

Quick answer: A foreign company entering Ukraine can choose between four main structures — an LLC (the dominant option for most investors), a Joint Stock Company, a Representative Office, or a Branch. Each carries different tax treatment, registration requirements, and operational scope. LLC registration can be completed at a state registrar within 24 hours; a Representative Office now takes five business days under rules in force since September 2024. Every structure requires full disclosure of the ultimate beneficial owner chain, apostilled foreign documents, and certified Ukrainian translations.

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Ukraine remains open for foreign business registration even under martial law conditions. Registration authorities, tax bodies, and the Unified State Register continue to operate, and the legal framework has, in several areas, been substantially modernised. For a foreign company weighing a market entry, the first and most consequential decision is the choice of legal form — because that choice defines the company's tax status, its liability exposure, the scope of permitted activities, and the compliance burden it will carry from day one.

DLF, a German-Ukrainian law firm advising foreign companies on their operations in Ukraine, regularly assists clients from Germany, Austria, Switzerland, the United States, and across Europe through this process. The questions that come up most often are the same ones this article addresses: which structure fits, what the tax position will be, and which documentation errors tend to derail registration.

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## The Four Legal Forms: How They Differ in Practice

### LLC — the standard choice for most foreign investors

The limited liability company (LLC, or TOB in Ukrainian) is by far the most widely used business form in Ukraine. According to BDO in Ukraine, more than 800,000 companies operate in LLC form as of 2025 — a figure that reflects both its administrative simplicity and the fact that it functions across virtually every sector of the economy.

For foreign investors, the LLC's key advantages are clear. There is no statutory minimum authorised capital: founders set the amount themselves, and it can be contributed in cash or in kind within six months of registration. A foreign legal entity or individual can own 100% of the LLC's capital. The physical presence of founders during registration is not required — the entire process can be handled by an authorised representative acting under a notarised, apostilled power of attorney.

Registration at a state registrar can be completed within 24 hours of submitting the required documents, according to BDO in Ukraine's market entry guide. The broader package — opening a bank account, customs registration, tax

registration — typically takes several business days. For structures with a model charter, online registration using an electronic signature is also available, at no charge.

### **JSC — for large-scale ventures and capital markets**

The joint stock company (JSC, or AT) is suited to larger ventures, particularly those planning to raise equity from multiple investors or that require the capital market infrastructure that share issuance provides. The regulatory burden is correspondingly higher. As BDO in Ukraine confirms, the minimum authorised capital for a JSC stands at 1,250 minimum wages — UAH 10,808,750 as of March 2026 (approximately USD 245,000) — and must be fully subscribed by the founders. JSC shares are securities subject to oversight by the National Securities and Stock Market Commission, adding a layer of compliance not present in the LLC framework.

For most foreign companies entering the Ukrainian market, a JSC adds cost and complexity without a commensurate benefit. It becomes relevant when capital structure, investor composition, or future fundraising makes share issuance necessary.

### **Representative Office — market presence without a Ukrainian legal entity**

A Representative Office allows a foreign company to establish a regulated local presence in Ukraine without creating a separate Ukrainian legal entity. Under the rules in force since September 2024, when Ukraine's Law on Amendments to Certain Legislative Acts Regarding the Regulation of Separate Subdivisions entered into force, a Representative Office is limited to non-commercial functions: liaison with local partners, marketing support, coordination, and representation of the parent company's interests. It cannot earn revenue or enter into commercial contracts on its own behalf.

Registration now takes place through state registrars and notaries — the same channels used for legal entities — rather than the former Ministry of Economy procedure. Processing time is five business days, and the administrative fee equals one living wage (UAH 3,028 in 2025). The Representative Office is entered into the Unified State Register (USR), and full disclosure of the parent company's ownership structure and ultimate beneficial owners is required at that point.

Foreign companies that opened Representative Offices before September 2024 should be aware that their records remain in the old register until they proactively initiate transfer to the USR. Until that transfer is complete, they cannot update any registered information — including address, activities, or management — through the current system.

### **Branch — commercial activity without a Ukrainian subsidiary**

The Branch occupies a different position. Since the September 2024 reform, Ukrainian law explicitly permits a Branch to conduct commercial activities and earn revenue on behalf of the foreign parent. Unlike a Representative Office, a Branch can enter into contracts, invoice clients, and perform the parent company's functions in Ukraine. Like a Representative Office, it is not a

Ukrainian legal entity — it acts as an extension of the parent.

The practical implication is that a Branch conducting commercial activity will be treated as a Permanent Establishment (PE) of the foreign company for Ukrainian tax purposes — subject to Ukrainian corporate income tax on its Ukrainian-source profits.

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### **Tax Treatment: The Consequences of Each Choice**

The choice of legal form is inseparable from the tax position it creates.

An LLC is a Ukrainian resident taxpayer. It is subject to corporate income tax (CIT) at the standard rate of 18% on its taxable profits, calculated as accounting profit adjusted by the tax differences specified in the Tax Code. It files standard CIT returns, registers as a VAT payer once its taxable turnover exceeds UAH 1 million in any 12 consecutive months, and pays employer social contributions (USC) at 22% of gross salary — with the monthly taxable base capped at UAH 172,940 in 2026, according to BDO in Ukraine's taxation guide.

A Representative Office or Branch that conducts commercial activity in Ukraine constitutes a Permanent Establishment and is subject to the same 18% CIT on Ukrainian-source profits. It must register with the State Tax Service, maintain Ukrainian accounting records, and file the same tax and financial reports as a resident entity. A purely non-commercial Representative Office may take the position that it does not constitute a PE — but that analysis depends on the nature of activities actually carried out, and it requires careful documentation.

Dividends paid by a Ukrainian company to a non-resident shareholder are subject to withholding tax at 15%, unless a reduced rate applies under a double tax treaty. Ukraine maintains 70 active double tax treaties as of 2025, according to PwC's Worldwide Tax Summaries. The treaties with Russia and Belarus were terminated in 2022, and those with Syria and Iran in 2023.

For non-resident companies supplying electronic services directly to Ukrainian consumers (B2C), VAT registration becomes mandatory once annual supplies exceed UAH 1 million, regardless of whether the company has a Ukrainian legal presence. The standard VAT rate is 20%. B2B supplies where the Ukrainian recipient is a VAT payer are generally handled through the reverse charge mechanism, without requiring the non-resident to register.

Companies in the IT and digital sector may be eligible for Diia City — Ukraine's special economic regime for technology businesses, which offers preferential tax treatment on certain categories of income. Separate registration with the Diia City register is required. Large taxpayers should also note that the SAF-T electronic accounting file has been mandatory for them since 1 January 2025, with the obligation extending to all taxpayers by 2027.

Since 2025, companies where a Ukrainian entity derives a significant share of its revenue from a single non-resident counterparty face enhanced transfer pricing scrutiny. Companies with concentrated intercompany revenue flows should review their pricing arrangements with local counsel.

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## The Registration Package: What Foreign Companies Need to Prepare

For an LLC with a foreign legal entity as founder, the documents required at the registrar include: a decision on establishment, the company charter (notarised in Ukraine), an extract from the commercial or corporate register of the country of incorporation (apostilled or consular-legalised), full documentation of the ownership structure, and certified Ukrainian translations of all foreign documents.

The extract from the foreign register must be current — registrars typically expect it to be no older than six months. Where the LLC is founded by a foreign individual, a notarised translation of the passport and the founder's Ukrainian taxpayer identification number are also required.

All foreign documents must go through apostillisation or consular legalisation. A power of attorney used to authorise a local representative must itself be apostilled and notarised in Ukraine.

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## Common Mistakes That Lead to Delays and Rejections

Several errors recur across registration files and consistently cause problems.

Transliteration inconsistencies are among the most frequent causes of registrar refusal, according to Pravdop.com's 2025 guide to foreign company registration. A founder's name or company name rendered differently across documents — even by a single letter — triggers a compliance flag.

Incomplete UBO disclosure is a second frequent problem. Ukrainian law requires disclosure of the full ownership chain to the natural person who ultimately controls the company, not merely the direct shareholder. For companies held through multiple layers of non-resident entities, this means assembling apostilled extracts from each foreign jurisdiction involved. According to EY, failure to disclose or maintain accurate UBO information can result in a "potential inaccuracy" mark being added to the USR — which may lead to the information being removed from the register altogether, with consequences for banking relationships and contractual counterparties. UBO information must be confirmed annually within 14 calendar days of the company's registration anniversary, and changes must be reported within 30 business days.

Undersized powers of attorney are a third issue. A PoA that authorises a local representative to file documents but does not explicitly cover charter signing, tax registration, or opening a bank account forces additional procedures after the initial registration.

Misclassifying a Representative Office as non-commercial when its actual activities — regular contract execution, invoicing, sales — constitute a Permanent Establishment creates a tax exposure that compounds over time. The distinction between a liaison function and a commercial one is not always obvious from the outside, and a number of foreign companies have accumulated significant tax arrears by treating a PE as a non-PE for years.

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Missing VAT registration is a compliance gap that appears regularly in LLC set-ups where founders assume that tax registration follows automatically. It does not. Once the UAH 1 million threshold is crossed — or earlier on a voluntary basis — a separate VAT registration application must be filed.

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### **Operating Under Martial Law: What Changes and What Does Not**

Ukraine's martial law, in place since February 2022, has not suspended business registration or corporate law. The Unified State Register, state registrars, notaries, and the State Tax Service continue to operate. Online and notary-based submission channels mean that registration can proceed without physical visits to specific registration offices, which is relevant where access to certain oblasts remains limited.

The USR requires electronic digital signature access during the wartime period — a practical consideration for foreign company management wishing to monitor their Ukrainian registration online.

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### **Practical Implications for Decision-Makers**

For a general corporate or manufacturing market entry with full operational scope, the LLC is the logical starting point: no minimum capital, fast to establish, fully capable of commercial activity. The compliance framework is well-established and widely used.

A Representative Office or Branch makes sense when a company wants legal presence in Ukraine without creating a separate taxable entity — for liaison, procurement support, or relationship management. The commercial activity restriction on Representative Offices requires planning: if the scope of work is likely to expand into revenue-generating activities, a Branch or an LLC is structurally more appropriate from the outset.

The JSC is a specialist instrument. Unless the transaction structure, investor base, or planned capital market activity specifically requires it, its additional complexity and capital requirement do not serve the typical foreign investor.

Across all structures, the quality of the document package prepared in the home jurisdiction — apostilles, register extracts, PoA scope, UBO chain — determines whether registration proceeds in days or stalls for weeks. That preparation is where experienced local counsel adds the most concrete value.

DLF regularly assists foreign companies from the initial choice of structure through registration, tax set-up, and ongoing compliance in Ukraine, including during the current wartime operating environment.

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### **Frequently Asked Questions**

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Can a foreign company own 100% of a Ukrainian LLC? Yes. Ukrainian law places no restriction on foreign ownership of an LLC. A foreign legal entity or individual may own the entire authorised capital.

How long does LLC registration in Ukraine take? The state registrar can complete the registration entry within 24 hours of receiving a complete document package, according to BDO in Ukraine. Opening a bank account and completing customs and tax registrations adds several business days.

What is the difference between a Representative Office and a Branch in Ukraine? Since September 2024, a Branch may conduct commercial activities and earn revenue on behalf of its foreign parent. A Representative Office is restricted to non-commercial functions — liaison, marketing support, representation. Both are registered in the Unified State Register and require UBO disclosure.

What is the corporate income tax rate for a foreign-owned LLC in Ukraine? The standard CIT rate is 18%. This applies to both Ukrainian resident companies and Permanent Establishments of non-residents.

What are the UBO disclosure requirements in Ukraine? The full ownership chain from the company to the natural person(s) who ultimately control it must be disclosed at registration and confirmed annually within 14 calendar days of the registration anniversary. Changes must be reported within 30 business days. Non-compliance fines range from approximately USD 400 to USD 8,000, according to EY.

Do foreign companies need a local lawyer to register in Ukraine? Not legally required — the process can be completed with a notarised PoA. In practice, apostille requirements, UBO chain documentation, and the risk of transliteration errors make experienced local counsel a practical necessity for most foreign companies unfamiliar with the Ukrainian registration system.