



Doing Business in Ukraine: Legal Advice

01 FEBRUARY 2022 | KUWAIT CITY – KYIV

1. Company registration
2. Taxes
 - Key taxes and duties
 - Simplified tax system
 - Personal income tax
3. Temporary residence permit
4. Permanent residence permit
5. Real estate
 - How can you use your real estate?
 - Renting out property
 - Investment options
 - Secure real estate purchases



Doing Business in Ukraine: Legal Advice

Company registration



Foreigners are allowed to be members/owners (incl. sole owners) and directors of LLCs



Simple registration procedure:

24 hours after receiving a tax registration number for individual members (5 working days)



No need to visit Ukraine: registration may be performed under a PoA

Company registration



Required documents:

- a PoA
- an extract from the trade/court register for companies-members or passport copies for individual members
- taxpayer's registration numbers in Ukraine for individual members
- the charter of the LLC and the minutes on LLC registration
- information on the ownership structure and ultimate beneficial owners
- notarized copies of the passports of the ultimate beneficial owners

Note

Some documents require apostilization or consular legalization (depending on the country of issuance)



- ✓ No state fee for LLC registration
- ✓ Mandatory personal presence of the director for the bank account opening
- ✓ The foreigner to be appointed the director may require a work permit
- ✓ No minimum size of LLC's authorized capital
- ✓ LLC may be sold or liquidated upon the founder's decision
- ✓ Foreigners may buy already registered LLCs in Ukraine

Taxes

Tax/Duty	Tax rate	Additional information
Corporate income tax	18% (base rate)	15% – on income of non-residents from Ukrainian sources of origin
VAT	20% (base rate)	0% – export of goods 7% – for pharmaceutical products 14% – import and supply of certain agricultural products
Single social contribution	22%	up to approx. USD 3,500
Military duty	1.5%	from wages, other incentive and compensation payments or benefits

 **Note**

Benefits for large investors: investment projects worth EUR 20 million or more

Simplified tax system

Taxpayers	Tax rate	Peculiarities
Group 3	3% of income (excl. VAT) or 5% of income (incl. VAT)	max. income per calendar year in 2022 – approx. USD 267,000
Group 4 (agriculture producers)	0.19-6.33% of the valuation rate of land	but not less than the minimal tax obligation



Personal income tax (PIT)



Base rate: 18%



PIT on dividends: 5% (9% in some cases)



PIT on real estate sale: 0% for the 1st real estate object, 5% – second, 18% – subsequent sales



No PIT on sale of inherited real estate objects

Temporary residence permit

- ◆ Issued within **15 working days**
- ◆ Valid for up to **3 years**
- ◆ **Not required** for a stay of up to 90 days during a 180-day period
- ◆ Purposes: employment, for company's owners, for students, family reunification, marriage, other purposes



Temporary residence permit

Required documents:

01

a passport

02

a notarized copy of the
passport with a translation
into Ukrainian

03

a health insurance
certificate

04

receipts of payment
of state duty and
processing fee



Permanent residence permit

Valid for **10 years**

Issued **within 1 year**
(in practice, about 6 months)

Unlimited terms of stay
and number of entries

Is one of the conditions
for obtaining Ukrainian
citizenship

Immigration permit
to Ukraine must be
received before
applying



Note

Foreign individuals
having invested at least
USD 100,000 are eligible
for an immigration permit

Real estate

**No need to come to Ukraine,
a PoA can be issued at home**



Required documents:

- a copy of the international passport
- Ukrainian taxpayer registration number
- consent of spouse (if applicable)
- Proof of payment of duties and fees



Costs:

- 1% of the agreement price (state duty, to be paid by the purchaser)
- 1% of the agreement price – an obligatory pension insurance duty
- notary's fee (as agreed)

*PoAs and other documents issued abroad require authentication (Apostil or Consular legalization, depending on the issuing country)

**The total time required is usually shorter than the sum of the terms indicated above, as some of the steps can overlap.



How can you use your real estate in Ukraine?

01. Rent out (long-term, short-term)

02. Stay in Ukraine (recreation, medical tourism, vacation)

03. Resell

04. Start a business (rental, recreational, medical tourism)

Renting out property in Ukraine

Limited
Liability
Company

Private
entrepreneur

Servicing
company

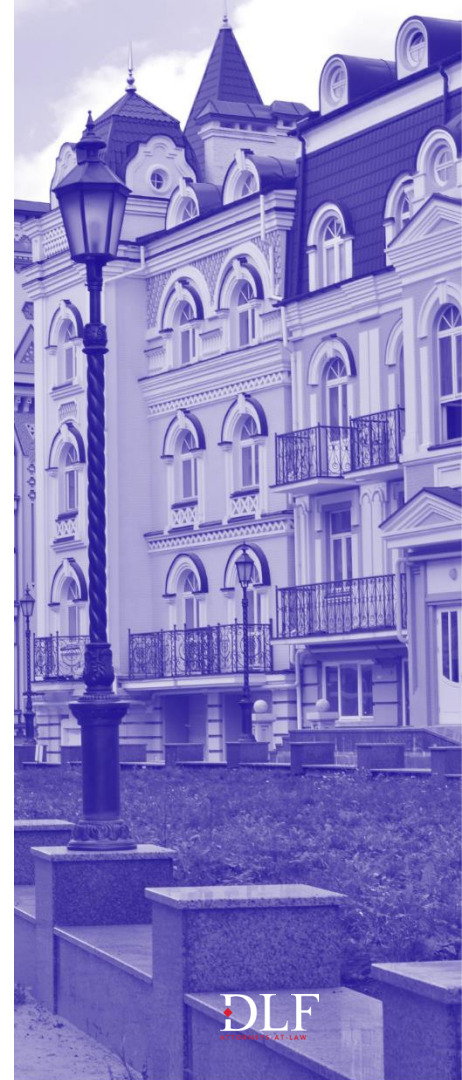
Renting out property in Ukraine

Limited Liability Company

- ✚ All in all, **up to 10 days**
- ✚ LLC is established before the property purchase
- ✚ Property is registered under the LLC

PROS

- ✓ Limited liability
- ✓ Opportunity to receive a permanent residence permit (valid **10 years**, easy renewal)
- ✓ No restrictions on the total area and number of apartments





Renting out property in Ukraine

Private entrepreneur

- ◆ All in all, **up to 10 days**
- ◆ Registration is carried out simultaneously with the real estate purchase
- ◆ Obtaining a temporary residence permit for **1 year**, easy renewal (15 working days)
- ◆ Restrictions as to the total area (**400 m2 for residential, and 900 m2 for commercial property**)

PROS

- ✓ Minimal cost
- ✓ Low tax

What are the investment options?

Projects under construction

Finished projects

- + Up to 15-20% ROI annually
- + Construction time 1+ years

Easy property management

- + Lower ROI (about 6-8% annually)
- + Ready to be rented

Secure real estate purchase



Legal Due Diligence of the property and the owners/developers based on the data from official State registers (State Register of Property Rights to Immovable Property, Court Decisions)



Efficient and secure deals via bank transfer



Your contact persons in Ukraine



Igor Dykunskyy, LL.M
Partner, Attorney-at-law

DLF
ATTORNEYS-AT-LAW

✉ info@DLF.ua

➤ DLF.ua



Iurii Dynys
Counsel, Attorney-at-law