

# Q&A

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## **BUYING REAL ESTATE IN UKRAINE: 30 COMMON QUESTIONS**

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**1. Can a foreigner buy real estate in Ukraine?**

Ukrainian legislation has almost no restrictions for foreigners or foreign companies to buy real estate in Ukraine. Foreigners (if they have reached the age of 18 and are legally staying in Ukraine) have almost the same rights and freedoms as Ukrainian citizens when buying real estate in Ukraine, except in certain cases specified by law.

**2. Can a foreign company buy real estate in Ukraine?**

Yes, a foreign company can buy real estate in Ukraine. To do so, one must register with the tax authorities of Ukraine and obtain a relevant certificate.

It is also necessary to open a bank account in Ukraine to pay for the purchased real estate.

**3. How complicated is the procedure for buying real estate in Ukraine?**

This procedure is quite simple and clear, it can be divided into six steps: issuance of a power of attorney (PoA); obtaining a taxpayer's registration number in Ukraine/registration of a foreign company with the tax authorities of Ukraine; real estate due diligence; real estate appraisal; conclusion of an agreement and registration of property rights; payment of the agreement price.

**4. Is the purchase of real estate in Ukraine a basis for obtaining a permanent residence permit?**

No, because the purchase of real estate is not considered an investment in the economy of Ukraine by Ukrainian law. Investment in the economy of Ukraine takes place when the relevant funds are directed to business activity and receiving of profit in Ukraine.

However, real estate can first be bought for a foreigner's Ukrainian company (the value of such real estate must be at least USD 100,000). The property can then be assigned to the foreigner or the foreigner can rent such real estate from his/her Ukrainian company.

**5. As a foreigner, can I register real estate (property right) in my name or do I need to register real estate in the name of a Ukrainian contact?**

Ukrainian legislation allows a foreigner to register all (100%) property rights to real estate bought by him/her in his/her name. However, if a foreigner wishes to do so or considers it expedient, the real estate bought by him/her can be registered to another person, if it does not contradict the current Ukrainian legislation.

**6. What are the restrictions for foreigners to buy real estate in Ukraine?**

These restrictions mainly concern the purchasing of agricultural land plots, communal and public property. In general, foreigners/foreign companies have the same rights and opportunities to buy real estate in Ukraine as Ukrainian citizens.

**7. Can foreigners/foreign companies buy non-agricultural land plots?**

Yes, but only if a foreigner buys such a land plot together with the real estate on it (for example, together with a house).

In some cases, joint ventures based in Ukraine with participation of foreign legal entities and individuals may acquire ownership of non-agricultural land plots for business purposes.

**8. Can foreigners buy agricultural land plots?**

No, they cannot, at least until the decision of the citizens of Ukraine to allow the [sale of agricultural land plots](#) following the results of the all-Ukrainian referendum.

**9. Is it necessary to go to Ukraine to buy real estate?**

No, it is not. All actions necessary for the purchase and sale of real estate in Ukraine can be performed either by a foreign citizen personally or by his/her proxy, who acts based on a PoA, e.g., a lawyer. The PoA can be issued in the country of the foreigner's residence.

Involving a proxy in real estate transactions may be the best option, taking into account the coronavirus pandemic.

**10. Can I issue a PoA at home?**

Yes, a PoA can be issued both in Ukraine and abroad. PoAs and other documents issued abroad require official certification (apostilization or consular legalization – depending on the country where the document was issued). We will be happy to prepare a draft of a PoA for you.

**11. Why do I need to get a taxpayer's registration number before buying real estate in Ukraine?**

Without a taxpayer's registration number, it is impossible to carry out notarial registration of real estate property rights.

**12. What is the procedure for obtaining a taxpayer's registration number in Ukraine by a foreigner? How long does it take?**

An application with the foreigner's personal data and a notarized translation of his/her passport have to be submitted to the relevant tax authority of Ukraine. The taxpayer's registration number is issued within 5 working days.

**13. What is the procedure for registration of a foreign company with the tax authorities of Ukraine?**

The following documents are submitted to the tax authorities of Ukraine for registration of a foreign company:

- Application;
- Notarized copy of the PoA for a proxy;
- Notarized copy of an extract from the trade or court register of the country of registration;
- If the extract does not contain the specified director/manager and/or registration number of the company – a notarized copy of the document issued by the competent authorities of the country of registration indicating the date of registration, company manager, and company registration number;
- In case information in the provided documents is insufficient, it may be necessary to submit a copy of the company's charter.

**14. What risks for the buyer can be identified at the stage of real estate due diligence?**

Buying real estate in either the primary or secondary market may be associated with certain risks, and the due diligence procedure is used to detect and avoid them.

In particular, when buying an apartment on the primary market (directly from a developer) one should first pay attention to developer's integrity, the guarantees it provides to complete construction on time, and compliance with the relevant building codes and standards, as well as availability of all necessary permit documentation.

On the other hand, when buying real estate on the secondary market, due diligence allows to carefully track the entire history of the property, check whether it is pledged, falls under certain legal restrictions, or has other legal shortcomings. All these risks must be subject to careful legal analysis before signing a purchase and sale agreement or a preliminary purchase and sale agreement of real estate.

**15. Is it possible to buy an apartment directly from a developer?**

Yes, it is possible. The necessary actions for such a purchase depend on the agreements offered by the developer and its capabilities.

In most cases, to buy real estate from a developer one needs to open a bank account in Ukraine. It can be either an ordinary account, or an investment one. An investment account offers many advantages when buying real estate.

Since there are several possible options for buying real estate, before choosing one of them it is advisable to define the purpose of buying real estate, its further use, and the seller's preferences. And depending on this, one can choose the most appropriate option.

### ***16. What documents are required from a foreigner to register ownership of real estate?***

The following documents are required for registration of property right to a foreigner:

- An international passport with a notarized translation into Ukrainian or a permanent/[temporary residence permit](#) issued in Ukraine;
- The taxpayer's registration number in Ukraine;
- Consent of the spouse to carry out real estate transactions (if applicable);
- Proof of payment of mandatory fees and charges.

### ***17. What documents are required from a foreign company to register ownership of real estate?***

The following documents are required for registration of real estate for a foreign company:

- Extract from the trade or court register of the company's country of registration (with an apostille or consular legalization, depending on the country where the document was issued);
- If the extract does not contain the specified director/manager and/or registration number of the company, the documents issued by the competent authorities of the country of registration indicating date of registration, company manager, and company registration number (with an apostille or consular legalization, depending on the country where the document was issued);
- Identity document of the head of the company (with an apostille or consular legalization, depending on the country where the document was issued);
- Identity document of the ultimate beneficial owner of the company (with an apostille or consular legalization, depending on the country where the document was issued);
- Company's charter (with an apostille or consular legalization, depending on the country where the document was issued). If the charter contains restrictions on the powers of the director/manager, consent of the relevant higher body of the company to enter into a purchase and sale agreement of real estate (with an apostille or consular legalization, depending on the country where the document was issued);

- The ownership structure of the company from the company itself to the final beneficial owner (indicating the share of each member, member name, and registration numbers of the members);
- A copy of the company's financial reports for the last year and/or for the last reporting period;
- Certificate of the company's registration with the Ukrainian tax authorities.

### ***18. Who and in what way appraises the value of real estate that has already been commissioned (real estate on the secondary market)?***

A real estate appraisal is carried out by appraisal entities that have received a special certificate and have been entered into the State Register of Appraisers and Appraisal Entities. Any of the parties to the real estate purchase and sale agreement can apply for an appraisal, having all the necessary documents on hand.

### ***19. How long does an appraisal of real estate's value take?***

Usually, an appraisal of real estate's value takes 1-2 working days.

### ***20. At what stage does a foreigner make a payment when buying real estate in Ukraine?***

Usually, payment is made at the moment of concluding a relevant real estate purchase and sale agreement. However, the parties may agree on a different payment procedure for real estate.

### ***21. Can a foreigner pay the value of real estate in cash?***

Yes, but officially cash payment on the territory of Ukraine is allowed only in the amount of up to UAH 50,000 (approx. EUR 1,480). In practice, this provision is often violated and bigger amounts are paid in cash. Yet, we strongly advise our clients not to pay in cash to protect their interests.

It is also worth noting that the maximum amount of undeclared cash imported by a foreigner into the territory of Ukraine may not exceed EUR 10,000.

### ***22. Is it possible to transfer funds for an apartment from abroad directly to the apartment owner?***

Yes, this is one of several possibilities of a legal settlement with the apartment owner. However, we always recommend our clients to transfer funds through their investment bank account opened in Ukraine.

**23. How does a foreigner make non-cash payment of the real estate agreement price?**

Usually, this is done by opening an investment bank account in Ukraine. The purchase procedure using an investment account involves three stages:

- transfer of foreign currency from abroad to an opened investment account;
- conversion of foreign currency into Ukrainian currency (the payment must be made in the national currency of Ukraine);
- transfer of funds in Ukrainian currency from the investment account of a foreigner to the current account of a Ukrainian seller.

It is also possible to transfer funds without converting foreign currency into Ukrainian currency (within one bank and with the consent of such a bank).

**24. How long does it take to make a non-cash payment of the real estate agreement price through an investment account of a foreigner?**

The transfer of funds from abroad to an investment account of a foreigner in Ukraine takes 3-4 working days. In our experience, it takes several hours to transfer funds from an investment bank account in Ukraine to a seller, including currency control and financial monitoring.

Also, financial monitoring or currency control unit of the bank may require additional documents to confirm the origin of the foreigner's funds.

**25. What are the official fees and taxes to be paid when buying real estate?**

At the stage of the purchased real estate registration the state fee is paid (1% of the agreement price); mandatory contributions to the Pension Fund (1% of the agreement price); the cost of real estate expert's appraisal (for real estate on the secondary market); as well as the cost of notarial services. The parties to the real estate purchase and sale agreement may agree among themselves who and to what extent will pay these costs.

If the seller has owned the property for less than three years (secondary market) or it is not the first property they are selling during the year, they are obliged to pay a tax of 5%. This can affect the property value.

**26. How long does it take to register property rights in the name of a foreigner after payment for real estate?**

When buying on the primary market (from a developer), it is necessary that a notary formalize the appropriate ownership after completion of a building, commissioning of real estate, and registration of the necessary documents by the developer. The notary

shall make an entry in the register within 1-5 working days from the date of submission of the necessary documents.

When buying on the secondary market, the notary makes an entry in the register within 1-5 working days from the date of signing the necessary documents.

The term of the property rights registration by the notary is set by the legislation and depends on the size of the registration payment (administrative fee). The sooner a foreigner wants to register property rights, the higher the registration fee.

### ***27. When does the transfer of real estate ownership from its previous owner to a foreigner occur?***

The transfer of real estate ownership occurs at a time when a Ukrainian notary is registering and notarizing the real estate purchase and sale agreement. In the process of the above registration, the notary must check whether all necessary taxes and fees have been paid, whether the parties have the right to enter into an agreement, and whether there are any encumbrances on the property.

### ***28. How can I make sure that the seller has transferred the property ownership to me?***

The transfer of ownership is carried out by a Ukrainian notary – after signing the purchase and sale agreement and payment of the agreement price. The notary also issues a statement of property ownership.

The transfer of property rights is confirmed by the presence of an entry in the State Register of Proprietary Rights to Immovable Property. The register is open and at any time it is possible to order an extract from the register at the request of the owner (the extract is fee-based).

### ***29. In whose name can real estate be registered if a foreigner is married (husband or wife)?***

Real estate ownership can be registered to either spouse or both spouses at the same time. The person/persons whose name/names is/are entered in the "buyer" column in the notarized real estate purchase and sale agreement will be considered the owner of the apartment.

### ***30. Can a foreigner lease out an apartment/house? What does it take?***

A foreigner has the right to dispose of real estate purchased in Ukraine at his/her discretion – including leasing it. However, Ukrainian law prohibits a non-resident (property owner) to lease the property directly.

A non-resident may lease his/her real estate only through a resident (private entrepreneur or legal entity) who acts as his/her representative and tax agent based on a written agreement.

It should be noted that a foreigner can [register a legal entity in Ukraine](#) and transfer his/her real estate to its management. Similarly, a foreigner can register as a private entrepreneur in Ukraine and lease his/her real estate after carrying out all necessary registration actions.

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