

Additional capital in LLCs in Ukraine

Introduction

1. The concept of 'additional capital'

2. Advantages

3. Disadvantages

4. Recommendations

5. Conclusion

B

On 31 July 2025, the Ukrainian Parliament passed the Law 'On Amendments to Article 12 of the Law of Ukraine On Limited and Additional Liability Companies' (hereinafter referred to as the Law) to ensure that companies can form additional capital and company members can contribute to it.

The essence of the changes is that from now on, the company's charter may provide for the creation of additional capital in a limited liability company at the expense of contributions from its members. Such additional capital is created separately from the authorised capital, without changing the amount of the authorised capital and the nominal value of the members' shares.

1. Concept of additional capital

Additional capital of a limited liability company is a distinct component of the company's equity, which is formed at the expense of participants' contributions, but does not belong to the authorised capital and does not affect the size of the participants' shares. Shareholders make contributions to the additional capital of the company, without changing the nominal value or the size of the company's authorised capital. In general, these are additional contributions by owners to the company that do not change the ownership structure.

Related article: [Limited Liability Company in Ukraine](#)

To implement the mechanism for forming additional capital, the company must envisage this possibility in its charter. That is, if the current charter does not contain provisions on additional capital, it must be amended.

The minutes/decision on contributions to additional capital are adopted at the general meeting of the company's shareholders. The minutes/decision determine the amount of contributions to additional capital. Contributions may be made both in cash and in non-cash form: cash, securities, other property.

Related article: [Alienation \(sale\) of corporate rights of a Ukrainian LLC](#)
Note: Currently, the model charter for LLCs developed by the legislator does not contain provisions on additional capital, so a company that would like to use this option must develop a customised charter with relevant provisions on

additional capital.

2. Advantages of establishing additional capital

Additional capital has a number of advantages:

- Quick fundraising – the company has the opportunity to quickly raise funds from participants without unnecessary procedures related to changing the authorised capital.
- Simplicity of registration – only a decision of the general meeting of the company's shareholders is required to contribute additional capital.
- Preservation of corporate structure – contributions to the company's additional capital do not affect the size of the participants' shares, which prevents their dilution and eliminates the need for additional corporate negotiations with each new financing.
- Attractiveness to investors – this instrument for contributing funds is clearer and is common in many countries around the world, such as the Baltic states, Poland, France, Italy, and Germany.

3. Disadvantages of establishing additional capital

At the same time, certain disadvantages of using additional capital should be taken into account:

- Unregulated tax consequences – the law defines the corporate aspect (contributions to additional capital), but does not establish a clear tax mechanism. Accordingly, there is a risk that tax authorities may interpret such contributions differently – e.g. as financial assistance, a non-refundable contribution or an investment, which creates uncertainty for businesses.
- Risk for participants in the event of bankruptcy – all contributions to additional capital become the property of the company. If the LLC is liquidated or declared bankrupt, the participants lose the funds they have contributed, as they are included in the liquidation estate.
- Potential corporate conflicts – participants' shares do not change regardless of who contributed more to the additional capital. This can cause conflicts: one participant has invested a significant amount but receives the same rights and dividends as a participant who has not invested.

4. Recommendations

Updating the charter

It is recommended to convene a general meeting of shareholders and amend the company's charter, clearly stipulating the possibility of creating additional capital of the company, the procedure for making additional contributions, their use, etc.

Related article: [Conversion of debt to authorized capital of a Ukrainian LLC](#)

Corporate agreement

If contributions are made disproportionately, it is recommended to conclude a corporate agreement between the shareholders. It can regulate the special voting procedure, the participants' obligations for the future, the terms for withdrawal from the company with compensation for contributions, etc.

Currency and regulatory issues

If a foreign participant is to contribute to the additional capital, it is necessary to ensure compliance with currency legislation.

5. Conclusion

The Law has introduced a new instrument for limited liability companies – additional capital, which allows the shareholders to contribute funds or property in excess of the authorised capital without changing the size of the shares and the ownership structure. This brings Ukrainian corporate law closer in line with international standards and creates a convenient mechanism for financing businesses.