

Representative office of a foreign company in Ukraine

Introduction

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A representative office of a foreign company in Ukraine is one of the forms of foreign business presence without the establishment of a separate legal entity. Such a representative office acts on behalf of and in the interests of the foreign company, does not have the status of a legal entity in Ukraine, but is subject to state registration and accounting in accordance with Ukrainian legislation.

A foreign company representative office is a separate division of a legal entity located outside its location, representing and protecting the legal entity's interests.

1. Types of foreign company representative offices

Ukrainian legislation recognises two types of foreign representative offices:

1). Commercial representative office

A commercial representative office may:

- conclude contracts;
- carry out economic activities;
- receive income in Ukraine.

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For tax purposes, such a representative office is usually recognised as a permanent representative office of a non-resident and is subject to taxation in Ukraine.

2). Non-commercial representative office

A non-commercial representative office is established to:

- represent the interests of a foreign company;
- conduct negotiations;
- carry out marketing and advertising activities;
- monitor the performance of contracts;
- carry out preparatory and auxiliary activities.

Such a representative office does not have the right to conduct economic activities and earn profits in Ukraine.

2. Registration of a representative office

Though a representative office of a foreign company is not a legal entity, information about it must be entered into the Unified State Register of Legal Entities, Individual Entrepreneurs and Public Organisations in accordance with the procedure established by the Law of Ukraine On State Registration of Legal Entities, Individual Entrepreneurs and Public Organisations.

A representative office is registered as a separate division of a foreign legal entity.

3. Documents required to register a representative office

To register a representative office of a foreign company in Ukraine, it is necessary to prepare and submit the following documents:

an application for state registration of the establishment of a representative office;

a decision of the foreign legal entity on the establishment of a separate division, which must contain information about the name of the separate division, its location, manager (in particular, surname, first name, patronymic, if any, and the date of commencement of powers), information on the approval of a regulation or other constituent document of the separate division;

a document confirming the registration of the foreign legal entity in the country of its location (extract from the commercial, banking or

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court register). The document must not be older than one month from the date of its issue in the host country of the foreign company;

the ownership structure of the foreign legal entity, as well as documents regarding the ultimate beneficial owner. If the legal entity does not have an ultimate beneficial owner, a note shall be made in the application for state registration, indicating the valid reason for its absence;

a notarised copy of a document certifying the identity and confirming the citizenship (nationality) of the person who is the ultimate beneficial owner of the legal entity. The validity period of such a document shall not exceed 3 months from the date of its issue in the host country of the foreign company;

the regulation or other constituent document of the separate division of the legal entity, set out in writing, bound, with its pages numbered and signed by an authorised person of the relevant legal entity;

a document confirming payment of the administrative fee (1 minimum subsistence level for able-bodied persons, currently UAH 3,328 or USD 80).

The period for reviewing documents for the registration of separate divisions in Ukraine has been reduced to 5 working days. However, there is an additional requirement that only specially designated primary financial monitoring entities operating independently (notaries, lawyers, auditors) may act as representatives for the submission of documents for registration.

All documents written in foreign languages must be translated into Ukrainian and legalised, with the accuracy of the translation certified by a notary in accordance with the established procedure.

4. Temporary residence permit

Foreigners appointed as managers or employees of a foreign company's representative office in Ukraine are eligible for a temporary residence permit.

4.1. Grounds for obtaining a permit

The grounds for obtaining a temporary residence permit are:

- the registration of a foreign company's representative office in Ukraine;
- the appointment of a foreigner to the position of manager or employee of the representative office;
- the power of attorney or order of appointment.

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4.2. Permit validity period

A temporary residence permit:

- is issued for a period of up to 1 year;
- may be extended repeatedly provided that the grounds for staying in Ukraine remain valid.

4.3. Rights and obligations of a foreigner

A temporary residence permit allows to:

- legally reside in Ukraine;
- freely leave and return to Ukraine;
- exercise the rights envisaged by migration legislation.

At the same time, a foreigner is obliged to:

- comply with the validity term of the permit;
- apply for its extension in a timely manner;
- notify of any change of residence or grounds for stay.