – about sustainable development of communities and their plans in this direction  
(survey date – July 2024)



## Main analytical findings of the 1st survey



**95%** of the surveyed communities expressed the need for additional training in working with grant programs

**83%** In 83% of the surveyed communities, grant applications are filled out by community employees

**73%** of the surveyed municipalities admit that there is a lack of specialists to work with grant programs

Population of the surveyed communities	Number of communities surveyed
<20 ths	202
20-100 ths	100
>100 ths	19

### Main analytical conclusions of the 2nd questionnaire [1/2]

**17%**

Surveyed communities have developed an Integrated Development Strategy  
73.4% of the surveyed communities answered "No" to this question

**72%**

Surveyed communities consider it important to focus on sustainable development in the future

**112**

Communities do not submit statistics on factors related to sustainable development to data management bodies for public access

**5**

Only 5 surveyed communities (only 2% of the total) have IT technologies fully integrated into everyday life

**14%**

Surveyed communities have not launched any innovative projects or programs in the last 5 years

### Main analytical conclusions of the 2nd questionnaire [2/2]

**16%**

36 surveyed communities have a recovery plan. Only 11% of communities include "green" initiatives in their recovery plans

Does your recovery plan include green recovery initiatives?

Response	Count
HI	167
TAK	36

■ HI ■ Не відповіли ■ HI ■ TAK

**66%**

Surveyed communities assessed their maturity in terms of sustainable development as low

**81%**

Surveyed communities do not have a sustainable development plan

**87%**

Surveyed municipalities are open to the introduction of new technologies

Population of the surveyed communities	Number of communities surveyed
<20 ths	127
20-100 ths	83
>100 ths	9

## Critical industries of Ukraine

Ukraine offers a unique strategic investment opportunity, demonstrating remarkable economic resilience despite ongoing challenges. With substantial international financial aid and favourable global trends, the country is poised for recovery and long-term prosperity, making it an attractive destination for investors looking to contribute to its economic transformation.

### Agrifood Sector

Ukraine's agrifood sector is a cornerstone of the national economy, contributing significantly to global food security. Known as the "breadbasket of Europe," Ukraine is a major exporter of grains, oilseeds, and other agricultural products. Despite the challenges posed by the ongoing conflict, the sector has shown resilience, with reforms aimed at improving food safety, security, and investment facilitation. The government is focused on enhancing the sector's productivity through modernisation, increased processing capabilities, and the development of irrigation systems to mitigate the impact of climate change and water shortages.

### Transportation and Logistics

Ukraine's strategic location in Eastern Europe makes it a vital hub for trade and travel. The sector has faced significant challenges due to the war, including damaged infrastructure and disrupted logistics routes. However, efforts are underway to repair and modernise roads, bridges, and railways, and to develop new terminals and export logistics. The integration with the Trans-European Transport Network (TEN-T) and the development of the Danube ports are key priorities to enhance Ukraine's connectivity with Europe and support economic recovery.

### Energy

The energy sector in Ukraine is undergoing a transformation, with a focus on renewable energy and increasing efficiency in traditional generation. The country has significant potential for renewable energy development, including wind, solar, and biogas. The war has caused substantial damage to the energy infrastructure, but efforts are being made to restore and modernise the sector. Investments in energy storage and transportation, as well as the development of green hydrogen production, are key components of Ukraine's energy strategy.

### Hydrogen

Ukraine aims to become a key supplier of hydrogen to Central Europe, leveraging its abundant renewable energy resources and existing infrastructure. The country has the potential to produce significant volumes of green hydrogen, supported by competitive production and transportation costs. The development of hydrogen production and export infrastructure is a strategic priority, with plans to build electrolyzers and hydrogen pipelines. The Hydrogen Strategy of Ukraine outlines the goals and actions needed to establish a sustainable hydrogen industry.

### Green Steel

The green steel sector in Ukraine focuses on reducing carbon emissions in steel production through the use of renewable energy and innovative technologies. The country has significant iron ore reserves and existing steelmaking capacities, making it well-positioned to produce green steel for domestic and international markets. Investments in direct reduction ironmaking, electric arc furnaces, and advanced beneficiation technologies are essential to achieve the sector's decarbonisation goals. The development of green steel production will support Ukraine's economic recovery and contribute to global efforts to combat climate change.

## Housing, Reconstruction, and Building Materials

The housing sector in Ukraine has suffered significant damage due to the war, necessitating extensive reconstruction efforts. Investments are needed to rebuild damaged housing, develop social and affordable housing, and improve water and sanitation facilities. The construction of building materials factories and the modernisation of existing facilities are also priorities. The focus is on sustainable and resilient construction practices to ensure long-term economic and social benefits.

## Pharmaceutical and Medical Sectors

Ukraine's pharmaceutical sector has seen growth, supported by increasing public healthcare spending and sectoral transformation. The production of vaccines and the modernisation of medical facilities are key areas of focus. Investments in the pharmaceutical and medical sectors will enhance healthcare services, improve public health outcomes, and support economic development. The sector's growth is driven by the need to address healthcare challenges and ensure access to quality medical products and services.

## Information and Communication Technology & Digital

The ICT sector is a major contributor to Ukraine's economy, with exponential growth in IT service exports and technological proficiency. Investments in infrastructure projects, human capital development, and technology innovation are essential to maintain the sector's momentum. The development of digital services and products will support economic growth, enhance public services, and improve the overall quality of life. The ICT sector's resilience and adaptability make it a key driver of Ukraine's economic recovery and future prosperity.

[UkraineInvest](#) has prepared a series of analytical guides on key sectors of Ukraine's economy to help investors assess opportunities, risks and prospects for investment. These materials contain detailed market analysis, key indicators, regulatory features, and benefits of investing in various industries.



## Focus of Ukrainian legislation on EU membership

In 2014, Ukraine signed the main strategic document that defines relations between Ukraine and the European Union - the Association Agreement.

The process of European integration has led to structural reforms in various areas: judicial reform, strengthening anti-corruption regulation and creating a separate system of relevant bodies, reform of state financing of political parties and amendments to electoral legislation, decentralization, public procurement reform, public finance reform, creation of a market for the sale of agricultural land, creation of a gas market and changes in the electricity market, introduction of European safety standards in the production of food and non-food products, reform of vocational education, and others.

On June 23, 2022, the European Council adopted a decision to grant Ukraine the status of candidate for EU membership, and provided 7 recommendations, the implementation of which is a condition for obtaining full membership in the EU.

Simultaneously with the implementation of the seven recommendations of the European Commission, throughout the entire period of the status of candidate for EU accession, the Government of Ukraine and the Verkhovna Rada of Ukraine maintain high dynamics in the implementation of the Association Agreement.

Thus, in 2022 alone, 44 European integration laws were adopted, 6 of which were to implement the recommendations of the European Commission. The adoption of European integration laws by the Parliament, as well as by-laws by the Government, increased the percentage of implementation of the Association Agreement to 87% as of November 1, 2023.

The greatest overall progress over the entire 2014-2023 period of implementation of the Agreement with a mark of 90%+ was achieved in the following sectors of the Agreement:

- ▶ statistics and information exchange,
- ▶ justice, freedom, security, human rights,
- ▶ humanitarian policy,
- ▶ public finance management,
- ▶ intellectual property,
- ▶ political dialogue, national security and defense,
- ▶ education, training, youth.

More detailed information on the consistency of Ukrainian and European legislation can be found in the Commission [Analytical report](#) on Ukraine's alignment with the EU acquis.

## Ethics and Anti-Corruption

Ukraine has a system of anti-corruption bodies, including:

- ▶ **The National Agency on Corruption Prevention (NACP)** that reviews electronic declarations, reports from political parties, and conflicts of interest. Additionally, the NACP develops drafts of the Anti-Corruption Strategy and the State Program for its implementation, approves anti-corruption programs from other bodies, interacts with whistleblowers, and prepares administrative protocols on corruption-related offenses committed by high-ranking officials. Furthermore, the NACP conducts anti-corruption expertise of draft laws and acts from the Cabinet of Ministers of Ukraine.
- ▶ **The National Anti-Corruption Bureau of Ukraine (NABU)** is responsible for investigating corruption crimes involving high-ranking officials or large amounts of public funds.
- ▶ **The Specialized Anti-Corruption Prosecutor's Office (SAPO)** offers procedural guidance and assistance to public prosecutors at the High Anti-Corruption Court (HACC) in proceedings under the jurisdiction of the NABU.
- ▶ **The National Agency for Finding, Tracing and Management of Assets Derived from Corruption and Other Crimes (Asset Recovery and Management Agency (ARMA))** is responsible for finding and tracing assets derived from corruption and for the management of such assets.
- ▶ **The High Anti-Corruption Court (HACC)** reviews proceedings on corruption crimes investigated by the NABU.

Furthermore, the system of anti-corruption bodies comprises the **prosecution authorities, the Security Service of Ukraine, the State Bureau of Investigation, the National Police** (responsible for investigating corruption crimes and violations not within the purview of the NABU), **general courts** (handling criminal and administrative cases not within the jurisdiction of the HACC), and the **Ministry of Justice of Ukraine** (conducting anti-corruption reviews of regulations).

The prevention of corruption is governed by:

- ▶ [The Law](#) On Prevention of Corruption.
- ▶ [The Law](#) On the High Anti-Corruption Court.
- ▶ [The Law](#) On the Principles of State Anti-Corruption Policy for 2021-2025, which approved [the Anti-Corruption Strategy](#) for 2021-2025.
- ▶ [The Law](#) On Public Procurement.

To prevent corruption, a number of electronic services and registries have been introduced in Ukraine. These include:

- ▶ Electronic public procurement platforms ([ProZorro](#), Playtender, E-tender.UA, Zakupivli.pro, etc.) that ensure transparency of procurement on a competitive basis.
- ▶ Online service of public services [Diia](#).
- ▶ The Unified State [Register of Declarations](#) of Persons Authorized to Perform Functions of the State or Local Self-Government.
- ▶ Unified [State Register](#) of Persons Who Have Committed Corruption or Corruption-related Offenses.

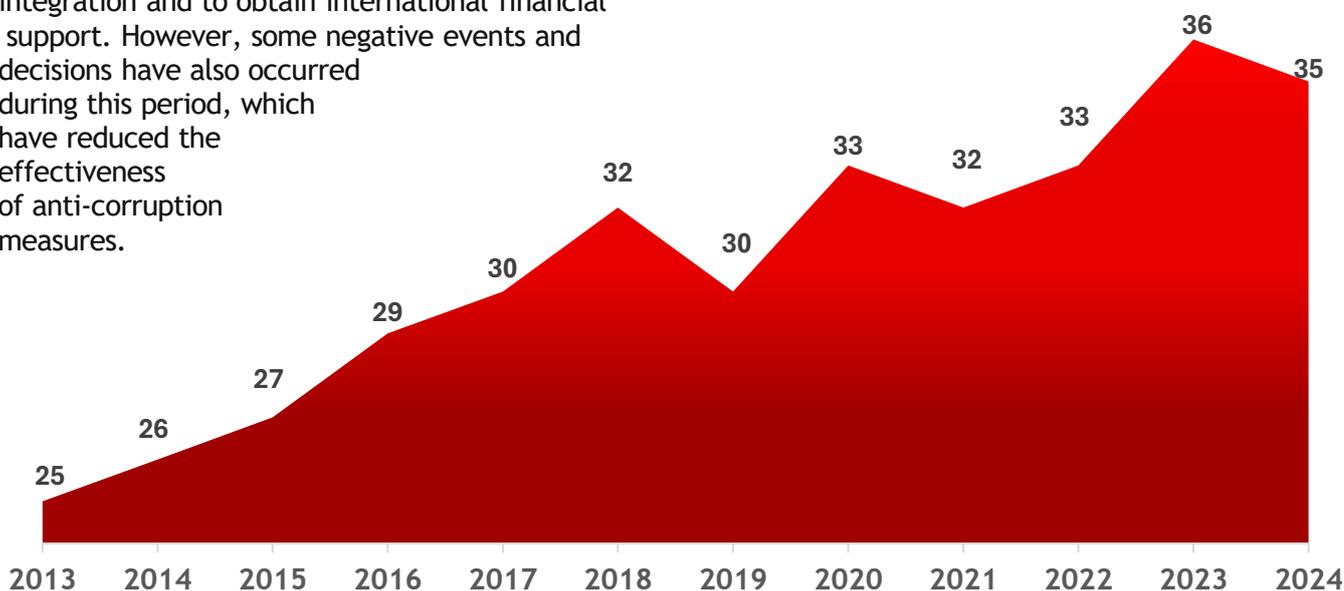
Furthermore, to guarantee the protection of foreign investments in Ukraine, the following laws are in force: On the Regime of Foreign Investment, On State Support of Investment Projects with Significant Investments in Ukraine, On Financial Mechanisms of Stimulation of Export Activities.

**Investment protection guarantees include:**

- ▶ Guarantees against changes in legislation.
- ▶ Guarantees against forced seizures and illegal actions of state authorities and their officials.
- ▶ Compensation and reimbursement of losses to investors.
- ▶ Guarantees in case of termination of investment activity.
- ▶ Guarantees of transfer of income, profits and other amounts in connection with foreign investments.
- ▶ Guarantees of judicial and arbitration protection of investors' rights (also in international arbitrations or national courts of investors), pre-arbitration and amicable settlement of disputes.
- ▶ Insurance of investments against war risks by the State Export Credit Agency (ECA) of Ukraine and national Export Credit Agencies of different countries and specialized organizations, such as the United States International Development Finance Corporation (DFC), which is ready to insure investments in Ukraine, or the Multilateral Investment Guarantee Agency (MIGA), which is a member of the World Bank Group.

## Corruption Perceptions Index

Ukraine scored 35 points out of 100 in the 2024 [Corruption Perceptions Index \(CPI\)](#). Ukraine ranks 105th out of 180 countries. Compared to 2023, Ukraine lost 1 point. However, despite the full-scale war, Ukraine has taken important steps to address corruption issues over the past two years, and this is reflected in the CPI's findings. Most of these initiatives were driven by commitments made as part of European integration and to obtain international financial support. However, some negative events and decisions have also occurred during this period, which have reduced the effectiveness of anti-corruption measures.



[Corruption Perceptions Index 2024 - Transparency.org](#)

## Common business structures available

### General information

There are various business models in Ukraine that may be of interest to foreign investors looking to establish their business in the country



When choosing an organizational and legal form of activity in Ukraine, several key factors should be taken into account. These include:

**Ease of Registration:** Evaluate the complexity of the registration process, required documentation, timelines, and the level of interaction with government authorities. Some forms may have simplified procedures for small businesses or specific industries.

**Liability:** Assess the level of personal liability for the owners or founders. Certain forms, such as limited liability companies (LLCs), provide protection against personal liability for business debts.

**Taxation:** Consider the applicable tax regime, including corporate income tax, simplified taxation options, VAT, and any special tax incentives or exemptions available for specific activities or industries.

**Compliance and Reporting:** Review the volume and complexity of ongoing reporting and compliance requirements, such as financial statements, audits, and regulatory filings. Simpler forms may have fewer obligations, making them suitable for small or newly established businesses.

**Control and Management:** Understand the governance structure and decision-making processes, including the roles and responsibilities of founders, shareholders, and directors.

**Relocation of Staff:** Assess the ease of hiring and relocating foreign employees, including obtaining work permits and visas.

## Common business structures available

### Limited Liability Company

In Ukraine, a Limited Liability Company (LLC) is the most common and flexible legal entity for conducting business. An LLC in Ukraine is a popular choice due to its flexibility and suitability for both small and large businesses, including those with foreign investment. Both individuals and legal entities can establish an LLC in Ukraine. Below is an overview of its key characteristics:

#### Key Features of an LLC in Ukraine

- ▶ **Separate Legal Entity:** An LLC is a separate legal entity from its founders, meaning the company's obligations are not the personal responsibility of its members.
- ▶ **Limited Liability:** Members are liable for the company's debts only to the extent of their contributions to the charter capital.
- ▶ **Number of Participants:** An LLC can be established by one or more individuals or legal entities, but the maximum number of participants is 100.
- ▶ **Charter Capital:** There is no minimum charter capital requirement, but it must be defined in the company's charter. Contributions can be in cash, property, or other assets.

#### Formation Process

- ▶ **Preparation of Founding Documents:** Includes the charter (statute) of the LLC and the decision/resolution of the founders.
- ▶ **State Registration:** Performed through the Unified State Register of Legal Entities, Individual Entrepreneurs, and Public Organizations. Registration is generally fast (1-2 days) and can be completed online or in person.
- ▶ **Tax Registration:** After registration, the LLC must be registered with the tax authorities for VAT or simplified tax system purposes if applicable.

#### Governance

- ▶ **Founders/Participants:** They can directly manage the company or delegate authority to a governing body.
- ▶ **General Meeting:** The highest decision-making body, composed of all participants.
- ▶ **Executive Body:** Typically a director or board of directors, responsible for day-to-day operations.
- ▶ **Charter:** Governs the internal operations of the company, including decision-making procedures, capital contributions, and profit distribution.

#### Taxation

An LLC can choose between:

- ▶ **General Tax System:** Subject to Corporate Income Tax (18%) and VAT (20%, where applicable).
- ▶ **Simplified Tax System:** Available for certain LLCs, depending on size and type of activity. Taxes are based on revenue rather than profit. More details in section \_\_ of the Guide

#### Reporting and Compliance

- ▶ **Accounting:** LLCs are required to maintain proper accounting records in accordance with either national accounting standards or International Financial Reporting Standards (IFRS).
- ▶ **Reporting:** Submission of financial statements and tax reports to relevant authorities is mandatory.
- ▶ **Audits:** Not required unless the LLC exceeds certain thresholds for revenue, assets, or employees.

## Common business structures available

### Joint Stock Company (1/2)

A Joint-Stock Company (JSC) in Ukraine is a corporate entity where the capital is divided into shares. These shares represent ownership in the company and are issued to shareholders, whose liability is limited to the value of their shares. Ukrainian law recognizes two types of JSCs:

#### Public Joint-Stock Company (PJSC)

- Shares can be publicly traded and are listed on the stock exchange.
- Suitable for larger businesses seeking to attract investments from the public.

#### Private Joint-Stock Company (PrJSC):

- Shares are not publicly traded and are typically held by a smaller group of investors.
- Ideal for smaller-scale or family-owned enterprises.

### Key Features of a JSC in Ukraine

- ▶ **Separate Legal Entity:** A JSC is an independent legal entity, distinct from its shareholders. The company's obligations do not extend to the personal liabilities of its shareholders.
- ▶ **Limited Liability:** Shareholders are only liable for the company's debts up to the amount of their contributions to the authorized capital.
- ▶ **Number of Shareholders:** A JSC can be established by one or more individuals or legal entities. There is no maximum limit on the number of shareholders.
- ▶ **Initial Capital Contributions:** Shareholders must contribute to the initial capital. Contributions can be in cash or in-kind (property, intellectual property, etc.). The minimum statutory capital is UAH 1,6 mil. (approx. USD 37K).

### Formation Process

- ▶ **Preparation of Founding Documents:** Draft the charter (statutory document), which outlines the company's name, objectives, share capital structure, governance framework, and other essential details.
- ▶ **Shareholders' Agreement (Optional):** Though not mandatory, this document is recommended to define the rights, obligations, and mutual relationships of the shareholders.
- ▶ **Registration of Share Issue:** Register the issuance of shares with the National Securities and Stock Market Commission (NSSMC).
- ▶ **Temporary Securities Certificate:** Obtain a temporary certificate confirming the registration of the securities issue.
- ▶ **Assignment of ISIN:** The shares are assigned an International Securities Identification Number (ISIN) to enable recognition in financial markets.
- ▶ **Central Depository Agreement:** Conclude an agreement with a Central Depository for servicing the securities issue. This ensures proper accounting and registration of shares.
- ▶ **Independent Appraisal:** Conduct an independent appraisal of shareholders' contributions to the charter capital, especially if contributions are made in property or non-cash assets.

# Common business structures available

## Joint Stock Company (2/2)

### Governance of a Joint Stock Company (JSC) in Ukraine

- ▶ **General Meeting of Shareholders:** The supreme governing body composed of all shareholders, responsible for key decisions such as charter amendments, profit distribution, and reorganization or liquidation of the JSC.
- ▶ **Supervisory Board:** Oversees the company's activities and protects shareholders' interests. Required for public JSCs, it may include independent directors and specialized committees like audit or remuneration committees.
- ▶ **Executive Body:** Responsible for daily operations. Can be a sole director or a collective body (e.g., board of directors), appointed by the Supervisory Board or General Meeting of Shareholders.
- ▶ **Charter:** Defines the company's governance structure, including decision-making procedures, shareholding rights, and rules for profit distribution.
- ▶ **Audit Commission.** The controlling body of JSC which exercises supervision over the Supervisory Board and the Executive body of the JSC and performs annual financial audit.

### Taxation

- ▶ Same as LLC

### Reporting and Compliance

- ▶ **Accounting:** JSCs must maintain proper accounting records in compliance with Ukrainian accounting standards or IFRS. Public JSCs are required to prepare financial statements strictly under IFRS.
- ▶ **Reporting:**
  - Submission of financial statements and tax reports to relevant authorities is mandatory.
  - Public JSCs are subject to more rigorous reporting obligations, including filing quarterly and annual reports with the Securities and Stock Market Commission (SSMC).
  - Disclosure of material information, such as changes in shareholding structure, significant transactions, and corporate events, is mandatory for public JSCs.
- ▶ **Audits:**
  - External audits are mandatory for public JSCs.
  - Private JSCs must undergo audits if they exceed specific thresholds for revenue, assets, or employees.
  - The results of audits must be disclosed in accordance with regulations for public companies.
- ▶ **Corporate Transparency:** Public JSCs are required to disclose information on their corporate governance practices, major shareholders, and executive compensation.

## Common business structures available

### Representative Office and Branch Office

Foreign companies may establish a Representative Office or Branch Office in Ukraine to carry out business activities. Below is an overview of each type and their key features:

#### Differences Between a Representative Office and a Branch Office

Aspect	Representative Office	Branch Office
Legal Status	Not a separate legal entity	Not a separate legal entity
Activities	Primarily non-commercial (limited commercial by approval)	Full commercial activities
Taxation	Depends on the nature of activities	Taxed as a Ukrainian company
Management	Managed by a representative	Managed by a branch manager
Registration Complexity	Easier registration	More complex registration due to broader activities

### Branch Office

A Branch Office is an extension of a foreign company and can perform broader business activities compared to a Representative Office. The broader scope of activities for a Branch Office allows foreign companies to actively participate in the local economy, establish a market presence, and conduct full-scale business operations without needing to establish a separate legal entity like a subsidiary.

#### Key Features

- ▶ **Legal Status:** Not a separate legal entity; the foreign company bears full responsibility for the branch's activities.
- ▶ **Activities:** Permitted to conduct full-scale commercial operations in Ukraine.
- ▶ **Taxation:**
  - Subject to the same tax regime as Ukrainian companies, including Corporate Income Tax and VAT.
  - Required to register with tax authorities and obtain a taxpayer identification number.
- ▶ **Management:** Operated by a branch manager who acts under the authority granted by the parent company.

#### Registration Process

- ▶ **Application to the Ministry of Economy:** Submit documents, including proof of registration of the parent company, and pay the state fee.
- ▶ **Registration with Tax Authorities:** Obtain a taxpayer identification number.

## Common business structures available

### Representative Office (RO)

A Representative Office (RO) acts as an extension of a foreign company in Ukraine, primarily serving as a non-commercial presence to facilitate the parent company's interests in the region. It does not operate as a separate legal entity but instead represents and supports the foreign company in various ways. Its primary function is to act as a liaison between the foreign company and local entities, providing a platform for activities that align with the parent company's broader goals without engaging in direct revenue-generating operations.

#### Key Features

- ▶ **Legal Status:** Not a separate legal entity; operates on behalf of the parent company.
- ▶ **Activities:**
  - Commercial: If permitted, can conclude contracts and perform limited business functions.
  - Non-commercial activities: Below are common activities allowed for non-profit representative offices:



Advocacy  
and  
Promotion



Research  
and  
Analysis



Public  
Relations  
and  
Events



Networking  
and  
Collaboration



Monitoring  
and  
Evaluation



Training and  
Capacity  
Building



Providing  
Information



Other Activities of a  
Preparatory or  
Auxiliary Nature

- ▶ **Taxation:**
  - Non-commercial ROs are not subject to profit taxation.
  - Commercial ROs are subject to the general tax regime, including Corporate Income Tax (18%) and VAT (20%).
- ▶ **Management:** Managed by a representative appointed by the foreign parent company.

#### Registration Process

- ▶ **Application to the Ministry of Economy of Ukraine:** Submit documents, including proof of registration of the parent company, and pay the state fee.
- ▶ **Certificate of Registration:** Issued upon successful application.

## Common business structures available

### JOINT VENTURE (JV)

In Ukraine, a Joint Venture (JV) can be formally established through a “Joint Activity Agreement”. Unlike some other jurisdictions where a JV often involves the creation of a distinct legal entity, in Ukraine, a Joint Venture under this arrangement is not a separate legal entity. Instead, it is a collaborative arrangement between two or more parties to pursue shared objectives, such as generating profit or achieving a specific goal.

#### Key Features

##### ▶ Legal Status:

- A Joint Activity Agreement does not create a separate legal entity. The JV operates as a contractual collaboration between the parties involved.
- The participating parties remain independent legal entities but act jointly under the terms of the agreement.
- Non-residents may also be parties to such an agreement. Agreements involving foreign investors are subject to state registration

##### ▶ Purpose:

The primary aim of a Joint Activity Agreement is to pool resources, expertise, or property for:

- Generating profit, such as through a business or commercial project.
- Achieving other goals, such as infrastructure development, research, or social impact projects.

##### ▶ Roles and Responsibilities:

The Joint Activity Agreement clearly defines the roles, responsibilities, and contributions of each party. These can include:

- Financial contributions.
- Provision of goods or services.
- Management or operational responsibilities.

#### Management

- ▶ One party may be designated as the managing partner or operator of the joint activity, overseeing day-to-day operations and execution.
- ▶ Decision-making processes, including voting rights and quorum requirements, are stipulated in the agreement to ensure fairness and transparency.
- ▶ The JV itself is not subject to taxation because it is not a legal entity. Instead:
  - Each party is taxed individually on their share of the profits or revenues derived from the joint activity.
  - JVs have to be registered with tax authorities as VAT tax-payer in case activity of JV is subject to VAT.

#### Production Sharing Agreement (PSA) - A Special Type of Joint Venture

A Production Sharing Agreement (PSA) is a specific type of joint venture agreement commonly used in Ukraine for projects involving the extraction and development of natural resources. PSAs are designed to regulate the relationship between the state and investors—both domestic and foreign—in industries where the state retains ownership of resources, such as oil, gas, minerals, or other natural assets.

# Taxation in Ukraine

## 1. THE TAX SYSTEM

In Ukraine, taxes and statutory charges are levied in accordance with the Tax Code of Ukraine (effective from 2011). The major taxes and compulsory payments are:

- ▶ Corporate income tax (CIT)
- ▶ Value added tax (VAT)
- ▶ Personal income tax (PIT)
- ▶ Unified social contribution (USC)
- ▶ Temporary “military charge”
- ▶ Excise tax
- ▶ Property tax
- ▶ Duty
- ▶ Land rental fee

All taxpayers are required to register with the State Tax Agency (STA) and to obtain a tax identification (ID) number. Registration is undertaken through the local tax office where the business is located. Without a tax ID number it is not possible to open a bank account in Ukraine.

## 2. TAXES ON BUSINESS

### 2.1. Corporate income tax

#### 2.1.1. Tax rates

The basic corporate income tax rate is 18%. In 2024, the rate of 50% was returned to banks, and from January 1, 2025, the rate of 25% is set for financial service providers (except insurance companies).

A simplified tax regime at a low tax rate is available for small businesses (3% or 5% of the sales) and agricultural businesses (the tax is based on the land area used). Special tax treatment also applies to insurance companies and lotteries.

In Ukraine, CIT administration is centralised and no additional corporate income taxes are imposed at regional or local levels. For each reporting period, CIT is calculated on a self-assessed basis.

CIT returns must be filed on a quarterly basis and in some cases - on calendar year basis (for new legal entities, and for entities with a prior year's annual income less than UAH 40 million ( $\approx$  USD 955 thousand)). It is allowed to credit the foreign income tax (up to the amount of the Ukrainian income tax on the same income)

#### 2.1.2. Taxable base

CIT is levied on tax residents of the Ukraine on their gross worldwide income and it is levied on non-residents on their Ukraine-sourced income. A non-resident entity with place of effective management in Ukraine qualifies as a tax resident taxed on Ukraine-sourced income only.

The taxable base for CIT is calculated as Ukraine and foreign-sourced income, which is determined by adjusting (increasing or decreasing) the financial result before tax (profit or loss), as defined in the financial statements in accordance with IFRS or the national accounting regulations (standards) (an election available for most businesses except banks, insurance companies etc.), for tax differences according to the Tax Code. Income includes any income from the sale of goods/works/services, capital gains, foreign exchange gains, free-of-charge transfers, and other taxable receipts in cash, in kind, or in the form of intangibles accrued within the reporting period.

Taxpayers with annual income below UAH 40 million ( $\approx$  USD 955 thousand) may opt to not apply the tax differences.

Ukraine uses an accrual method for tax accounting. Income is realised in the tax period when the transfer of ownership title to goods/services/works occurs, while deductible expenses (forming the cost of production of sales) are recognised on the date when the relevant goods/services/works were supplied.

Dividends received from residents of Ukraine and non-residents under the recipient's control shall not be included into taxable incomes.

### 2.1.3. Tax loss use

Tax losses can generally be carried forward indefinitely, except for so-called big taxpayers - that are allowed to use in a tax year only 50% of unused tax loss (the remaining 50% can be forward to the next year). It is not allowed to carry back a tax loss.

A taxpayer qualifies as a big one if its sales proceeds exceed EUR 50 mln or the annual amount of taxes exceed EUR 1.5 mln, average staffcount - above 250).

### 2.1.4. Allowable deductions

Most business-related expenses are deductible for CIT purposes. However, the deductibility of certain expenses is specifically limited (for example, interest payable to related non-residents; royalties paid to non-residents).

### 2.1.5. Transfer Pricing

The Ukrainian transfer pricing rules correspond to OECD transfer pricing guidelines. The amount of taxable profit received by a taxpayer from one or more controlled operations is considered to be at "arm's length" if the determination of cost or income is calculated in a manner that is no different from the way it is determined for comparable transactions between unrelated parties.

#### The List of Controlled Operations

For purposes of transfer pricing, controlled operations are defined as the following types of transactions, so long as the total income of the taxpayer and/or its related persons exceeds 150 million UAH ( $\approx$  USD 3.6 million) per year and the volume of business transactions of the taxpayer with one counterparty exceeds 10 million UAH ( $\approx$  USD 238 thousand) for the corresponding year:

- ▶ Business transactions conducted between a taxpayer and related parties that are non-residents (including through a non-related intermediary(ies) that does not perform any significant activities);
- ▶ Business transactions amounting to the sale or purchase of goods through a non-resident agent;
- ▶ Business transactions between a non-resident and its PE in Ukraine;
- ▶ Business transactions where one of the parties is a non-resident of legal forms (specific for each country) that do not pay tax on their foreign incomes and/or do not qualify as a tax resident in a country of their incorporation. The list of such forms in the respective countries is published by the Cabinet of Ministers of Ukraine;
- ▶ Business transactions where one of the parties is a non-resident registered in a country that is included in the list of low-tax countries published by the Cabinet of Ministers of Ukraine (including the countries with the CIT rate is at least 5% lower than in Ukraine).

Also 30% adjustment applies to income from sales to a resident of a low-tax jurisdiction or of a special legal form, or expenses on purchases from them unless a transfer pricing documentation proves an arm's length prices.

#### Annual Reporting and Penalties

For transfer pricing purposes, the reporting period is the calendar year. Taxpayers having transactions with controlled operations during the reporting year with a counterparty in amount exceeding UAH 10 million ( $\approx$  USD 238 thousand) should submit a report on controlled operations and a notification on participating in a multinational group to the tax office before 1 October of the following year (in a prescribed format) and the transfer pricing documentation on them - within 30 days after the tax office's request.

Also big businesses are required to file a master file and a country-by-country report (if the group revenues exceed EUR 50 mln and EUR 750 mln respectively).

### 2.1.6. Withholding tax

Any income received by (and paid to) a non-resident company is subject to a withholding tax (WHT) in Ukraine at a rate of 15% unless an applicable double tax treaty provides otherwise and the income's beneficial owner is confirmed (also anti-avoidance rules apply to prevent treaty shopping). Such income includes dividends, interest, royalties, capital gains, lease payments, brokerage and agency commission, and so on. Income from a non-resident's sale of a Ukrainian real estate company is also subject 15% WHT.

Income received as consideration for goods/services/works provided to a resident is mostly WHT exempt. Different WHT rates apply to certain types of income paid to non-resident's (for example, freight, insurance premiums paid abroad, and advertising fees). Withholding tax rate may be reduced under an international taxation convention.

Ukraine started to apply MLI in December 2019.

### 2.1.7. Taxation of non-residents acting via permanent establishment

Foreign entities that conduct commercial or non-commercial activities in Ukraine are required to follow the tax registration procedure and file the CIT returns for commercial activities via their permanent establishment (PE) in Ukraine.

PE is a fixed place of business through which economic activities of a non-resident in Ukraine are carried out wholly or partially, in particular: a place of management; branch; office; factory; workshop; installation or structure for the exploration of natural resources; mine, oil/gas well, a quarry or any other place of extraction of natural resources; warehouse or premises used for the delivery of goods, computer servers.

PEs are subject to normal corporate income tax. However, an exemption may be available if the activities of the non-resident do not lead to creation of a PE under the Tax Code or the relevant tax treaty. With regard to corporate income tax, taxable profits of a PE can be determined based on direct method where profits are determined as gross income (received offshore or onshore) less allowable expenses incurred by the PE.

### 2.1.8. Thin capitalisation

For a debtor whose debt obligations from transactions with non-resident related parties exceed its equity by more than 3.5 times (or by more than 10 times for financial institutions and companies involved exclusively in leasing activities), the debtor's financial result before tax is additionally increased by the excess amount of interest on loans, borrowings, and other debt obligations over 30% of the financial result before tax, interest and depreciation (EBITDA).

Interest that exceeds this limit is added back (i.e., increases the financial result before tax). Annually the taxpayer may carry forward 95% of the remaining excessive interest (non-deducted during a year) until it is fully utilized.

### 2.1.9. Controlled Foreign Companies (CFC)

CFC's profits are taxed at 18% for legal entities and 5% or 9% for an individual. In order to control the taxation of profits of a controlled foreign company, the reporting (tax) period is a calendar year or other reporting period of the controlled foreign company ending within a calendar year.

## 2.2. Value added tax

### 2.2.1. Tax rates

In general terms, Ukraine uses input/output VAT system similar to the EU. VAT applies at the following rates:

- ▶ 20% is levied on the supply of goods and services in the customs territory of Ukraine and on the importation of goods and services to Ukraine.
- ▶ 7% - for medical drugs and products.
- ▶ 14% - import and local sales of some agricultural products.

Supplies of certain goods and services (for example, charitable aid, financial services, and so on) and export of software development, consulting and some other services, are exempt from, or not subject to, VAT. (That is, they are exempt without a right to VAT credit).

Export supplies of goods are zero-rated. (That is, they are exempt with a right to VAT credit).

Since 2022 e-supplies of services to individuals in Ukraine are subject to 20% VAT and the foreign providers must VAT register in Ukraine (if their sales in Ukraine exceed UAH 1 million (≈ USD 24 thousand) for any preceding 12 month period), add 20% VAT to the price and file the monthly VAT returns, and settle the VAT to the state.

### 2.2.2. Registration for VAT purposes

Registration as a VAT payer is compulsory for all Ukrainian companies, individuals, and permanent establishments of non-resident companies that qualify as VAT payers (in other words, those whose volume of transactions subject to VAT exceeds UAH 1 million (≈ USD 24 thousand) for any preceding 12 months of operation).

Taxpayers whose volumes of transactions do not reach the mandatory threshold can voluntarily register as VAT payers.

### 2.2.3. VAT mechanism

The amount of VAT that a registered VAT payer incurs on local purchases of goods and services (so-called input VAT) can be credited against the taxpayer's VAT liabilities (so-called output VAT) in computing the final VAT payable to (or refundable from) the government. The input VAT amount in excess of the taxpayer's VAT liabilities may be used to offset VAT liabilities of subsequent tax periods, or it can be refunded in cash.

VAT on import of goods (payable to the customs) and services is collected through a reverse charge mechanism (sometimes referred to as “import VAT”). This mechanism requires self-assessment and payment of the 20% VAT by a Ukrainian importer for the tax period (which is a month under the VAT system) when goods/services are imported to Ukraine. The paid VAT can usually be claimed by the Ukrainian importer as a VAT credit in the same tax period. If the goods or services imported are used in transactions that are not subject to VAT, or for transactions outside the business activity of the Ukrainian importer, the import VAT cannot be recovered, and it becomes a cost to the Ukrainian importer.

The reverse charge mechanism does not apply if a non-resident service provider has a PE registered as a VAT payer in Ukraine. In such a case, the VAT registered PE is in charge of assessing VAT liabilities, offsetting them against the input VAT, and paying the difference to the government.

#### 2.2.4. System of electronic VAT administration

VAT payers are automatically assigned with accounts in the system of electronic VAT administration. The system of electronic VAT administration ensures automated VAT accounting in respect of each taxpayer. Upon sale VAT payers must register all VAT invoices in the system that is a pre-condition for recognition of VAT credit by a customer/buyer.

#### 2.2.5. VAT reporting

For VAT purposes, the reporting period is a calendar month (though in rare cases of low volume activities it can be a quarterly reporting period). VAT payers are required to file VAT returns within 20 days after the end of the reporting month. VAT payable, if any, should be remitted to the government within 30 days after the end of the reporting month.

### 2.3. Unified tax

Legal entities and individual entrepreneurs may choose to pay taxes pursuant to so-called “simplified taxation system”, if they meet certain thresholds. In such cases, they can be registered as unified taxpayers (UT). Unified taxpayers are exempt from some taxes. For example, depending on the UT taxpayer group, UT is a substitute for corporate income tax, personal income tax regarding the business activity of an individual, VAT (unless the taxpayer chooses to pay Unified Tax at a reduced rate plus VAT), land tax (on land used for business purposes), and so on.

If a taxpayer engages in certain, specifically excluded types of business activities or is owned by a non-resident, they cannot qualify as unified taxpayers. The types of activities listed include, for example, currency exchange, production, export, import or local sales of excisable goods, gambling, financial services, and so on. Non-resident individuals of Ukraine are also not allowed to be registered as unified taxpayers. UT taxpayers are also subject to simplified tax reporting requirements.

The unified tax system consists of 4 groups. The reporting period for Groups 1, 2, and 4 is the calendar year, for Group 3 it is quarterly.

## 3. TAXATION OF INDIVIDUALS

### 3.1. Personal income tax

In Ukraine, individuals are subject to PIT depending on whether they are tax residents or not. Individuals who are tax residents of Ukraine are taxed on their worldwide income and non-residents are taxed on their Ukraine-sourced income only. Under Ukrainian law, Ukraine-sourced income is income derived by an individual as a result of any labour or business activity performed in Ukraine, including remuneration for the work performed in Ukraine, whether paid by a Ukrainian or a foreign company.

Under Ukrainian law, an individual can be considered a tax resident of Ukraine if he/she meets the Ukrainian tax residency criteria, which are as follows:

- ▶ An individual is considered a Ukrainian tax resident if he/she has a domicile in Ukraine.
- ▶ If the individual also has a domicile in another country, the individual is deemed to be resident of Ukraine provided he/she has a permanent place of residence in Ukraine.
- ▶ If the permanent place of residence is also available in another country, the individual is deemed to be resident of Ukraine provided his/her centre of vital interests is situated in Ukraine.
- ▶ If it is not possible to determine the actual centre of vital interests, or if the individual does not have a permanent place of residence in any country, the individual is deemed to be tax resident of Ukraine if he/she stays in Ukraine at least 183 days during a calendar year.

In Ukraine, both resident and non-resident individuals are taxable at the tax rate of 18%.

Dividends income is taxed that the rate of 5% if the dividends payer is a corporate income taxpayer and 18% in other cases.

Interest on bank deposits and current accounts is taxed at the rate of 18%.

Generally, any benefit provided by the individual's employer is subject to tax in Ukraine, unless such benefit and/or reimbursement of expenses is provided by the Ukrainian employer and is connected with the employment duties of the employees according to the employment agreement or in a collective agreement.

Under Ukrainian law, income received from foreign sources, or income from Ukrainian sources that was not taxed at source, is subject to taxation in Ukraine based on an annual tax return. The obligation to report this income in Ukraine and to pay the tax rests with the individual. The tax return is filed with the district/city tax authorities' office at the place of the individual's domicile in Ukraine.

The annual tax return is due by 30 April of the year after the end of the calendar year. The self-assessed tax is due by 31 July of the year after the end of the calendar year. The tax can be paid in UAH only.

If a remuneration to an individual (whether the individual is a tax resident or non-resident) is paid through the payroll of a Ukrainian entity, the income tax is withheld at source. In such cases the individual is not required to submit any tax return in Ukraine.

Where Ukraine has an international treaty (that is, a double taxation treaty) that provides for tax treatment other than that provided under Ukrainian law, the rules of the international treaty prevail over domestic legislation.

### 3.2. Military charge

In addition, a temporary "military charge" has been introduced from 2014 that will be effective until the end of martial law. As of December 01, 2024, the rate of the military tax is 5% of employment income (withheld by the employer, or self-assessed on the PIT return together with PIT self-assessment) and is applied in respect of all other types of income that is subject to personal income tax.

Moreover, as of October 01, 2024, the military tax will be introduced for individual entrepreneurs. For these taxpayers, the military tax is introduced at the following rates (effective as of January 01, 2025):

- ▶ 10% of the minimal wage (i.e., UAH 800 ≈ USD 19 monthly) – for the groups 1, 2, 4;
- ▶ 1% of the revenue – for the group 3.

### 3.3. Tax data exchange

In 2022 Ukraine joined the Common Reporting Standards multilateral agreement. In Sep 2024 Ukraine exchanged the tax information with agreed countries for the first time, for 2023 calendar year.

## 4. UNIFIED SOCIAL CONTRIBUTION

In addition to personal income tax (PIT), remuneration, allowances, and similar payments made to employees (whether Ukrainian or foreign nationals) through a Ukrainian payroll are subject to the unified social security contribution (USC), which is paid by an employer at its expense. Only foreign individuals working in a foreign company's representative office are not subject to USC.

The monthly taxable base for USC is capped at 20 times the minimum wage (in 2025 the cap equals to UAH 160,000/month or ≈ USD 3,800/month).

USC due from the employer is payable when the remuneration is paid. Employers' contribution is 22% of the gross income, up to the monthly cap.

## 5. OTHER TAXES

### 5.1. Customs duty

Importation of equipment, machinery, materials, and other goods is usually subject to Ukrainian import duties. No import (customs) duties apply if a foreign shareholder (investor) contributes equipment and machinery to the share capital of its Ukrainian subsidiary, provided the Ukrainian company does not dispose of the contributed equipment and machinery within three years.

In-kind capital contributions are, however, subject to Ukraine's 20% VAT under the reverse charge regime.

Import (customs) duties are levied on the customs value of imported goods and are calculated in a variety of ways:

- ▶ as an ad valorem tax (that is, as a percentage of the customs value of the imported goods),
- ▶ as a certain fixed amount per imported item, or
- ▶ as a combination of the two.

Regular Ukrainian customs duty rates on import of specific goods are set out in the Law of Ukraine "On the Customs Tariff of Ukraine".

Reduced rates of customs duties apply to goods originating from most favoured nation countries (subject to providing certificate of origin). Full rates apply to goods from other countries.

The import of goods is subject to 20% VAT that is paid using the reverse charge mechanism. The amount of VAT is assessed based on the customs value of the imported goods plus import customs duties and excise duties. Also, if excisable goods are imported in Ukraine (for example, cigarettes, alcohol products, and so on), the importer is required to pay excise duty before customs clearance. Export of goods from Ukraine is generally subject to 0% Ukrainian VAT (exemption with credit) and is typically exempt from customs duties.

### 5.2. Excise tax

Excise tax rates on imports are assessed at rates on the sum of the declared customs value and customs duties, without VAT. Payment should be made in Ukrainian currency at the Ukrainian National Bank exchange rate effective on the date of payment. Excise tax is also paid by Ukrainian manufacturers of excisable goods.

Excise tax is paid on cars, tobacco, alcoholic beverages, fuel, and electric energy.

As well, a 5% excise tax was introduced on retail sales of excisable goods such as tobacco, beer and alcoholic beverages. This tax is charged by the retail sales companies.

### 5.3. Property Tax

For property tax purposes, residential and non-residential property owned by individuals and legal entities are considered taxable objects. The tax base is the total area of residential and non-residential property. The tax rate is up to 1.5% of the minimum wage per 1 sq.m. of the taxable base (in 2025 the minimum wage is UAH 8 000 or ≈ USD 191, thus UAH 120 per sq.m.).

The tax period for property tax purpose is the calendar year.

## Diia.City - preferable special tax regime for IT industry in Ukraine



provides unique tax and legal space for IT business, making it easier and less expensive to manage and operate your business.

### Labor Taxes:

- ▶ Personal income tax – **5%** vs 18% on general taxation
- ▶ Social Security fee – **22%** of the min wage (apx. **USD 40** person / month) vs 22% on full gross salary on general taxation (with an upper limit)
- ▶ Military tax – **5%**

### Corporate Tax:

- ▶ **9%** exit capital tax or **18%** income tax

### Diia.City conditions fixed for 25 years

The state guarantees residents of the Diia.City the stability of conditions for 25 years, as well as observance of the rights and legitimate interests of residents and the specialists.

If your company has such financial indicators (example):

- Revenue – \$200,000
- Founders' dividends /NI – \$ 20 000
- Staff – 10 people
- Average salary – \$1,200/month (\$144,000 gross per annum)

Such a company and its employees are going to pay \$21 K in taxes within the Diia.City annually:

- Income tax: €0 (vs \$3,600)
- Exit Capital Tax: \$1,800
- Personal Income Tax + Military Tax: \$14,400 (vs \$28,080)
- Social security fee: \$4,910 (vs \$ 31,680)

## Currency limits and restrictions

At the beginning of the full-scale invasion, the National Bank of Ukraine (the NBU) defined a series of currency restrictions to stabilize the financial system's operations. However, as of May 13, 2024, some of these restrictions have been relaxed or completely removed. Below is a non-exclusive list of the limits and restrictions that remain in effect in Ukraine.

- ▶ The **deadline for settlement** of export and import transactions over UAH 400,000 ( $\approx$  USD 9,588) is limited to 180 calendar days and applies to transactions carried out from 05.04.2022. The term of 365 days applies to transactions carried out before 05.04.2022.
- ▶ **Dividends:** since May 13, 2024, repatriation of eligible dividends up to EUR 1 million (or its equivalent) per month is permitted. Eligible dividends include those accrued from January 1, 2024, onward, but exclude undistributed dividends from earlier periods and reserve capital
- ▶ **"Old" cross-border loans:** Interest on loans received before June 21, 2023, that was due between February 24, 2022, and April 30, 2024, can be paid up to EUR 1 million (or its equivalent) per calendar quarter. Interest on these loans due after April 30, 2024, can be paid without any monetary limitations.
- ▶ **"New" cross-border loans:** permitted to repay foreign loans within the first year using only own foreign currency funds, then purchasing is allowed. Interest and other loan-related fees can be paid with both owned and purchased foreign currency. The interest rate must not exceed 12% annually.
- ▶ **Financing of branches of representative offices** abroad is possible provided that transfers are made: (a) during the current calendar year within the total amount of funds transferred by the resident during 2021 for the maintenance of its branches, representative offices (no more than 1/4 of this amount may be transferred within one calendar month); and (b) at the expense of the resident legal entity's own funds in foreign currency; and (c) through one bank, and (d) only for covering the branches' operational expenses.
- ▶ **Representative offices of international card payment systems and foreign airlines** are allowed to transfer up to EUR 5 million (or its equivalent) per month to their parents.
- ▶ **Cash:** issuance of cash in foreign currency has a daily limit of UAH 100,000 (or its equivalent) ( $\approx$  USD 2,397), except in certain cases.
- ▶ State-owned companies will be able to purchase and transfer foreign currency in favor of nonresidents to buy emission quotas to cover or compensate for carbon dioxide (CO<sub>2</sub>) emissions associated with aviation activities.
- ▶ Since September 6, 2024, the NBU has set a monthly limit of an equivalent of UAH 100,000 ( $\approx$  USD 2,397) for payments to FX accounts abroad using payment cards issued by Ukrainian banks, for transactions under merchant category codes 5094 (precious stones, metals, and jewelry), 5944 (watches, jewelry, and silverware), and 5972 (stamp and coin stores). This limit is in line with the general limit set by the NBU for payments abroad using payment cards issued by Ukrainian banks to accounts in the domestic currency.
- ▶ Since September 6, 2024, the NBU has set a monthly limit of an equivalent of UAH 500,000 ( $\approx$  USD 11,985) for payments to FX accounts abroad using payment cards issued by Ukrainian banks, for transactions under the merchant category code 6513 (real estate agents and managers). Transactions under this code are executed to pay management fees, rental fees, and other related commissions.

## Martial Law

[Martial law](#) is a specific legal regime introduced in Ukraine or in some of its regions in the event of armed aggression or threat of attack, threat to the state independence of Ukraine, its territorial integrity and provides for the provision of the relevant state authorities, military command, military administrations and local self-government bodies with the powers necessary to avert the threat, repel armed aggression and ensure national security, eliminate the threat to state independence.

Due to Russia's military aggression since February 24, 2022, President Volodymyr Zelenskyy signed Decree [No. 64/2022 "On the Introduction of Martial Law in Ukraine"](#), which is regularly updated at the legislative level (every 90 days).

### Impact of martial law on doing business in Ukraine:

- ▶ The National Bank of Ukraine may impose restrictions on foreign exchange transactions making international transactions more difficult. As the war is ongoing, the NBU is adapting its regulations and taking steps to restore Ukraine's economy. For more information on the current conditions for regulating foreign exchange transactions, please follow the updates of the National Bank of Ukraine.
- ▶ During martial law, the authorities may compulsorily seize the resources and property of enterprises for defense or public security purposes. In this case, a preliminary full compensation of the property value is possible.
- ▶ New labor obligations are introduced that may affect normal working conditions, including possible mobilization of employees. [On Amendments to Certain Legislative Acts of Ukraine on Optimization of Labor Relations.](#)
- ▶ Businesses may be subject to additional inspections and control measures by military and government authorities.
- ▶ During hostilities, there is a risk of damage or destruction of company property, which can cause significant financial losses. Remember, the company must be equipped with a bomb shelter to ensure the safety of its employees.
- ▶ The martial law potentially complicates logistics and the supply of goods due to checks at the checkpoints and customs controls. Despite these difficulties, businesses continue to transport their goods across Ukraine.
- ▶ A declaration will be enough to start your own business. During the martial law, Ukraine [has simplified the issuance of permits and licenses](#) on a declarative basis, which allows entrepreneurs to launch their businesses more quickly.

### Impact of martial law on corporate taxation:

- ▶ The requirements for the transportation of fuel were simplified, certain goods for military units were exempted from excise duty, and the accounting of excise duty on electricity and fuel storage was changed.
- ▶ Imports of defense goods are exempt from customs duties, and customs regulations for certain goods have been simplified.
- ▶ Businesses are exempt from fines for late payment of taxes due to hostilities until 6 months after the end of martial law.
- ▶ Taxpayers, who have lost documents due to hostilities, can submit a notification to retain expenses and tax credit without audits. Declaration data is not increased.

### Key aspects of martial law for civilians:

- ▶ Under martial law, special measures are provided for the evacuation of civilians from areas of danger, the arrangement of shelters, healthcare and the provision of vital services.
- ▶ During martial law, there may be restrictions and limitations for citizens, foreigners and stateless persons to move freely, as well as to drive vehicles. A curfew is introduced.
- ▶ According to the law, during martial law, the authorities and military command have the right to check documents, inspect belongings, luggage, cargo, vehicles, and private property.
- ▶ For the duration of martial law, persons liable for military service are prohibited from traveling abroad, with certain exceptions.

## Mobilization in Ukraine

Mobilization includes a set of measures to ensure that the national economy, state bodies, local governments, enterprises, institutions and organizations are ready to operate in wartime conditions. It covers the transition of their activities to the war regime, as well as the training of the Armed Forces of Ukraine, other military units and civil defense forces for wartime operations.

Mobilization in Ukraine is carried out in accordance with the Constitution of Ukraine, the Law [“On Mobilization Training and Mobilization”](#) and other legal acts. On May 18, 2024, the new [Law No. 3633-IX “On Amendments to Certain Legislative Acts of Ukraine on Certain Issues of Military Service, Mobilization and Military Registration”](#) came into force, which introduced significant changes to the mobilization process, including:

- ▶ Reduction of the conscription age from 27 to 25 years
- ▶ Creation of a unified electronic register of persons liable for military service
- ▶ Permission to demobilize conscripts
- ▶ Cancellation of the status of “restrictedly fit for military service”
- ▶ Increasing fines for persons evading service
- ▶ Women can be registered for military service voluntarily, except for those with medical or pharmaceutical education. They can be mobilized only upon their consent.

Certain categories of citizens are granted a deferment from conscription for military service during mobilization in Ukraine in accordance with the law. In particular, deferment is granted to:

- ▶ Persons with three or more children under the age of 18.
- ▶ Persons raising a minor child on their own.
- ▶ Persons caring for family members, who need constant assistance.
- ▶ Booked employees of critical industries or organizations.
- ▶ Students, who are studying full-time or dual enrollment and meet the conditions for consistent improvement of their education.
- ▶ Persons with disabilities of all groups, if there is a confirmation from the military medical commission (with an obligation to undergo a second medical examination in 6-12 months).

The deferment shall be granted on the basis of relevant documents confirming the existence of these circumstances. The decision to grant the deferment is made by the TRC. For more information on the procedure for deferment, see [Law of Ukraine “On Mobilization Activities and Mobilization”](#).

### Deferment period

In the context of mobilization, persons subject to call-up may be granted a deferment of mobilization for the duration of the circumstances that constitute grounds for granting the deferment or for the duration of the booking. The deferment is granted by territorial recruitment centers (TRC) and commissions on the basis of submitted applications and justifications. **Resolution of the Cabinet of Ministers of Ukraine of May 16, 2024 No. 560 “On Approval of the Procedure for Conscription of Citizens for Military Service during Mobilization, for a Special Period”**.

The grounds for extending the deferment are checked, in particular, with the help of the Unified State Register of Conscripts, Persons Liable for Military Service and Reservists.

### Booking of employees

In the context of mobilization, businesses can book key employees to ensure the continuity of important production and functional processes. This applies to employees whose activities are critical to the functioning of enterprises, organizations or institutions. The procedure for booking employees, who are critical to the economy and defense, is determined by [the Law of Ukraine “On Mobilization Activities and Mobilization”](#).

#### Booking procedure:

- ▶ Companies submit to the relevant authorities applications for booking of their key employees with a justification for the need for reservation, as well as a list of employees to be booked.
- ▶ Applications are reviewed by the Ministry of Economy of Ukraine and the General Staff of the Armed Forces of Ukraine. Upon approval, a decision is made to grant a deferment.
- ▶ Since July 2024, Ukraine has introduced electronic [booking through the Diia portal](#). This significantly speeds up the process and reduces the workload of ministry employees. The booking procedure takes about an hour, and decisions are made automatically based on checks in the registers.

## Sanctions and Restrictions for Non-Resident Companies in Ukraine

Ukraine has the right to impose [sanctions to protect its national interests, security, sovereignty and territorial integrity](#). Sanctions may be imposed by Ukraine against a foreign state, a foreign legal entity, a legal entity controlled by a foreign legal entity or a non-resident individual, foreigners, stateless persons and entities engaged in terrorist activities.

### Influence of sanctions on non-residents:

- ▶ The type of restrictions, established by the relevant [sanction](#) and imposed by the competent authority, may include, in particular, blocking of assets, restriction on trading, suspension of economic and financial obligations, prohibition of participation in privatization, public procurement, etc.
- ▶ Sanctioned individuals may not purchase land in Ukraine, which may limit their ability to develop their business.
- ▶ Sanctioned non-residents may not participate in the privatization of state property, which may affect their investment plans.
- ▶ Sanctions may include [restrictions](#) on financial transactions, making it difficult to conduct business and make payments.

In particular, [on February 22, 2023](#), the President of Ukraine implemented the decision of the NSDC on sectoral sanctions against all financial institutions of the Russian Federation.

The sanctions cover hundreds of Russian banks and tens of thousands of financial institutions, including banks, non-bank credit organizations, operators of payment systems, insurance companies and other financial institutions registered in Russia. They provide for the termination of relations with Russian financial institutions, suspension of financial obligations to them and a ban on servicing payment instruments issued by these institutions.

The [State Register of Sanctions](#) provides free public access to up-to-date information on legal entities and individuals subjected to sanctions. This resource can be used to verify sanctioned entities. Currently, the Ukrainian Sanctions Register contains more than 10 thousand sanctioned individuals and more than 7 thousand sanctioned legal entities.

### Key aspects and restrictions of doing business by non-residents in Ukraine:

- ▶ Ukrainian legislation provides for sanctions against non-resident companies operating in the **aggressor country or owned by the citizens of countries against which Ukraine has imposed economic sanctions**. Such actions may include the freezing of assets, restrictions on banking transactions and a ban on entering into new contracts.
- ▶ Non-resident companies must comply with the legal requirements for transparency of ownership structure and **disclosure of ultimate beneficial owners**. Companies with ultimate beneficial owners from countries subject to sanctions may encounter difficulties in maintaining or registering their activities in Ukraine.
- ▶ There are **restrictions on activities in certain industries**, including the restrictions on non-resident companies from conducting business in certain sectors of the economy considered to be of strategic importance to the state.
- ▶ Non-resident companies may be subject to additional due diligence if their activities could potentially threaten **Ukraine's national security**.

## Financial system of Ukraine during the war, sanction restrictions

[On March 8, 2022, the National Bank of Ukraine once again updated its regulatory framework regarding the operation of the financial system during wartime by adopting Resolution No. 44 "On Amendments to Resolution No. 18 of the Board of the National Bank of Ukraine dated February 24, 2022"](#). The new resolution imposes additional restrictions on entities associated with russia and belarus, which are recognized under Ukrainian law as the states engaged in armed aggression against Ukraine.

Resolution No. 44 provides for restrictions on:

- ▶ residents of russia/belarus
- ▶ legal entities (except for banks), whose ultimate beneficial owners are residents of russia/Belarus.

Ukrainian financial institutions are prohibited from conducting expenditure transactions on the accounts of the above-mentioned entities, except for the expenses to support the Armed Forces of Ukraine, payments to government agencies, social benefits, payroll, utility bills, taxes, levies and other mandatory payments.

In addition, Ukrainian financial institutions are prohibited (with certain exceptions) from conducting foreign exchange transactions:

- ▶ using russian or belarusian rubles
- ▶ with the participation of legal entities or individuals located (registered/permanently residing) in russia or belarus
- ▶ to fulfill obligations to legal entities or individuals located (registered/permanently residing) in russia or belarus.

The purpose of these restrictions is to prevent the withdrawal of funds by the beneficiaries of such companies and their use in russia. In practice, this can lead to the blocking of funds of such companies.

## Political and war risks mitigation possibilities

Political risks are associated with government actions which deny or restrict the right of an investor/owner i) to use or benefit from his/her assets; or ii) which reduce the value of the firm. Political risks include war, revolutions, government seizure of property and actions to restrict the movement of profits or other revenues from within a country.

By purchasing political risk insurance (PRI), investors can successfully strengthen their position in the host state, allocating the burden of political risk to third parties (insurance agencies). PRI is provided by **international organizations**, such as the Multilateral Investment Guarantee Agency (MIGA) and **state-sponsored insurance agencies**, known as export credit agencies (ECAs) or public insurance agencies.

Political risks covered PRI providers cover very similar sets of political risks:

- 1) Currency inconvertibility and transfer restrictions.
- 2) Confiscation, expropriation, nationalization.
- 3) Political violence/war.
- 4) Default on obligations such as loans, arbitral claims, and contracts.

*Most credit agencies have frozen their limits for Ukraine because of the lack of instruments in place.*

**War risk** - risks associated with war, such as physical damage to goods and assets, hostile occupation, and contract obligation breaches for war-related reasons, including bank loans, goods, or services supply. It should cover not only total losses of property but also damages of a moderate scale.

### MIGA - Multilateral Investment Guarantee Agency

<https://www.miga.org/products>

MIGA is a member of the World Bank Group. MIGA's mandate is to promote cross-border investment in developing countries by providing guarantees (political risk insurance and credit enhancement) to investors and lenders.

MIGA provides political risk insurance guarantees and credit enhancement to private sector investors and lenders. MIGA's guarantees protect investments against non-commercial risks and can help investors obtain access financing on improved terms and conditions.

MIGA's War and Civil Disturbance coverage provides protection against loss from, damage to, or the destruction or disappearance of, tangible assets or total business interruption (the total inability to conduct operations essential to a project's overall financial viability) caused by politically motivated acts of war or civil disturbance in the country, including revolution, insurrection, coups d'état, sabotage, and terrorism.

For tangible asset losses, MIGA pays the investor's share of the lesser of the replacement cost and the cost of repair of the damaged or lost assets, or the book value of such assets if they are neither being replaced nor repaired. For total business interruption that results from a covered war and civil disturbance event, compensation is based, in the case of equity investments, on the net book value of the insured investment or, in the case of loans, the insured portion of the principal and interest payment in default. This coverage encompasses not only violence in the host country directed against a host country government, but also against foreign governments or foreign investments, including the investor's government or nationality.

Temporary business interruption may also be included upon a request from the investor and would cover a temporary but complete cessation of operations due to loss of assets or unreasonably hazardous conditions in the host country, which result in a temporary abandonment or denial of use. For short-term business interruption, MIGA pays unavoidable continuing expenses and extraordinary expenses associated with the restart of operations and lost business income or, in the case of loans, missed payments.

MIGA covers capital and debt insurance up to 90%.

Cost of insurance for Ukraine is believed to be up to 1%

## MIGA's Product Lines available in Ukraine

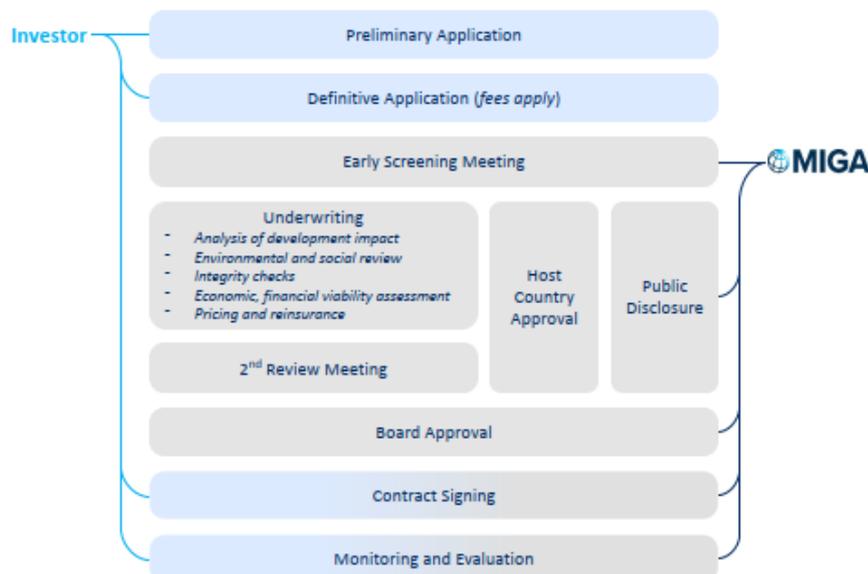
Instrument	Cover
Political Risk Insurance	 Transfer Restriction and Currency Inconvertibility*
	 Expropriation
	 War and Civil Disturbance
	 Breach of Contract by Governments and State-Owned Entities
Trade Finance	 Non-Payment by a Public Authority or Government-Owned Entity of its Obligations Relating to a Cross-Border Trade Transaction

\* Currently not available in Ukraine

## Political Risk Insurance (PRI) solutions for Investors and Lenders

 <b>Currency Inconvertibility and Transfer Restriction</b>	Inability to convert or transfer dividends or loan payments due to FX restrictions
 <b>Expropriation</b>	Government nationalizes or otherwise makes it impossible to operate the project through discriminatory measures
 <b>War and Civil Disturbance</b>	Destruction or interruption of business due to political violence (incl. sabotage and terrorism)
 <b>Breach of Contract</b>	Failure of government to honor obligations under contractual agreements and subsequent failure to honor arbitral award

## Registration and Underwriting Process



## Export Credit Agency (ECA) programs



### ECA provides investment insurance in Ukrainian export-oriented production!

The Supervisory Board of the Export Credit Agency has implemented new insurance investment products against military and political risks according to the Law of Ukraine 3497-IX.

#### How does this work?

##### Direct investment insurance:

- ▶ Investor (resident or non-resident) owns a share of over 10%.
- ▶ The investment is aimed at the development of the processing industry and export.
- ▶ Investees in Ukraine (except for combat zones and occupied territories).
- ▶ The products meet the requirements of the profile for the ECA legislation of Ukraine.
- ▶ Protection from war risks: war, aggression, conflicts, terrorism, occupation.
- ▶ Maximum amount: UAH 200 million
- ▶ Rate: 0.49%-8.01%.

##### Insurance of investment loans:

- ▶ Credit is given to the Ukrainian business entity.
- ▶ The credit is aimed at the creation of entities for export.
- ▶ Entities in Ukraine (except zones of combat and occupied territories).
- ▶ Protection from war risks: war, aggression, conflicts, terrorism, occupation.
- ▶ Maximum amount: UAH 200 million
- ▶ Rate: 0.95%-4.05

## Export Credit Insurance



#### ECA

Insurance contract

#### Bank

Credit contract

#### Business

#### Export-oriented production

Creation of entities and infrastructure necessary for the development of processing industries and export of goods (works, services) of Ukrainian origin

#### New export

Export of goods, works, services that meet the requirements of Article 8 of the Law of Ukraine "On Financial Mechanisms for Stimulating Export Activities"

1. A business entity provides the bank with a business plan or feasibility study justifying the impact of credit funds on future exports
2. ECA insurance covers non-repayment of the credit solely due to the political and military risks.

## NEW! Insurance of direct investments in Ukraine against military and/or political risks

### Investor-Insured



- ▶ Individual/legal entity
- ▶ Resident/non-resident
- ▶ Private/state
- ▶ Connected person with the investee

← Insurance contract →



### Direct Investment

- ▶ This is an economic operation that provides for the contribution of capital investments in exchange for ownership rights, received from another person (or an investee), or such person.
- ▶ If the investee is a limited liability company or a joint-stock company, the acquisition or increase of corporate rights in the investee, along with parts of such companies.

### Investment Object



- ▶ A legal entity located in Ukraine, except for the temporary occupied areas
- ▶ The purpose of **direct investment** is the creation of entities and infrastructure necessary for the development of processing industries and export of goods (works, services) of Ukrainian origin
- ▶ Goods (works, services) that are exported because of investment, must meet the requirements of Article 8 of the Law of Ukraine "On Financial Mechanisms for Stimulating Export Activities"

**Having all necessary permits and licenses for corporate rights of the investor, they must not exceed 10%**

### Ukraine and UK Export Finance (UKEF)

The UK Government has maintained UKEF's commitment to support Ukraine, providing up to £3.5 billion in financial capacity for UK exporters and their buyers in Ukraine. This financing is intended to facilitate critical projects, including infrastructure development and energy security, while strengthening UK-Ukraine trade ties.

UKEF evaluates each transaction on a case-by-case basis, ensuring compliance with standard policies and practices. Ministerial and HMT consent is required for every transaction, reflecting the UK Government's dedication to responsible and impactful support.

# Privatization process in Ukraine

## I. Classification of privatization objects

### 1. The objects of small-scale privatization shall include:

- ▶ unified property complexes of state and municipal enterprises and their structural subdivisions, including unified property complexes and their structural subdivisions leased out, except for unified property complexes of state and municipal enterprises that are objects of large-scale privatization;
- ▶ separate property;
- ▶ objects of unfinished construction (buildings, structures, transmission devices that have not been put into operation), conserved objects;
- ▶ objects of social and cultural purpose.
- ▶ blocks of shares of a joint-stock company formed in the process of privatization or corporatization, shares (stakes) owned by the state in the authorized capital of business entities, other business organizations and enterprises based on the combination of property of different forms of ownership and located in Ukraine or abroad, except for blocks of shares of joint-stock companies that are objects of large-scale privatization;
- ▶ pools and other objects that do not belong to the objects of large-scale privatization.

### 2. Large-scale privatization objects

**include** objects of state or municipal ownership (single property complexes of state-owned enterprises and blocks of shares (stakes) in business entities in the authorized capital of which more than 50 percent of the shares (stakes) are owned by the state) and pools whose asset value (for a pool - the total value of the assets of privatization objects from which the pool is formed), according to the financial statements for the last reporting year, exceeds UAH 250 million.

### Who may **not** be buyers within the framework of privatization:

- ▶ state authorities;
- ▶ state-owned enterprises owned by the state of Ukraine;
- ▶ state economic associations, state holding companies, state joint stock companies (companies), their subsidiaries and enterprises;
- ▶ employees of state privatization bodies;
- ▶ buyers registered in offshore zones (according to the list determined by the Cabinet of Ministers of Ukraine) with a non-transparent ownership structure (whose beneficial owners are not disclosed by 100 percent), as well as buyers originating from the aggressor state;
- ▶ the state recognized by the Verkhovna Rada of Ukraine as the aggressor state, as well as legal entities in which such state has participation and persons controlled by such legal entities;
- ▶ legal entities whose beneficial owners of 10 percent or more of the shares (stakes) are residents of a state recognized by the Verkhovna Rada of Ukraine as an aggressor state. This provision does not apply to legal entities whose shares are admitted to trading on foreign stock exchanges according to the list of the Cabinet of Ministers of Ukraine, except for legal entities that are residents of the aggressor state;
- ▶ individuals - citizens and/or residents of the state recognized by the Verkhovna Rada of Ukraine as the aggressor state;
- ▶ legal entities registered in accordance with the laws of the countries included by the FATF in the list of countries that do not cooperate in the field of combating money laundering, as well as legal entities with 50 percent or more of the authorized capital owned directly or indirectly by such persons;
- ▶ legal entities whose information on beneficial owners has not been disclosed in violation of the Law of Ukraine "On State Registration of Legal Entities, Individual Entrepreneurs and Public Organizations";
- ▶ individuals and legal entities subject to special economic and other restrictive measures (sanctions) in accordance with the Law of Ukraine "On Sanctions", as well as their related parties;
- ▶ persons who were a party to the sale of a privatization object in Ukraine and with whom the sale and purchase agreement for the privatization object was terminated due to a breach by such persons, as well as persons related to them;
- ▶ persons included in the Register of persons having significant economic and political influence in public life (oligarchs) in accordance with the Law of Ukraine "On Prevention of Threats to National Security Related to Excessive Influence of Persons Having Significant Economic and Political Influence in Public Life (Oligarchs)".

## II. Sale process:

### 1. Sale of small-scale privatization objects:

- ▶ Small-scale privatization objects are sold exclusively at electronic auctions.
- ▶ An electronic auction shall be held in accordance with an agreement concluded between the auction organizer and the operators of electronic platforms.
- ▶ The standard agreement between the auction organizer and operators of electronic platforms shall be approved by the State Property Fund of Ukraine.
- ▶ Information about the auction participants and information about potential buyers shall be treated as confidential information and shall not be disclosed until the auction is completed.

### 2. Sale of large-scale privatization objects:

- ▶ The terms of sale and starting prices of large-scale privatization objects of state ownership at auctions shall be approved by the Cabinet of Ministers of Ukraine.
- ▶ Prior to the first auction for the sale of a large-scale privatization object, the Cabinet of Ministers of Ukraine simultaneously approves the starting prices and conditions for the sale of a large-scale privatization object at auctions.
- ▶ The procedure for conducting electronic auctions for the sale of large-scale privatization objects, the amount and procedure for payment of the fee for participation in an electronic auction, and determination of the winner based on the results of an electronic auction shall be approved by the Cabinet of Ministers of Ukraine.
- ▶ The specifics of the sale of large-scale privatization objects in municipal ownership may be established by a decision of the relevant representative body of local self-government.

## Completion of the auction

The winner of the auction who refuses to sign the auction protocol or the sale and purchase agreement or fails to pay the sale price of the privatization object within the established time limit, is deprived of the right to participate in subsequent auctions for the sale of the same object.

Upon completion of the auction, the guaranteed deposit paid by potential buyers shall be refunded to potential buyers who did not win the auction within a period not exceeding 10 business days from the date of approval of the auction protocol by the privatization body.

In case the winner of the auction refuses to sign the auction protocol or to conclude the sale and purchase agreement, or in case he fails to pay the sale price of the privatization object within the established time limit, the guaranteed fee shall not be refunded and shall be transferred to the relevant budget.

The winner of the auction shall be credited with the guaranteed fee, minus the fee for participation in the electronic auction, when paying for the privatization object.

## Execution of privatization transactions

The contract of sale of the privatization object shall be concluded between the privatization body and the winner of the electronic auction after payment in full of the sale price of the privatization object and within 25 working days - for small-scale privatization objects, 35 working days - for large-scale privatization objects from the date of formation of the protocol on the results of the electronic auction.

If it is necessary to prepare documents for the notarization of the sale and purchase agreement for a privatization object by decision of the state privatization body, the state privatization body and the winner of the electronic auction shall conclude a preliminary sale and purchase agreement for the privatization object.

The costs associated with the preparation of documents for notarization of the sale and purchase agreement for the privatization object shall be borne by the winner of the electronic auction. In this case, the sale and purchase agreement for the privatization object shall be concluded within 60 business days from the date of conclusion of the preliminary agreement.

The ownership of the privatization object is transferred to the buyer after the conclusion of the contract for the sale and purchase of the privatization object and the signing of the act of acceptance and transfer of the privatization object, except in cases of transfer of ownership of a block of shares.

The ownership of the acquired block of shares is transferred to the buyer after the conclusion of the contract of sale of the privatization object and from the moment the block of shares is credited to the buyer's securities account in a depository institution.

## Guide to Public Procurements in Ukraine

This [guide](#) was created to provide practical assistance to organizations that want to participate in tenders for the supply of goods, works and services for public funds or funds of donor organizations operating in Ukraine. The guide provides information on the Prozorro electronic procurement system used in Ukraine, as well as on the specifics of the legislation, procedures and documentation governing procurement processes. The guide also provides advice on how to search for procurement announcements, register, prepare and submit tender proposals, as well as appeal and defense procedures for your rights.

### Guide will be useful for:

- ▶ organizations that have an interest or experience in participating in tenders for the supply of goods, works and services for public funds or funds of donor organizations operating in Ukraine;
- ▶ for both beginners and experienced tenderers who want to improve their knowledge and skills in this area;
- ▶ as a reference or training material for organizations that provide consulting or training services on tender participation.



## Financial state support programs

Ukraine has a number of government programs aimed at providing financial support to businesses, namely

### The State Program “Affordable Loans 5-7-9%” provides for:

Interest compensation to a business entity in order to reduce its actual costs of paying the base interest rate to the appropriate level:

- ▶ up to 1 percent per annum in the first two years of lending, and 5 percent per annum thereafter - for business entities carrying out economic activities and/or whose production facilities are located in the high military risk zone for investment purposes;
- ▶ up to 3 percent per annum - for business entities operating and/or whose production facilities are located in the area of high military risk for operating capital financing.

For business entities conducting business activities outside the zone of high military risk, the compensation interest rate is reduced:

- ▶ to the level of 5 or 7, or 9 percent per annum- for loans granted for investment purposes;
- ▶ to the level of 7 or 9, or 13 percent per annum - for loans granted for operating capital financing;
- ▶ up to 15 percent per annum - for loans granted to an individual entrepreneur.

### Within the framework of the State Program “Affordable Financial Leasing 5-7-9%”:

Compensation of remuneration to a business entity in order to reduce its actual costs of paying basic remuneration to the appropriate level:

- ▶ to the level of 9 or 11 per cent per annum - for financial leasing agreements concluded in non-priority areas;
- ▶ to the level of 5 or 7 per cent per annum for financial leasing agreements concluded in priority areas.

### Support under factoring agreements includes:

- ▶ maximum financing limit per counterparty and group - up to UAH 150 million (taking into account received state support under lending and leasing programs);
- ▶ maximum term of factoring financing use for a business entity - 360 days.

These programs are mainly regulated by the Resolution of the Cabinet of Ministers of Ukraine On providing financial state support No. 28 dated 24.01.2020.

### INVESTMENT NANNY PROGRAM

This program provides for:

- ▶ **CIT exemption** (for 5 years by choice)
- ▶ **Exemption from VAT** for importing new equipment and components to it and Exemption from import duties for new equipment and components to it (the list and volumes of equipment are approved by the Cabinet of Ministers for each project)
- ▶ Lease of state or communal land plots **without land auctions**
- ▶ **Compensation for the costs of connecting and joining** the engineering and transport networks necessary for the implementation of the project
- ▶ **Land tax exemption or reduced land tax rates**, etc.

The total amount of government support for the implementation of an investment project is set out in a special investment agreement and should not exceed 30% of the planned amount of major project investments.

This program is mainly regulated by the Law of Ukraine “On State Support of Investment Projects with Significant Investments in Ukraine” and Tax Code of Ukraine.

The Law of Ukraine “On Government Support for Major Investment Projects” defines the organizational, legal and financial framework for state support of investment projects to create favourable conditions for attracting significant investments (domestic and foreign) to Ukraine, creating new jobs, stimulating economic development of regions and increasing the competitiveness of the Ukrainian economy.

## Areas of investment project implementation

To receive government support under the Investment Nanny Program, an investment project with major investment should be implemented in Ukraine in the following areas:

- ▶ processing industry (except for activities related to the production and sale of tobacco products, ethyl alcohol (except for the production of bioethanol intended for use as a fuel component), cognac and fruit, alcoholic beverages)
- ▶ production of biogas and biomethane (including liquefied or compressed)
- ▶ extraction of minerals for further processing and/or enrichment (except for coal and lignite, crude oil and natural gas)
- ▶ waste management
- ▶ transport
- ▶ logistics
- ▶ warehousing
- ▶ postal and courier activities;
- ▶ education
- ▶ scientific and scientific-technical activities
- ▶ healthcare
- ▶ art and culture
- ▶ sports
- ▶ tourism
- ▶ resort and recreation
- ▶ electronic communications.

## Requirements for investment projects

- ▶ **Minimum investment:** The project should involve investments of at least EUR 12 million for the implementation of the investment project.
- ▶ **Construction and modernization:** An investment project involves the construction, modernization, technical and/or technological re-equipment of investment objects in certain areas, and the purchase of the necessary equipment and components.
- ▶ **Creation of new job positions:** The project must ensure the creation of at least:
  - 10 new job positions with an average salary of employees at least 50 per cent above the actual average salary;
  - 30 new job positions with an average salary at least 30 per cent above the real average salary;
  - 50 new job positions with an average salary at least 15 per cent above the real average salary.
- ▶ **Duration of project implementation:** The maximum project implementation period may not exceed 5 years from the date of conclusion of the special investment agreement.

## Special investment agreement

To get government support, an investor should enter into a special investment agreement with the Government of Ukraine. This agreement contains, in particular, the following mandatory terms and conditions:

- ▶ Investment amount
- ▶ Project implementation period
- ▶ The number of job positions created and their minimum wage
- ▶ Terms and forms of government support, etc.

## Requirements to investors

- ▶ An investor can be either a domestic or a foreign legal entity.
- ▶ The investor should register an investment company in Ukraine, which will be responsible for the implementation of the project.
- ▶ The investor should confirm the amount of significant investments made into the investment object.

## Mechanisms for investment protection and opportunities for war risk insurance

To guarantee the protection of foreign investments in Ukraine, the following Laws are in force:

- "On the Foreign Investment Regime",
- "On State Support for Investment Projects with Significant Investments in Ukraine",
- "On Financial Mechanisms for Stimulating Export Activity".

In particular, investment protection guarantees include:

- guarantees against changes in legislation;
- guarantees against forced seizures, as well as illegal actions of state bodies and their officials;
- compensation and indemnification of losses to investors;
- guarantees in the event of termination of investment activities;
- guarantees for the transfer of income, profits and other amounts in connection with foreign investments;
- guarantees of judicial and arbitration protection of investors' rights (including in international arbitrations or national investor courts), pre-arbitration and peaceful settlement of disputes,
- insurance of investments against war risks by the State Export Credit Agency ([ECA](#)) of Ukraine and national Export Credit Agencies of various countries and specialized organizations, such as the American Development Finance Corporation (DFC), which is ready to insure investments in Ukraine, or the Multilateral Investment Guarantee Agency (MIGA), which is a division of the World Bank Group.

In addition, the Cabinet of Ministers of Ukraine [approved](#) the LIST of military and political risks, as well as the CONDITIONS AND PROCEDURE for insurance (reinsurance) of military and political risks during the activities of the Export Credit Agency.

War risks include the following insurance risks that may arise on the territory of Ukraine:

- 1) military conflict, including war or armed conflict, armed aggression, hostilities, mass unrest;
- 2) violent change or overthrow of the constitutional order or seizure of state power;
- 3) terrorist acts and/or sabotage, including those caused by events provided for in subparagraphs 1 or 2 of this paragraph;
- 4) occupation, annexation.

Political risks include the following insurance risks that may arise on the territory of Ukraine:

- 1) forced alienation of property/seizure of property of a business entity (deprivation of property ownership rights) carried out by state authorities of Ukraine;
- 2) groundless (illegal) revocation of a license by the market regulator or forced termination (suspension) of the business entity's activities by state authorities, established by a court decision that has entered into legal force, except for cases when such termination of activities is caused by the business entity's failure to comply with the requirements of the law;
- 3) failure to fulfill or refusal to fulfill obligations by the state, defined by law, strategic or program documents approved in accordance with the procedure established by law, and/or an investment agreement, provided that the business entity has the right to demand the fulfillment of such obligations;
- 4) introduction by the state of a ban (payment embargo, moratorium) on making payments;
- 5) the inability of a business entity to convert currency or transfer currency abroad, except in cases provided for by law.

War threat insurance mechanisms are offered by private insurance companies as well as the state.

## Unity Facility - insurance mechanism for the Ukrainian sea corridor

The UNITY program, designed to provide affordable war risk insurance for grain and other essential food supplies worldwide, was launched in November 2023.

UNITY offers comprehensive and separate protection and indemnity (P&I) war risk insurance at significantly reduced premiums compared to standard market prices. In addition to grain, UNITY now provides coverage for other Ukrainian export products, including iron ore, steel, electrical equipment, and animal feed.

The developed mechanism for reducing the cost of marine insurance in Ukrainian territorial waters UNITY provides, in particular, for the creation of a fund to compensate shipowners and charterers for the first part of the losses by issuing standby letters of credit by state-owned Ukrainian banks - Ukreximbank and Ukrgasbank - confirmed by the German DZ Bank.

Lloyd's of London underwriters, led by Ascot, and other insurers are providing up to \$50 million in war risk insurance for hull and P&I. UNITY is available to clients of all Lloyd's of London registered brokers, providing additional support to ongoing humanitarian efforts and helping to mitigate the aggressor's pressure on supply chains and global food security.

The UNITY insurance tool is available to all international brokers, to whom ship owners and Ukrainian exporters can apply.

The program can insure not only sea transportation of grain and other important food commodities, but also vessels carrying all non-military cargoes, such as iron ore, steel, and container shipments.

In August 2023, Ukraine opened a new sea route from Odessa, which replaced the Black Sea Grain Initiative. It allowed Ukraine to significantly increase sea exports, in January 2024 its figure reached 8 million tons (of which 5.2 million tons are agricultural products).

On February 6, 2024, Prime Minister Denys Shmyhal announced that Ukraine had reached pre-war volumes of sea exports.

# Agreements on Trade and Investment Cooperation

## Trade initiatives tailored for UK businesses

A strong, resilient and private sector-led economic recovery will be critical to building lasting security and prosperity for Ukraine. UK businesses across all sectors, and of all sizes, have a key role to play in Ukraine's reconstruction.



1

### The UK-Ukraine Free Trade Agreement



World-leading tariff liberalisation until 2029 on almost all goods, except for eggs and poultry which have been extended until 2026. The service provisions outlined in the FTA offer numerous advantages, such as the stipulation that UK service enterprises established or functioning in Ukraine must receive treatment that is at least as favorable as that afforded to domestic Ukrainian providers.

2

### The UK-Ukraine Digital Trade Agreement



The agreement expands on the UK-Ukraine Free Trade Agreement by modernising our bilateral trade in the digital era and deepening economic ties with Ukraine. Ukrainian and British businesses and consumers benefit from: open digital markets, including guaranteed tariff-free flow of digital content; guaranteeing the flow of trusted data; collaboration between the UK and Ukraine on cybersecurity

3

### The UK-Ukraine TechBridge



The UK-Ukraine TechBridge is a strategic partnership between the UK Government and Ukraine's Ministry of Digital Transformation. It aims to connect UK and Ukrainian tech businesses, to build resilience and continue the development of a thriving Ukrainian tech sector. TechBridge is being implemented in partnership with industry and academia from both the UK and Ukraine to create new opportunities in trade, investment, skills, and innovation.

4

### The UK-Ukraine Business Bridge



Offers a platform through which UK businesses can connect with partners across the global private sector to engage with Ukraine's repair, reconstruction and recovery opportunities.

## UK-Ukraine Political, Free Trade and Strategic Partnership Agreement

- ▶ The UK and Ukraine have signed bilateral agreements to forge stronger links and demonstrate the UK's commitment to Ukraine. The UK-Ukraine Political, Free Trade and Strategic Partnership Agreement (FTA) is the central pillar of the UK's trading relationship with Ukraine. The UK has extended tariff-free trade with Ukraine until 2029 (with eggs and poultry to be extended for two years), allowing businesses in both countries to benefit from increased imports and exports.



Services

- ▶ The service provisions outlined in the FTA offer numerous advantages, such as the stipulation that UK service enterprises established or functioning in Ukraine must receive treatment that is at least as favorable as that afforded to domestic Ukrainian providers.



Public  
Procurement

- ▶ The FTA provides mutual access to significant segments of each other's public procurement markets at the national, regional and local levels, providing guarantees of equal treatment of companies and suppliers from both countries.



IP

- ▶ The IP provisions in the FTA aim to establish a balanced and effective framework for the protection and enforcement of intellectual property rights. This is intended to promote investment in the production and commercialization of innovative and creative products, while ensuring fair access for consumers.



Rules of  
Origin (RoO)

- ▶ Rules of origin determine the source of your goods and identify which items are included in the FTA. The RoO provisions in the FTA offer several benefits to UK businesses, such as increased access and flexibility to source cost-effective inputs, enhanced market access, and stronger supply chain resilience. To capitalize on these benefits, UK businesses must adhere to the RoO requirements specified in the FTA, which can be verified [online](#).



Investment  
protection

- ▶ Provisions in the FTA and the UK-Ukraine Bilateral Investment Treaty encompass investment protection measures, where both parties enter into binding agreements concerning the treatment of each other's investors and their investments. These measures are intended to ensure that investors and investments are safeguarded against discrimination, unfair treatment, and expropriation without compensation at fair market value by the host state.

## UK-Ukraine Digital Trade Agreement

The UK-Ukraine Digital Trade Agreement (DTA) enters into force on 1 September 2024. The agreement expands on the UK-Ukraine Free Trade Agreement by modernising bilateral trade in the digital era and deepening economic ties with Ukraine. Ukrainian and British businesses and consumers benefit from:

- ▶ open digital markets, including guaranteed tariff-free flow of digital content
- ▶ guaranteeing the flow of trusted data
- ▶ collaboration between the UK and Ukraine on cybersecurity
- ▶ cheaper and easier trade through the adoption of digital trading systems

The Digital Trade Agreement aims to extend UK-Ukraine digital partnership in the following domains and ways:

<b>Digital trade -</b>	<b>Open data exchange -</b>
<ul style="list-style-type: none"> <li>▶ reduce the cost of trade administration by implementing digital solutions and technologies;</li> <li>▶ secure and extend the use of digital signatures, electronic contracts, electronic invoices for international trade;</li> <li>▶ joint recognition of electronic identification and digital signatures;</li> <li>▶ introduce the 'single window' principle for cooperation of traders and government structures.</li> </ul>	<ul style="list-style-type: none"> <li>▶ prohibit unreasonable restrictions on cross-border data transfers;</li> <li>▶ create prerequisites for the growth of trade in services based on access to data in the areas of financial services, agriculture, manufacturing, legal services, engineering et al;</li> <li>▶ prohibit new restrictions on localisation (possibility to provide services without physical transfer of databases);</li> <li>▶ promote personal data protection and implement relevant frameworks, improve access to public data owned by the state.</li> </ul>
<b>Consumer protection -</b>	<b>Open digital markets -</b>
<ul style="list-style-type: none"> <li>▶ increase protection of online consumer rights;</li> <li>▶ implement legislation on the prohibition of misleading information;</li> <li>▶ cybersecurity;</li> <li>▶ protection of cryptographic data;</li> <li>▶ protection of computer programs and software codes.</li> </ul>	<ul style="list-style-type: none"> <li>▶ duty-free digital content;</li> <li>▶ increase competitiveness in the economy;</li> <li>▶ inclusiveness of the digital economy.</li> </ul>
<b>Financial services</b>	<b>Technical cooperation -</b>
<ul style="list-style-type: none"> <li>▶ exchange of financial information;</li> <li>▶ introduction of modern financial services;</li> <li>▶ upgrade of electronic payments technologies.</li> </ul>	<ul style="list-style-type: none"> <li>▶ artificial intelligence and use of the latest technologies;</li> <li>▶ cooperation in the field of legal technologies;</li> <li>▶ cooperation on the recognition of digital documents.</li> </ul>

**Ukraine became the second country in the world, after Singapore, to sign a Digital Trade Agreement with the United Kingdom.**

## UK-Ukraine TechBridge

The UK-Ukraine TechBridge, first announced at the Ukraine Recovery Conference in 2023 by the UK Prime Minister, aims to connect UK and Ukrainian tech businesses, build resilience and continue the development of a thriving Ukrainian tech sector despite the challenges of war.



It is being implemented in partnership with industry and academia from the UK and Ukraine to create new opportunities across four pillars:

Skills	Innovation	Trade	Investment
TechBridge promotes training and guidance to help build new technical and business skills for career development.	TechBridge facilitates workshops to create technological solutions to address existing industrial challenges.	TechBridge works to break down barriers and bring businesses together from both nations to prosper from mutual growth through events and guidance.	TechBridge connects UK and Ukrainian IT ecosystems among 16 sectors:



Source: UK-Ukraine-TechBridge [Facebook page](#)

## UK-Ukraine One Hundred Year Partnership Agreement

This [Agreement](#) establishes the legal framework governing co-operation and partnership between the UK and Ukraine, setting out the key principles governing the 100YP and outlining the thematic areas for co-operation

The agreement is of a high level, but imposes specific obligations on the parties to cooperate in the following areas:

- ▶ deepening defence collaboration, including joint force development, defence industrial partnerships, technology transfer, and innovation aligned with NATO standards;
- ▶ supporting Ukraine's interoperability and future NATO membership to strengthen Euro-Atlantic security;
- ▶ establishing a maritime partnership to restore freedom of navigation and enhance security in the Baltic, Black, and Azov Seas;
- ▶ promoting investment and trade across key sectors to modernize both economies and foster inclusive growth;
- ▶ advancing sustainable energy cooperation and creating conditions for investment in Ukraine's energy transition;
- ▶ enhancing cooperation between legal sectors, strengthening sanctions enforcement, and pursuing accountability for international law violations;
- ▶ strengthening institutional resilience against information threats and improving capabilities for counteraction;
- ▶ expanding collaboration in science, technology, and innovation to address shared challenges and drive sustainable growth;
- ▶ fostering deeper ties through cooperation in human rights, education, culture, health, and sports;
- ▶ coordinating efforts on migration management, combating irregular migration and trafficking, and facilitating secure mobility.

Also, an integral part of the Agreement is the [Declaration](#), which contains detailed agreements between Ukraine and the UK on

	DEFENCE		JUSTICE & ACCOUNTABILITY
	SECURITY		COUNTERING FOREIGN INFORMATION MANIPULATION AND INTERFERENCE (FIMI)
	MARITIME		SCIENCE, TECHNOLOGY & INNOVATION
	ECONOMY & TRADE		SOCIAL, CULTURE & SPORT
	ENERGY, CLIMATE AND CLEAN ENERGY TRANSITION		

The Agreement applies to metropolitan UK only and will remain in force for a period of 100 years from the date of entry.

In particular, the ECONOMY & TRADE pillar declares that the UK and Ukraine will deepen their economic partnership by modernising the Political Cooperation, Free Trade and Strategic Partnership Agreement, broadening market access, eliminating trade barriers, and enhancing the investment climate through deregulation, judicial reform, and strengthened governance of state-owned enterprises. The two countries will foster business-to-business ties, boost private sector growth, and work together to modernise Ukraine's financial system, including developing a world-class financial centre and advancing access to capital markets with the support of the City of London.

Efforts will also focus on strengthening Ukraine's public procurement systems, expanding human capital through inclusive labour markets, and supporting Ukraine's macro-financial resilience. The UK will promote cooperation on agriculture, infrastructure, and transport, facilitating green, smart development aligned with net-zero goals. Through the UK-Ukraine TechBridge and Digital Trade Agreement, the countries will advance innovation and technology, while UK Export Finance will support priority defence and infrastructure projects.

## Accessing Ukraine's Domestic Government Bonds for Foreign Investors

Foreign investors have the opportunity to purchase domestic government bonds (DGB) in Ukraine. From April 1, 2023, the National Bank of Ukraine [allowed](#) foreign investors to repatriate abroad the interest received from DGB, [provided that](#) the investor has held these DGB for at least the last 90 consecutive calendar days before receiving the interest. This decision is aimed at stimulating investment and developing the government bond market.

Currently, the NBU is the depository for DGB, meaning it is the institution that maintains centralized accounting of DGB in a non-documentary form. More information about the domestic government bond market can be found on the National Bank of Ukraine's [website](#).

To purchase DGB, foreign investors need to open a securities account through investment companies or banks, sign a bond purchase agreement, and deposit the corresponding amount into the account. Banks and investment companies buy DGB from the Ministry of Finance [at auctions](#) and then set their price and other conditions when selling to clients. DGB can also be purchased through financial companies that have licenses for securities operations



## Possibilities of recognizing/enforcing decisions of international and arbitration courts in Ukraine

The procedure for recognizing and enforcing foreign court decisions on the territory of Ukraine is regulated by the norms of the Civil Procedure Code of Ukraine (hereinafter referred to as the CPC of Ukraine), as well as the [Instruction](#) on the procedure for enforcing international treaties on the provision of legal assistance in civil cases regarding the service of documents, receipt of evidence and recognition and enforcement of court decisions (hereinafter referred to as the Instruction). Foreign petitions submitted to the court are considered in accordance with the provisions of Section IX of the CPC of Ukraine, as well as Section V of the Instruction.

A foreign petition is considered by the court of Ukraine at the place of residence (stay) or location of the debtor. If the debtor does not have a place of residence (stay) or location on the territory of Ukraine or his place of residence (stay) or location is unknown, the issue of granting permission for the enforcement of a foreign court decision is considered by the court of Ukraine at the location of the debtor's property in Ukraine (Article 464 of the CPC of Ukraine, Clause 5.3 of the Instruction).

The court of Ukraine shall, within three days from the date of the pronouncement of the ruling on the results of consideration of a foreign petition, send copies of it to the parties. If the party is abroad and does not have an authorized representative in Ukraine, a copy of the ruling on the results of consideration of a foreign petition shall be sent to the interregional department for transmission of a copy of the ruling through appropriate channels. (Clause 6, Article 467 of the Code of Civil Procedure of Ukraine, Clause 5.7 of the Instructions).

Following the results of consideration of the petition, the court of Ukraine, on the basis of the decision of the foreign court and the ruling on its recognition and granting permission for its compulsory execution, immediately after it enters into legal force, issues a writ of execution and sends it with a covering letter and copies of the said ruling and the petition of the collector for execution to the relevant body of the state executive service.

The decision based on the results of consideration of a foreign petition shall be drawn up in Ukrainian. In cases provided for by an international treaty of Ukraine, the court of Ukraine shall draw up the decision in the language provided for by the relevant international treaty of Ukraine, or shall attach to it a translation into such language certified in accordance with the legislation of Ukraine (clause 5.6 of the Instructions).

In addition, Ukraine is a party to the [Convention](#) on the Recognition and Enforcement of Foreign Judgments in Civil or Commercial Matters.

It is also necessary to pay attention to the difference in instances: to enforce a decision of a foreign court, one must apply to the court of first instance in Ukraine, and to enforce a decision of an international arbitration court, the Supreme Court will act as the court of first instance.

## Industrial Parks

The Law of Ukraine "On Industrial Parks" (Law) defines the legal and organizational grounds for establishing and operating the industrial parks within the territory of Ukraine to ensure economic development and increase the competitiveness of regions, activate investment activities, create new jobs, develop modern industrial and market infrastructure.

### Legislation on Industrial Parks:

The Constitution of Ukraine, the Civil Code of Ukraine, The Economic Code of Ukraine, The Land Code of Ukraine, the Tax Code of Ukraine, the Customs Code of Ukraine, this Law, the Law of Ukraine "On Regulation of City Planning Activity," other legislative acts of Ukraine, as well as international treaties of Ukraine ratified by the Verkhovna Rada of Ukraine.

### State support for industrial parks

The Law of Ukraine's "On Industrial Parks" and respective changes to the Tax Code and the Customs Code provide state incentives for investment parks. The following incentives are available for initiators of the creation of industrial parks, their management companies, and participants:

- ▶ exemption from income tax for ten years, subject to reinvestment in the development of the investment project;
- ▶ exemption from VAT on the import of new equipment for own use;
- ▶ the possibility of granting benefits for real estate taxation on the territory of industrial parks by decision of the local authority;
- ▶ exemption from import duty taxation of new equipment imported by participants of industrial parks for their use;
- ▶ non-refundable financing to arrange an industrial park and/or construction of related infrastructure facilities (highways, communication lines, heat, gas, water and electricity, utilities, etc.);
- ▶ compensation for connecting to engineering grids (incl. compensation for connecting to the electric grid, national railway system, gas-, heat- and water supply networks).

### Initiators of industrial parks

Land of state or communal property	Private property lands
State authorities, local self-government bodies, which are empowered to dispose of land plots, as well as tenants	Owners or tenants (legal entities or individuals)

### Terms of use

The land plot to be used for the creation and operation of the industrial park may be located within or outside settlements and must meet the following requirements:

- ▶ belong to industry lands;
- ▶ be suitable for industrial use, taking into account the conditions and restrictions established by the relevant urban-planning documentation
- ▶ have an area of 10 to 1000 ha.

**The use of land plots on lands of state or municipal property is carried out in compliance with the following conditions:**

- ▶ the period of use of a land plot within the scope of an industrial park must be liable at least 30 years from the date of deciding to create an industrial park;
- ▶ the use of land plots must respond to sanitary, epidemiological, and environmental requirements.

## Industrial Parks

### Facilities that may be located in the industrial park include:

- ▶ offices of the management company, participants and other entities of the industrial park, financial institutions, objects of marketing and advertising;
- ▶ preschool education institutions, general secondary education institutions, institutions of higher, professional higher, and professional (vocational and technical) education;
- ▶ science parks, accelerators, and laboratories for the development of innovative technologies;
- ▶ multi-purpose halls for scientific conferences and other events;
- ▶ fire brigades;
- ▶ green areas;
- ▶ industrial, warehouse buildings and structures, logistics infrastructure facilities;
- ▶ engineering buildings and structures;
- ▶ waste management facilities (except waste disposal);
- ▶ other objects not prohibited by Law.

### Sources of provision of finance for the development of an industrial park

The sources of provision of finance for the development of an industrial park may be funds from the state and local budgets allocated following the procedure and amounts provided for by Law, funds from private investors, including funds attracted under the model of state-private partnership, attracted funds, including loans from banks and other financial and credit institutions, funds from other sources not prohibited by Law.

### Creation of the Industrial Park

The initiator makes the decision to create an industrial park of the creation based on the concept of an industrial park approved following the requirements of this Law.

The initiator of the creation, within **five working days** from the date of the decision to create an industrial park, is obliged to submit to the competent government authority a copy of the decision to develop an industrial park and the concept of the industrial park.

The decision to create an industrial park is the reason for the agreement concluding on the creation and operation of an industrial park between the initiator and the management company of an industrial park.

### List of documents for inclusion of an IP in the Register of Industrial Parks

To decide on the inclusion of the industrial park in the Register of Industrial Parks, the initiator of the creation shall submit the following documents to the authorized state body:

1. The application for inclusion of the industrial park into the Register of Industrial Parks;
2. The decision of the initiator on the creation of the industrial park;
3. The concept of the industrial park;
4. An extract from the State Land Cadastre regarding the land plot and title documents for the real estate objects located thereon;
5. Name of the management company and participants (if any).

The industrial park is included in the Register of Industrial Parks **within 45 business days** from the date of receipt of the application from the initiator of the industrial park by the authorized state body.

The authorized state body, following the procedure approved by the Cabinet of Ministers of Ukraine, shall review the documents **within 21 business days** from the date of receipt of the papers from the initiator of the establishment.

## The portal of public services Diia (concept of digital public services)

“Diia” (lit. “Diia” (lit. “State and Me”)) is a portal that brings together government services in one place. Diia makes it easier to do business in Ukraine by significantly reducing administrative barriers and simplifying the process, which is of great interest to foreign investors.

Diia is a brand of the digital state and an ecosystem of projects that includes:

- ▶ [Online government service portal](#) providing a wide range of services, including business registration, getting extracts, filing tax returns, paying fines and other government services
- ▶ [Mobile application](#) with digital documents and access to many government services online in your smartphone
- ▶ [Diia.Business](#) is a portal to help businesses create, develop and scale their business
- ▶ [Diia City](#) is a special legal regime for the IT industry
- ▶ [Diia.Osvita](#) is a national educational platform for gaining relevant knowledge and skills
- ▶ [Diia.Open.data](#) is an open data competence center designed to raise awareness of open data, its impact and benefits for everyone.
- ▶ [Paperless](#) is a “no paperwork” mode. The state will not require paper documents, certificates, or IDs from you. All services are available online, and digital documents are accessible in your smartphone.

Currently, much of the information on the portals is available only in Ukrainian.

Foreign residents can register on the Diia portal if they have a taxpayer registration number (TIN) and an open account in a Ukrainian bank or a residence permit. Non-residents are required to complete the BankID identification procedure. For correct operation of the Diia portal, it is important that the bank, with which the account is opened, supports the BankID system.

### Main services of the Diia Portal that may come in handy for a foreign investor:

#### 1. [Registration and doing business, e-Entrepreneur:](#)

- ▶ [Registration of a legal entity](#): Foreign investors can register a company in Ukraine online by submitting all the necessary documents through the Diia portal.
- ▶ [Registration of a private entrepreneur](#): For investors looking to run a business as individual entrepreneurs, express online registration of a sole proprietorship is available.
- ▶ [Obtaining extracts from the Unified State Register](#): The ability to obtain extracts on company registration, legal status, authorized capital and other important information.

#### 2. Tax services:

- ▶ **Filing tax returns:** Foreign investors can file income tax returns and other tax reports through the Diia [eDeclaration](#) portal, [the Single Tax Payer Declaration](#), etc.
- ▶ **Payment of taxes:** Easy payment of taxes, fees and other mandatory payments online.

#### 3. Getting [permits and licenses](#):

Through the Diia portal, you can apply for licenses and permits to conduct certain types of activities in Ukraine, in particular:

- ▶ [Permit for construction works and submission of amendments to the already issued permit](#)
- ▶ [Water use permit](#)
- ▶ [Permit for employment of foreigners and persons without citizenship](#)
- ▶ [Requesting permits for international transportation of goods](#)
- ▶ [Fire safety certificate](#)
- ▶ [Manufacture medicines license](#)
- ▶ [License for import of medicines](#)
- ▶ [License for road transportation services](#)
- ▶ [License to sell medicines](#)

#### 4. Electronic signature:

- ▶ [Getting an electronic signature \(QES\)](#): the portal allows you to get, update a qualified electronic signature or check the QES on documents.

#### 5. Reservation:

- ▶ [Employee reservation](#): you can submit lists of employees liable for military service for reservation on the portal if your company is recognized as critical to the needs of the Armed Forces, receive [Information about employees from the Register of Persons Liable for Military Service](#) and receive a [Military Record Document](#) with data from the Register of Conscripts

#### 6. Getting official extracts from the registers that may be required for legal or financial transactions.

#### 7. Interaction with government agencies:

- ▶ **Submission of inquiries and appeals:** users can submit official inquiries and appeals to government agencies through Diia.
- ▶ **Tracking the status of appeals:** the ability to track the status of submitted requests and appeals to government agencies.

#### 8. Citizenship and immigration:

- ▶ Registration and issuance of [temporary](#) and [permanent](#) residence permits.
- ▶ [Preparation and issuance of a permit for immigration to Ukraine](#), etc.

However, note that each service on the Diia portal has its own access requirements, and it is quite a challenge to list the terms and conditions of each. For more information, see the [website](#). For example, registering as a sole proprietorship through the Diia portal is not available to foreign citizens. However, using Diia by you and your partners in Ukraine can significantly simplify communication and reduce administrative barriers.

[Diia.Business](#) is one of the components of the Diia portal. It is a national project for the development of entrepreneurship and exports implemented by the Ministry of Digital Transformation of Ukraine and the Office for Entrepreneurship and Export Development.

#### The Diia.Business online platform offers:

- ▶ A guide for the entrepreneur
- ▶ 150+ business ideas
- ▶ Case studies of Ukrainian entrepreneurs, current news
- ▶ Free online and offline consultations
- ▶ National online school for entrepreneurs
- ▶ Exhibitions in online format
- ▶ Virtual center of Diia.Business
- ▶ Export direction of Diia.Business
- ▶ Marketplace of financial opportunities for business
- ▶ Analytics of the state of Ukrainian business
- ▶ A platform for attracting impact investing (MVP), etc.

However, the Diia.Business portal cannot be used to register/close a sole proprietorship or LLC, these functions are available only on the Diia portal.

The offline component of Diia.Business is a [network of entrepreneur support centers](#) where you can get free consultations, participate in educational events for business, rent premises for events, and test your product at a specially equipped pop-up location. Diia.Business Entrepreneur Support Centers are located in Odesa, Poltava, Uzhhorod, Bucha, Ternopil, Kryvyi Rih, Kremenchuk, Lutsk, Rivne, Warsaw, and at the Taras Shevchenko National University of Kyiv (for students).

## DREAM platform (Digital Restoration Ecosystem for Accountable Management)

[DREAM](#) is a unique state communication platform for the digital ecosystem of restoration management by the Ministry for communities, territories and infrastructure development of Ukraine.

DREAM is being implemented following the Resolution No. 1286 of the CMU dated 15.11.2022 [“On the implementation of a pilot project on the creation, implementation and maintenance of the Unified Digital Integrated Information and Analytical System for the Management of the Reconstruction of Real Estate, Construction and Infrastructure”](#).

DREAM is created as a universal electronic system that provides a convenient and transparent way to manage all reconstruction projects in the country. The system allows collecting all project data in real time and provides it in the format of convenient tables, graphs and charts. This simplifies project analysis and management, and provides open access to information through the publication of data in accordance with the global Open Contracting Data Standard. An important aspect is that DREAM maintains full transparency at all stages of the project life cycle, which allows for effective monitoring and evaluation of processes – from registration of damage and destruction to financing, procurement, and completion of construction work.

### The key users of the DREAM:

- ▶ Local governments
- ▶ Central executive authorities
- ▶ International financial organizations and investors
- ▶ Business representatives
- ▶ Journalists
- ▶ Civil society activists

Project managers create their own profile in the [e-cabinet](#) and get appropriate access to the necessary management and control tools. The public, in turn, has access to all system data as user-friendly dashboards in the analytics module.

### DREAM provides support on all stages:

- ▶ Fixation of losses and needs assessment
- ▶ Planning and public hearings
- ▶ Projects preparation
- ▶ Creating a bank of projects
- ▶ Commissioning, reporting
- ▶ Project implementation
- ▶ Procurement preparation
- ▶ Funding allocation

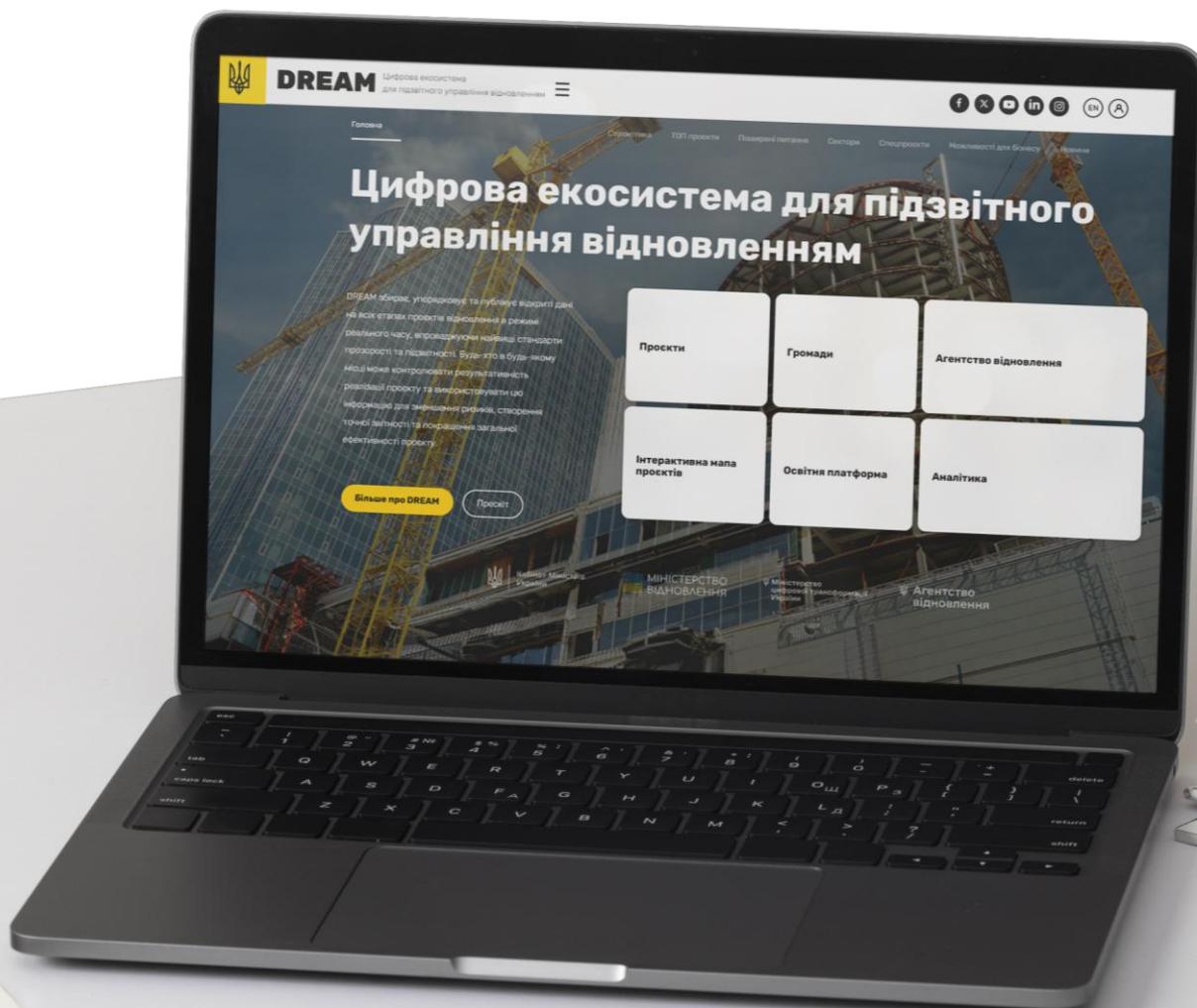
DREAM is designed as a universal electronic system that provides a convenient and transparent way to manage all reconstruction projects in the country. The system collects all project data in real time and provides it as user-friendly tables, graphs, and charts. This makes it easier to analyze and manage the projects, and provides open access to information through the publication of data in accordance with the global Open Contracting Data Standard. An important aspect is that DREAM is fully transparent at all stages of the project life cycle, making it possible to effectively monitor and evaluate processes – from registration of damages and destructions and to financing, procurement, and completion of construction works.

### DREAM consists of two levels:

- ▶ The first level consists of already existing state registers and systems, such as the Register of damaged and destroyed property (RDP), Geographic information system (GIS), DIIA, Prozorro, Spending.gov.ua, and others. They form a unified digital route for each project.
- ▶ The second level is an “umbrella” system that combines all these registers and provides user-friendly access to data through management and control tools at all stages. As a result, stakeholders can track projects in real time and make informed decisions about infrastructure development.
- ▶ Currently, over 530 governing bodies are actively operating within DREAM, including representatives from 500 hromads, 19 regional military administrations, five ministries, the Agency for Restoration, and other organizations.

As of September 2024, the portal featured 7634 projects from 11 sectors of the economy with a total budget of about UAH 406 billion (about USD 9,8 billion).

For more information, see the [DREAM Overview](#) and [DREAM ecosystem `s benefits and functionality](#).



## NAZOVNI platform - assistance to Ukrainian exporters

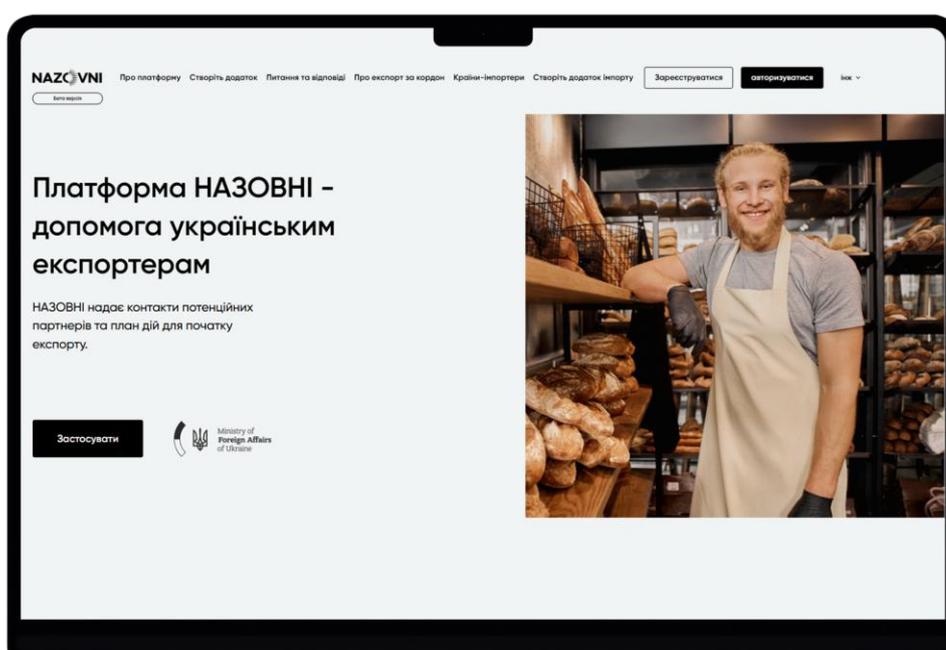
NAZOVNI.Online is a platform created with institutional and information support of the Ministry of Foreign Affairs of Ukraine providing a great resource of economic diplomacy to the business. This is an effective digital tool for Ukrainian exporters and foreign companies - importers. With a great number of Ukrainian businesses from various spheres and detailed importers' needs, one can create "it's a match" and find new reliable partners. Not only goods, but services as well, more than 2500 Ukrainian exporters are registered at the Platform, the sectors are various: food and confectionary, fruits and berries, agricultural commodities, drinks and beverages, different textile, decor, light and furniture, cosmetic and pharmaceutical industries, metal-plastic constructions, wood, packaging industry, industrial electrical equipment and engineering, machinery, stones, modular houses and construction, IT and other services and much more.

For Ukrainian companies Platform provides applications for market analysis and export promotion, beneficial conditions in exhibitions and a variety of trainings.

For the foreign company to find a partner via NAZOVNI.Online Platform it is necessary to visit the [website](#) and create an Import application in English. Fill in all the required information at Import application page, send and wait to be verified by the administrators. The NAZOVNI.Online team will contact you and provide the list of relevant Ukrainian companies that can be contacted directly. In case there is a specific company that is required, please let us know and we will find it for you. We will do our best to create a great partnership.

As the result for 3 years of operation Nazovni.Online has more than 11,000 export applications, 1000 market analysis applications, 200 applications from foreign buyers from more than 40 countries and 300 signed contracts in different countries. Apart from that the team jointly with economic diplomats provided to 500+ companies participation in 100+ expo events on beneficial conditions, and held 20+ retail campaigns abroad.

Nazovni.Online is a tool to support the economy of Ukraine and an opportunity to partner with verified Ukrainian business.



## Investment Opportunities Map of Ukraine

[European Business Association](#) and [Global Business for Ukraine](#), together with Ukraine Invest, launched a [Map of investment and business opportunities in Ukraine](#).

An innovative interactive tool designed to assist potential investors in exploring the vast array of investment opportunities available across different regions of Ukraine. This powerful platform provides comprehensive information on each opportunity, enabling investors to make informed decisions based on their interests and preferences. Additionally, users have the option to express their interest in a particular project by submitting a request through the platform.

The investment map showcases detailed insights into every region of Ukraine, encompassing essential factors such as size, population, taxation regulations, educational institutions, abundant natural resources, and thriving industries.

Projects featured on the map are conveniently categorized based on either region or industry, allowing users to effortlessly navigate through their preferred sectors of interest. Each project description includes vital details such as the initiator, current status, precise location, investment opportunity, required investment amount, as well as specific goals and deadlines.

We are proud to announce that representatives from BDO in Ukraine actively participate in the Advisory Board responsible for meticulously selecting projects for placement on the map. This ensures that only the most promising and high-potential opportunities are showcased, providing investors with a reliable and credible resource.

As a comprehensive and user-friendly starting point for potential investors, this interactive map serves as a gateway to unlocking the vast investment potential in Ukraine.



## Entry regime to Ukraine for foreign citizens

The visa requirements in Ukraine vary based on the nationality of the foreigner. Ukraine maintains a visa-free regime with specific countries, whereas citizens of other nations are required to apply for a visa prior to their trips.

You can check whether you need a visa to enter Ukraine on the [website](#) of the Ministry of Foreign Affairs of Ukraine. Individuals from visa-exempt countries are entitled to a stay in Ukraine for a maximum of 90 days within any 180-day period.

In the absence of a visa-free arrangement, individuals from other countries must possess the necessary set of documents for entry, which includes a passport, evidence of the trip's purpose, financial means, and a visa.

### Employment

According to the labour law of Ukraine, the possible ways of employment are as follows:

- ▶ an employment agreement or employment contract
- ▶ a civil contract on performing certain services
- ▶ employment contract with non-fixed working hours
- ▶ gig contract for Diya City residents

Typically, the standard duration of a workweek is limited to 40 hours, usually spread across five days. However, an employer has the option to implement a six-day workweek, with the condition that employees are not allowed to exceed seven hours of work per day.

#### An employment agreement or employment contract

Ukrainian labor law allows various types of agreements between employees and employers. A special contract, which offers greater flexibility than a standard employment agreement, can be used with specific employees, like company directors or foreign workers. This contract can define the term, rights, obligations, financial liability, material support, work organization, and termination conditions. During the COVID-19 pandemic and under martial law, Ukraine introduced more flexible regulations for remote and home-based work, which remain in effect.

#### Civil law contracts

Besides employment agreements, companies can hire contractors through civil law contracts. Contractors provide specific services or complete tasks using their own or client-provided resources. Often, private entrepreneurs with simplified taxation are involved. However, this method is regulatory grey area and poses risks of potential sham employment situations.

#### Employment contract with non-fixed working hours

An employment agreement featuring variable working hours is a unique contract wherein no specific timeframe is predetermined for work completion. The employee's obligation to work arises only when the employer offers tasks outlined in the contract, without a guarantee of continuous work provision. However, terms of compensation are ensured to be met in accordance with the agreement.

### **Gig-contract**

A Gig-contract refers to a unique type of civil law agreement that can be entered into between a gig-specialist, predominantly individuals in the IT field, and a company holding the Diia City resident status. Diia City represents a distinctive tax and employment framework for IT enterprises, applicable upon their registration as [Diia City](#) residents.

### **Work Permits for foreign employees**

To legally employ a foreigner in Ukraine, the employer must obtain a work permit from the Employment Center, which remains valid for six months to three years and is indefinitely renewable upon expiration. The employer may be either a legal entity or an individual entrepreneur.

Additionally, ensuring the prompt distribution of salary and handling other financial transactions for a foreign employee, which includes covering their taxes and fees, usually requires obtaining a Ukrainian tax number issued by the tax authorities of Ukraine.

Hiring a foreigner without a valid work permit is against the law and carries legal consequences. Nevertheless, certain exceptions exist. Specifically, a work permit is not mandatory for the employment of:

- ▶ foreigners holding permanent residency status in Ukraine;
- ▶ employees of foreign representative offices duly registered in Ukraine according to the legally prescribed procedure;
- ▶ foreigners who have come to Ukraine to contribute to the execution of international technical assistance projects;
- ▶ other foreigners in cases stipulated by the laws and international treaties of Ukraine, ratified by the Verkhovna Rada of Ukraine (including Polish citizens);
- ▶ etc.

In response to the assistance extended by Poland to Ukraine and the Ukrainian people amid Russia's invasion, Ukraine has streamlined the regulations for the employment and temporary residence of Polish citizens. For instance, a work permit is no longer a requirement.

## Foreigner's Guide on Business Travel to Ukraine

Prepared by **BDO in Ukraine**, "[Foreigner's Guide on Business Travel to Ukraine](#)" as a comprehensive resource for international visitors navigating Ukraine during challenging times. Designed to address the unique conditions of travel in a country impacted by war, it aims to ensure a safe, informed, and confident journey for volunteers, businesspeople, public figures, and others who contribute to Ukraine's restoration efforts. The guide provides critical information to help travelers stay prepared and protected while exploring Ukraine's vibrant culture, cities, and opportunities for collaboration.

Ukraine continues to welcome visitors despite ongoing risks, demonstrating resilience and determination. With detailed guidance on transportation, accommodation, and safety, this guide equips travelers with the tools they need to make thoughtful decisions and navigate the country effectively.

### Key highlights:

#### ▶ Transportation Options:

- Guidance for safe travel to and within Ukraine by train, bus, or car.
- Details on crossing borders and navigating checkpoints.
- Information on connecting from airports in neighboring countries.

#### ▶ Accommodation Tips:

- Recommended hotels in Kyiv, Lviv, and Dnipro with access to shelters and backup power.
- Advice on choosing safe and comfortable lodging.

#### ▶ Insurance Essentials:

- Overview of mandatory medical insurance and war-risk coverage.
- Suggested providers and coverage options.

#### ▶ City Navigation:

- Overview of public transportation, taxis, and apps for urban transit.
- Guidelines for safety measures during air raid alerts.

#### ▶ Emergency Preparedness:

- Important contact numbers and tips for dealing with emergencies.
- Maps and apps for locating shelters and "Points of Invincibility".

#### ▶ Useful Resources:

- Apps and platforms for ticket booking, air raid alerts, navigating public transport, and other vital information.

This guide reflects the commitment of BDO in Ukraine to fostering international cooperation and supporting safe, purposeful travel to Ukraine. Stay informed and prepared to make the most of your journey while contributing to Ukraine's resilience and recovery.

For real-time updates, consult official sources or your embassy.



# CONTACTS

## KYIV

201-203, Kharkivske Road,  
10<sup>th</sup> floor

 +380 44 393 26 87, 88  
 +380 44 393 26 91

## DNIPRO

4, Andriia Fabra Street,  
6<sup>th</sup> floor

 +380 56 370 30 43  
 +380 56 370 30 45

## LVIV

120, Shevchenko Str.  
Regus-KIVSH

 +38 032 242 44 00

 [info@bdo.ua](mailto:info@bdo.ua)  
 [www.bdo.ua](http://www.bdo.ua)

Please note that this information is in effect as of the date of this document (05/05/2024).

This publication is for informational purposes only and provides a general overview of the potential investment landscape in Ukraine.

While we strive to offer relevant insights, the information presented in this guide may become outdated or change significantly within a short period. Our company does not guarantee its accuracy, completeness, or applicability to individual investment decisions.

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The Scottish Parliament Cross-Party Group on Ukraine (the "CPG") was established to promote political, cultural, educational, and economic links between Scotland and Ukraine, and to facilitate meetings and contacts between parliamentarians. The CPG's Business and Economy Working Group focuses on deepening business and economic connections, joint market interaction, identifying potential investment avenues—including in Ukraine's reconstruction — and facilitating strategic partnerships between Scotland and Ukraine for the mutual benefit of both countries.

The NAZOVNI Platform is a digital service created with the institutional and informational support of the Ministry of Foreign Affairs of Ukraine that helps Ukrainian businesses enter new markets with the support of representatives of Ukraine's diplomatic missions in more than 120 countries.

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**NAZOVNI**

[office@nazovni.online](mailto:office@nazovni.online)



[cpg.ukraine.scot@outlook.com](mailto:cpg.ukraine.scot@outlook.com)



[info@bdo.ua](mailto:info@bdo.ua)