

Ukraine

Legal Provisions

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GENERAL REMARKS

After concluding the European Union Association Agreement in 2014, Ukraine keeps on taking solid steps towards the economic and political integration with the European Union. This particularly includes changes in the banking and land laws, currency control liberalization and support for foreign investors in Ukraine. In the last few years, the customs clearance procedure has been considerably improved as well as residence and work conditions for foreign nationals in Ukraine have been amended.

CUSTOMS, IMPORT AND EXPORT REGULATIONS

Customs control

The Ukrainian customs authorities exercise customs control in order to ensure that the goods imported to or exported from Ukraine comply with the required standards. Customs officers and border guards are the ones who interact with applicants at customs on a regular basis. They should provisionally examine the goods and then decide within two hours whether to admit the goods into the customs territory of Ukraine or to invite experts for further examination. If experts are involved, they must arrive without delay and, within two hours, make one of the following decisions: to admit or refuse the admittance of goods into the customs territory of Ukraine or to order an inspection/sampling/additional processing. The information about all the decisions made in relation to the goods must be recorded in the 'single window' information system.

Such a 'single window' electronic system unifies all controlling authorities and is mandatory for use. Such a system allows the controlling authorities to exchange data on goods which will ensure their coordinated actions and processing speed.

Customs regimes

A customs regime consists of the interrelated legal rules, determining customs-approved treatment or use to be assigned to the goods, their legal status, terms of taxation in accordance with the declared purposes following their crossing the customs border of Ukraine, as well as their post-clearance use.

As provided in the Customs Code of Ukraine, the following customs regimes are used on the territory of Ukraine:

- 1) import (release for free circulation);
- 2) re-import;
- 3) export (final leave);
- 4) re-export;
- 5) transit;
- 6) temporary import;
- 7) temporary export;
- 8) customs warehousing;
- 9) a free customs zone;
- 10) a duty-free trade;
- 11) inward processing;
- 12) outward processing;
- 13) destruction or elimination;
- 14) abandonment to the State.

The Customs Code of Ukraine contains a detailed explanation and features of each of the regimes. The most commonly used regimes are mentioned in 1) – 5) above.

Applicable taxes and duties

VAT is applied to transactions on supply of goods and services to the customs territory of Ukraine, as well as to transactions related to import and export of goods in Ukraine. The VAT rate is 20%. For pharmaceutical products, the VAT rate is 7%. It should be noted that 0% VAT rate is applied to export of goods in the customs regime from the territory of Ukraine.

The excise tax applies to excise goods imported to the customs territory of Ukraine. The excise tax is levied upon excise goods, including:

- 1) ethyl alcohol and other distillates, alcohol drinks, beer;
- 2) tobacco products, tobacco and manufactured tobacco substitutes;
- 3) fuel;

- 4) cars, trailers and semi-trailers, trailers, motorcycles, vehicles for transportation of 10 persons or more, vehicles for goods transportation.

The excise tax rates are specified in the Tax Code of Ukraine for each type of excise goods. The importers shall pay the import duty. The import duty is calculated based on the type of goods, their origin and CIF value (the sum of the imported goods value and the cost of shipping and insurance). The amount of the import duty varies accordingly between 0% for some preferential goods or under certain international agreements to 60% with an average rate of 10%.

CURRENCY REGULATIONS

The new currency control system in Ukraine was launched in 2019 as the Law of Ukraine *On Currency and Exchange Transactions* became applicable. The changes were aimed at deregulation, facilitating cross-border transactions with foreign currency and expanding the list of available foreign currency transactions.

With the new currency control system in place, the National Bank of Ukraine has made a transition from the system of total currency control over each transaction to a system of foreign currency supervision.

The requirement for registration of cross-border loans granted by non-residents has been canceled. The procedure for registration, amendment and cancellation of registration of cross-border foreign currency loans obtained by residents has become fully automated. Such procedures shall be initiated by an authorized bank by sending a respective electronic document to the National Bank of Ukraine, on the basis of which the National Bank of Ukraine will perform the required automated verification.

Moreover, the National Bank of Ukraine has lifted the restriction on early repayment of cross-border loans. This has enabled businesses to more effectively manage their debt obligations to non-residents.

Other positive changes include the abolition of the obligation to obtain individual foreign exchange licenses. Residents are able to transfer foreign currency to foreign accounts, invest in securities or real estate abroad, obtain foreign currency loans and carry out a number of other transactions without applying for individual foreign exchange licenses.

The changes in the currency regulations were aimed to lift all the existing restrictions and enable the transition to free capital movement, which is the basis for facilitating business and investment opportunities in Ukraine, stimulating the inflow of foreign capital, and sustainable economic growth. However, it should be noted that banks, even taking into account the NBU's liberal approach, can apply more scrutiny when carrying out checks on their clients and request additional supporting documents provided for by their internal regulations.

TAXES

The basic taxes imposed on legal entities and private individuals in Ukraine include the following: Corporate Income Tax (CIT), Value-added Tax (VAT), Personal Income Tax (PIT), Single Social Contribution (SSC), and Military Duty (MD).

Corporate Income Tax

Taxpayers, rate and tax base

Corporate Income Tax (CIT) is paid by the resident companies, which receive income in Ukraine as well as abroad. CIT is also paid by the non-resident companies, which receive income from Ukrainian sources.

Currently, a flat rate of 18% is established for all CIT taxpayers. However, for some activities a separate rate is applicable. These include:

The CIT base is the income derived from Ukrainian sources of origin and abroad. The amount of tax is determined by adjustment of financial result (profit or loss) before tax, as calculated in accordance with the Ukrainian accounting standards or IFRS.

Taxation of non-residents

The income of non-resident legal entities derived from Ukrainian sources of origin is taxed by CIT at the rate of 15%. The CIT tax base is the income from dividends, royalties, freight, the proceeds of engineering, leasing and rent, profits from sale of real estate, securities and corporate rights, the proceeds of joint activities and entertainment activities, etc.

In relation to the income from Ukrainian sources of origin, the following rates apply:

- Dividends, interest, royalty and other profits from Ukrainian sources of origin – 15%;
- Freight – 6%.

In certain cases, the lower tax rate might apply under the double taxation agreements.

Value-Added Tax

The taxpayer is obliged to register as a VAT payer if the aggregate value of supplied goods or services exceeds UAH 1 million for the last 12 months. However, if the value of taxable transactions does not exceed UAH 1 million, the voluntary registration as a VAT payer is available.

The value-added tax (VAT) rate is 20%. For pharmaceutical products, the VAT rate is 7%. It should be noted that 0% VAT rate is applied to export of goods in the customs regime from the territory of Ukraine.

Simplified Tax System

With the aim of facilitation and easement of small and medium business accounting, Ukraine introduced special taxation terms for such businesses. The taxpayers, both private entrepreneurs and legal entities, may choose to apply for a simplified taxation system in one of the following categories:

	I group	II group	III group	IV group
Taxpayer	Private entrepreneur	Private entrepreneur	Private entrepreneur/legal entity	Private entrepreneur/legal entity
Number of employees	0	up to 10	No restrictions	No restrictions
Max. profit per one calendar year	UAH 1 million	UAH 5 million	UAH 7 million	-
Tax rate	Up to 10% of subsistence minimum	Up to 20% of minimal wage	3% of income (VAT excluded); 5% of income (VAT included).	Depends on the category of land, its location and amounts

Personal Income Tax

The personal income tax (PIT) is paid by resident and non-resident individuals. PIT rate is 18%, while PIT rate for dividend payments is 5%.

Single Social Contribution

The single social contribution is paid by the employers, private entrepreneurs, self-employed citizens. The single social contribution rate is established at 22%. However, the maximum taxable amount of the single social contribution shall not exceed 15 minimal wages.

Military Duty

The military duty is paid by residents and non-residents. The military duty amounts to 1.5%.

Real Estate Tax

Buildings

The real estate tax is paid by individuals and legal entities, including non-residents. The amount of real estate tax on buildings is determined by the municipal authorities. However, the tax rate shall not exceed 1.5% of the minimal wage per 1 sq. m. of residential and non-residential property.

The additional tax rate in the amount of UAH 25,000 is applied for apartments of more than 300 sq. m. and houses of more than 500 sq. m.

The real estate tax is paid per each sq. m. of residential and non-residential property. Owners of apartments of less than 60 sq. m. and houses less than 120 sq. m. (or houses and apartments with a total area of 180 sq. m.) are exempt from tax.

Land plots

The real estate tax on land plots is paid by individuals and legal entities, including non-residents, which own or use such land plots.

The amount of real estate tax on land plots is determined by the municipal authorities. The rate shall not exceed 3% of the normative evaluation of a land plot and 1% for agricultural land plots of general use. For land plots, which are under permanent use by business entities, the rate shall not exceed 12% of the normative evaluation. The tax base is land plots in ownership or use.

SETTING UP COMPANIES

The most popular types of business companies that have shown themselves to good advantage in the eyes of foreign investors is a limited liability company, joint stock company in Ukraine and sole proprietorship.

Private entrepreneur

The easiest way to carry out an economic activity in Ukraine is registration of an individual, including a non-resident, as a private entrepreneur. Registration as a private entrepreneur means that such a person shall own business without establishing a legal entity. Information about the private entrepreneur is entered into the Unified State Register, it is public and may be verified at any stage of activity of such a person.

The main advantage of registering as a private entrepreneur is the option to choose the simplified tax system, which greatly facilitates financial reporting to the regulatory authorities and allows individuals to apply reduced fixed tax rates on income. However, this type of business is not for all market actors, as it sets certain limitations on the amount of allowable annual turnover, the number of employees and admissible activities.

Although carrying out economic activities as a private entrepreneur with or without use of the simplified tax system provides several advantages, one should not forget about liability related to the activities of an individual in such a legal status. Private entrepreneurs are responsible for liabilities associated with business activities for the full extent of their assets. At that, the Ukrainian law does not provide for apportion of property used by the entrepreneur for his/her business activity from the bulk of assets owned by an individual. Therefore, on the basis of a court ruling a penalty may be charged on all the debtor's property, regardless of whether it is used for business purposes or not.

In any case, a private entrepreneurship is the most mobile way of doing business in Ukraine, which does not require complex preparation of financial statements.

Limited liability company (LLC)

In Ukraine, entities may be established with a view to go beyond the limits set out for carrying out economic activities by private entrepreneurs, reduce the risk of the investor's personal liability and be able to combine equity and assets to achieve common financial goals. The most common legal type of a legal entity for doing business is a limited liability company.

LLC registration

Registration of a limited liability company may be carried out in electronic form and, provided there are no comments from the state registrar to the documents submitted by the applicant, it shall be completed within one business day. If past experience is any guide, obtaining all registration documents, opening a bank account, obtaining a seal (if desired) and customs registration take about one week.

A limited liability company being registered, such a company shall comply with certain formal requirements: the limited liability company founders shall develop a charter (the main statutory document of a company), whereby they specify the company name, information on the company management bodies, their competence, the procedure for adopting resolutions; the procedure for joining and withdrawing from the company. The founders shall appoint the director and determine the person in charge of the state registration with the state authorities in the minutes on the company establishment.

The founders' presence while the charter and protocols being signed as well as at the registration procedure itself is not required. Signing statutory documents, registering the company, as well as receiving all the necessary documents may be exercised by an authorized representative on the basis of a notarized (legalized/apostilled) power of attorney.

Authorized capital

The legislation of Ukraine does not establish requirements for the minimum authorized capital amount of a limited liability company. The authorized capital of a limited liability company may be set up on the basis of the asset, non-asset and non-cash contributions. In case of contribution to the authorized capital in the form of assets or property rights, a monetary valuation of such items shall be carried out. In turn, the members' financial contributions are transferred to the bank account of the company.

Shareholders of the company

Shareholders of a limited liability company may be individuals and legal entities, including non-residents. In addition, these persons do not necessarily have to be located or reside on the territory of Ukraine. To confirm the data on the non-resident legal entities as shareholders, the state registrar shall be provided with an extract from the commercial, banking or other registry of the country of registration of such persons, which, if necessary, shall undergo the legalization or apostillization procedure.

A limited liability company may be established by one shareholder, and the sole shareholder of a limited liability company (an individual) may act as the director of the company. The maximum number of members of a limited liability company is not limited.

Liability of the shareholder

Opting for a limited liability company as a legal type of business activity in Ukraine is attractive primarily due to the fact that shareholders are not liable for the obligations of the company. The shareholders assume the risk of loss related to the company's activities within the scope of their contributions.

However, it should be noted that in the event of a shareholder's personal debt, such as in case of his/her failure to satisfy creditors' claims by his/her other assets, an enforced collection of the property of a limited liability company proportionate to the share of such a shareholder in the authorized capital is allowed. Thus, personal debts of a shareholder of a limited liability company may lead to cessation of her/his participation in the company.

Governing bodies

The governing bodies of a limited liability company are the general meeting, the director and the supervisory board (if any). The supreme body of a limited liability company is the general meeting. The general meeting of shareholders determines the company's main activities and appoints the company director in charge of management over the company's operational activities (unless otherwise provided by the charter).

The director on behalf of the company shall sign any contracts. Therefore, upon the appointment of the director, the charter and the employment contract shall clearly stipulate the powers of the director in order to prevent abuse on his/her part.

The supervisory board may be established to monitor the director's activities in a limited liability company. In particular, the supervisory board competence may include electing the sole executive body or members of the company collegial executive body (any, all or some of them), suspending and terminating their powers, establishing remuneration to the company executive body members.

Funding of activities

Upon establishment, as well as at further stages of a limited liability company's activity, its funding may be carried out in several ways. This shall be done primarily by its shareholders' contributions to the authorized capital, non-repayable financial assistance from the company's shareholders or by providing a credit/loan by any of the shareholders to the company. The Ukrainian law does not stipulate limits on the amount of credit that may be provided by shareholders to their company, but the shareholder granting loans shall take into account peculiarities of taxation of such loans and adhere to thin

capitalization rules, as well as consider the requirements of the currency regulation of Ukraine, if such a loan is granted by a non-resident.

Joint Stock Company

Another legal type that protects members against any personal liability for the company's debts is a joint stock company. The legal regulation of joint stock companies is very similar to the limited liability companies' regulation. However, joint stock companies have their own features, such as an amount of the authorized capital (the minimum amount equals to approximately USD 218,000), the requirement to register and submit reports to the National Commission on Securities and Stock Market.

It should be noted that the joint stock company registration procedure is more complicated than that of a limited liability company. To establish a joint stock company the founders shall make notification of intent to create a joint-stock company, subscribe for shares, hold a statutory meeting and carry out a joint stock company state registration with a number of regulatory authorities.

A joint stock company is also distinguished by the special requirements to the content of the charter. The charter shall contain information on the types of shares issued, their nominal value, ratio of different types of shares, the number of shares purchased by the founders, consequences of default on the redemption of shares, the term and procedure for annual payment of dividends at the end of a year, etc.

FOREIGN INVESTMENT PROTECTION

The vast majority of foreign investors evaluate the predictability of policies and acts of the authorities of the country they want to invest in, as well as the consistency of legislation as a crucial aspect when deciding to invest capital in the country. These two factors are the main activities of the Ukrainian authorities on the foreign investment protection.

Foreign investment in Ukraine is quite reliably protected at the legislative level. This applies both to the international level, where Ukraine has signed several international agreements on the foreign investment protection, and to the national level that establishes a list of state guarantees, which serve as a basis for the foreign investment protection in Ukraine.

International agreements

In case of the foreign investors' rights violation, the latter have an opportunity to use the mechanisms of their investments protection provided for in international agreements on promotion and protection of investments signed with many countries. Since Ukraine ratified the Convention on the Investment Disputes Settlement between States and Nationals of Other States in 2000, the Convention members have an opportunity to contact the International Centre for the Investment Disputes Settlement to protect their investments.

Investors may address the International Centre for Settlement of Investment Disputes with regards to the protection of their rights in connection with the confiscation of their property, unequal treatment in terms of domestic and foreign investors.

International agreements on promotion and protection of investments have been signed with numerous countries, including Switzerland, the United States, Canada, Germany, Great Britain, France, the Netherlands, Denmark, Poland, Turkey, China, Japan, the UAE, Saudi Arabia, Egypt and others.

The terms of bilateral agreements on promotion and protection of investments are not unified and may vary significantly.

In addition, it should be noted that foreign investment protection in Ukraine has received additional support in view of the ratification of a number of international agreements on recognition and enforcement of foreign awards by the Government of Ukraine. The procedure for foreign awards recognition and enforcement is specified in the civil procedural legislation of Ukraine and is an effective tool for foreign investors, who are able to resolve the dispute pursuant to their own legal order.

Thus, in case of violation of the rights of foreign investors in Ukraine, they may use the legal mechanisms under the Ukrainian law envisaged for the effective protection of the invested capital in Ukraine.

Ukrainian legal guarantees

The overall protection of foreign investments in Ukraine is governed by the Law of Ukraine *On Foreign Investment* and the Law of Ukraine *On Protection of Foreign Investments*. These regulatory acts define basic guarantees for the protection of foreign investments in Ukraine.

Key types of guarantees that Ukraine offers to foreign investors are:

- 1) state guarantees against changes in legislation;
- 2) guarantees against seizure and unlawful acts of state bodies and state officials;
- 3) compensation and reimbursement of losses incurred by foreign investors due to the acts of state bodies and state officials;
- 4) guarantees in the event of investment activity termination;
- 5) guarantees for the remittance of profits, and other sums resulted from foreign investments.

Contractual protection

Effective protection of foreign investments is established upon the wording of the provisions of contracts with Ukrainian partners. That is, the correct formulation of contractual relations may protect foreign investors from illegal acts in the future. Therefore, structuring contractual and corporate relationships is essential at the investment stage planning.

Crucial provisions to be considered upon entering into an investment agreement are the place and time of the agreement, and the official names of the parties to the agreement. The accuracy of the information about the companies entering into the agreement has to be verified with the public register. An important step of signing the agreement is also a verification of the powers of persons authorized to sign it.

Important elements of the agreement to be considered are the subject of the agreement and its detailed description, as well as the term of the agreement and the terms of payment and fulfilment of contractual obligations, price of the agreement, terms and type of payment, rights and obligations, liability in case of breach of the agreement, law applicable to the agreement, place of dispute settlement and conditions of force majeure. One also needs to check the accuracy of banking details and consider the language that will govern the agreement's interpretation.

Applicable law

Upon entering into a foreign economic contract, the parties shall be entitled to determine the governing law. Thus, the foreign investor may settle the terms of the contract within the law, which is familiar or best suited for any specific needs. In this case, it is essential to check that the content and form of contract corresponds to the chosen legal order. In addition, one needs to consider mandatory rules of the Ukrainian legislation, which in case of recognition and enforcement of foreign judgments may prohibit the use of provisions of international legal orders in Ukraine.

Submission to jurisdiction

Parties to foreign economic contracts may agree to settle disputes related to the implementation of this contract in international arbitration institutions. Thus, a foreign investor will be able to avoid settling the case in Ukrainian courts. This possibility is available due to the fact that Ukraine is a signatory to the 1958 New York Convention on the Recognition and Enforcement of Foreign Arbitral Awards. However, one should take into consideration that in certain cases, such as disputes over property located in Ukraine, Ukrainian courts have an exclusive jurisdiction.

LABOUR LAW, WORK PERMITS, RESIDENCE PERMITS

Labour agreement

The main agreement, regulating relations between the employee and the enterprise owner is a labour agreement. Under the terms of such an agreement, the employee shall undertake to perform work determined in the agreement, and the enterprise owner shall pay salary to the employee and provide working conditions required for work performance.

The labour agreement may be entered into in the verbal or written form. However, Article 24 of the Labour Code of Ukraine stipulates cases where the written form of a labour agreement is mandatory. This applies in particular to the following cases:

- entering into a labour agreement in the regions with specific natural geographical and geological conditions and conditions of an increased risk for health;
- entering into a labour contract;
- if an employee insists on entering into a labour agreement in writing;
- entering into a labour agreement with a minor;
- organized employees recruitment.
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Pursuant to Article 24 of the Labour Code of Ukraine, the labour agreement may be:

- termless, that is entered into for an indefinite period of time;
- entered into for the definite period of time when labour relations may not be established for an indefinite period of time due to the subsequent work nature or of its performance conditions;
- entered into for the period of certain work performance.

However, it should be noted that the fixed-term labour agreement may be entered into only in certain cases prescribed by law, such as when the labour relations may not be established for an indefinite period of time, given the work nature or its performance conditions, or the employee's interests.

Labour contract

A special form of the labour agreement is a labour contract. The labour contract provisions may envisage its validity, rights, duties and responsibilities of the parties (including financial ones), employees' benefits and conditions, the contract termination. Cancellation terms may also be set by contract of the parties thereto.

The scope of the labour contract is determined by law. Thus, paragraph 4 of Article 65 of the Commercial Code of Ukraine stipulates that the labour contract shall be concluded with the head of an enterprise.

The labour contract may not be entered into with the head of a representative office of a foreign company in Ukraine. Paragraph 4 of Article 65 of the Commercial Code of Ukraine envisages the option of the labour contract conclusion between the head and an enterprise, i.e. a legal entity. Since a representative office of a foreign company in Ukraine is not a legal entity, the representative office head is entitled only to conclude a written labour agreement.

The labour contract is essentially an agreement between a highly qualified employee and an organization for which he/she shall perform important work at a high level, achieve certain specific results crucial for the organization, while the organization shall undertake to agree to certain conditions for remuneration, powers, labour conditions, duration, termination provisions etc.

Labour relations termination

The important issue in labour relations is the procedure of dismissal, involving several grounds, such as the labour agreement or work permit expiration or the labour agreement early termination on the grounds provided by law at the initiative of the employee or the employer.

The procedure of the labour agreement termination on the employee's initiative depends on whether such an agreement is entered into for an indefinite or the definite (termed) period of time. The employee shall be entitled to terminate the labour agreement entered into for an indefinite period of time by way of sending a two-week notice to the employer in writing.

In case the employee's letter of resignation was caused by impossibility to continue working (movement to a new place of residence; transfer of a spouse to a job in another locality; entry to an educational institution; impossibility to live in this locality proven by the medical opinion; pregnancy; care of a child until it reaches the age of fourteen years old, or of a disabled child; care of an ill family member according to the medical opinion, or of a person of the first disability group; retirement; competitive employment, as well as for other good reasons), the employer shall terminate the labour agreement within the period requested by the employee.

The termed labour agreement shall be subject to early termination at the employee's request in case of his/her disease or disablement, which prevents work performance, violation of the labour legislation, a collective or a labour agreement (a contract) by the employer, and in cases, provided for termination of a labour agreement entered into for an indefinite period of time on the employee's initiative.

As for the dismissal on the initiative of the employer, the labour legislation of Ukraine defines a number of reasons for this, in particular:

- changes in production and labour organization, including liquidation, reorganization, bankruptcy or conversion of an enterprise, reduction of the number or staff of employees;
- revealed inconsistency of the employee with the job or with the work performed (an insufficient qualification or state of health, preventing the employee from continuing this work);
- absence from work (including absence from work for over three hours during a working day) without good reasons;
- showing up for work intoxicated with alcohol, narcotics or other toxic substances;
- on-the-job embezzlement (including a petty one) of the employer's property;
- guilty actions of the enterprise director (which resulted in untimely salary payment or in the amounts lower than the minimum salary amount established by the legislation);
- reinstatement in the job of the employee, having been previously performing this work.

The employee dismissal on the employer's initiative shall not be allowed within the period of the employee's temporary disablement (except for dismissal in case of absence from work within more than

four successive months as a result of temporary disablement), as well as within the period of his/her staying on leave. This rule, however, shall not apply to cases of full liquidation of an enterprise.

Employment of foreign employees

Ukrainian labour law establishes a direct peremptory rule allowing foreign nationals or stateless persons to be employed in Ukraine only subject to a work permit, which is the basis for obtaining an appropriate type of visa and for a temporary residence permit in Ukraine effective for the period of validity of the work permit.

The first thing to note is that it is not the foreign national but the employer (company) who has to apply for a work permit. A work permit is issued to a particular person for a particular staff position (workplace) and cannot be transferred to a third party.

Therefore, the work permit is limited (it does not grant an unlimited access to the Ukrainian labour market) and tied to a particular employer.

Foreign nationals or stateless persons who have a permanent residence permit in Ukraine do not need to obtain a work permit. Furthermore, no work permit is required when it comes to employment with foreign representative offices in Ukraine, or foreign nationals or stateless persons are involved in the implementation of international technical assistance projects and on other grounds.

Validity term of the work permit:

- As a rule, a work permit is issued for up to one year;
- For specific categories of foreigners and foreign seconded employees a work permit is issued for up to three years;
- For internal corporate assignees a work permit is issued for the period of effect of the foreign company's decision on transferring the foreigner to work in Ukraine.

Work permits may be issued for shorter periods to be indicated in the employer's application.

Work permits are issued on condition that a foreigner is paid a salary of at least:

- 5 minimum wages (UAH 23,615, approx. USD 860 as of 2020) – for foreign employees of public associations, charitable organisations and educational establishments;
- 10 minimum wages (UAH 47,230, approx. USD 1,730 as of 2020) – for all other categories of employees.

The requirement on the minimum wages is not applicable for special categories of foreign employees (highly-paid foreign professionals, founders and/or shareholders and/or ultimate beneficiaries (of a legal

entity established in Ukraine, graduates of universities listed as top hundred in the world university rankings according to the list of university rankings determined by the CMU, foreign art professionals, foreign IT professionals).

The fee for issuing the work permit varies depending on its validity term:

- UAH 12,612 (approx. USD 460) – for the permits issued for the period varying from one to 3 years or if they are extended for the same period;
- UAH8,408 (approx. USD 300) – for the permits issued for the period varying from 6 months to 1 year, inclusive, or if they are extended for the same period;
- UAH4,204 (approx. USD 150) – for the permits issued for the period of up to 6 months or if they are extended for the same period.

Permanent residence permit

Permanent residence permit is a document confirming the right of a foreign national or a stateless person for permanent residence in Ukraine.

Getting a permit for permanent residence in Ukraine provides significant benefits to foreigners. One advantage is that a foreign national may freely enter Ukraine at any time without a visa, and there is no need to obtain a work permit for foreign nationals provided they are formally employed in Ukraine. The permanent residence permit validity is limited to 10 years in Ukraine.

After a successful submission of documents, the territorial body of the State Migration Service shall issue the original certificate of permanent residence to the applicant (a foreign national) within 15 days following receipt of the application. A relevant mark shall be also stamped onto the last free page of the immigrant's passport, which certifies availability of a permanent residence permit in Ukraine.

Temporary residence permit

A temporary residence permit in Ukraine confirms the legal right of a foreigner for temporary residence in Ukraine provided certain terms and conditions are met.

Pursuant to the Ukrainian law, a person, having arrived to the country with one of the purposes listed below, shall be entitled to apply for registration for temporary residence permit in Ukraine:

- employment in Ukraine;
- family reunion with persons who are citizens of Ukraine;
- family reunion with persons who have a temporary residence permit in Ukraine;
- implementation of an international technical assistance project;
- employment with a religious organization (preaching of religious beliefs, performance of religious rites or other canonical activities);

- work in offices and representative offices of foreign organizations, companies or banks;
- cultural, educational, scientific work and volunteering;
- work as a correspondent or a representative of foreign mass media;
- a foreign national is a founder (shareholder) or ultimate beneficial owner (controller) of a legal entity registered in Ukraine and interest held by such a foreign national or a stateless person or by a foreign legal entity as the ultimate beneficial owner of which the foreign national or stateless person is acting is at least EUR 100,000 in the authorized capital of the Ukrainian legal entity;
- education and training.

Following the receipt of the documents by the State Migration Service of Ukraine, a residence permit shall be issued within 15 calendar days. In practice, a foreign national shall pick up the document in person after 2 weeks. Having obtained a residence permit, a foreign national must register at the address provided in the documents submitted to the migration authorities.

The term within which a foreign national must register shall be 10 days from the date of actual receipt of a temporary residence permit. A penalty shall be paid if this term is not observed.

LAND MARKET

On 31 March 2020, the Parliament of Ukraine adopted the Law *On Amendments to Some Legislative Acts of Ukraine on the Agricultural Land Circulation*. This Law shall introduce the land market in Ukraine from 1 July 2021. Since the date of the Law coming into effect, agricultural land owners shall be entitled to sell their plots. In the past, land owners could only lease the land.

Owners of land plots

The following individuals and entities shall be entitled to acquire the agricultural land ownership: Ukraine nationals, Ukrainian legal entities, members (shareholders) of which are only the Ukraine nationals, territorial communities and the state.

The following individuals and entities shall be prohibited to acquire the participatory interests in the authorized capital, the shares in, and be the members of legal entities (owning the agricultural land): stateless persons and Ukrainian legal entities, members (participants) or ultimate beneficial owners (controllers) of which are foreign nationals.

The abovementioned restriction does not apply to the foreigners owning shares in the authorized capital of banks.

Banks can also acquire the agricultural land ownership, but only under the procedure of enforcing recovery on them as on the pledged property. Such land plots shall be alienated by the banks at the land auction within two years from the date the ownership has been acquired.

Foreign nationals and Ukrainian legal entities, participants or ultimate beneficiaries of which are foreigners, will be allowed to purchase agricultural land in Ukraine only after the relevant decision has been made by the national referendum. The timing of such a referendum has not yet been set by the legislation.

Prohibition to own land plots

Under all conditions, the following individuals and entities will be prohibited to own the agricultural land:

- the legal entities, participants (shareholders) or ultimate beneficiaries of which are not the Ukraine nationals, may not acquire the ownership of the state and communal agricultural land and the agricultural land, allocated in kind (on the ground) to the land share owners, and which is located closer than 50 kilometers from the state border of Ukraine;
- the legal entities, the ultimate beneficiary of which may not be identified;
- the legal entities, ultimate beneficiaries of which are registered in offshore zones;
- the legal entities, participants (shareholders) or ultimate beneficiaries of which are the foreign states;
- the legal entities, participants (shareholders) or ultimate beneficiaries of which are the nationals of a state recognized by Ukraine as the aggressor state or the occupier country. Currently, such a state is the Russian Federation;
- the individuals and legal entities against whom or which special economic and other restrictive measures (sanctions) have been imposed or applied;
- the legal entities incorporated under the laws of Ukraine, but controlled by the individuals and legal entities registered in the countries included by the FATF in the list of the states not cooperating in the field of combating money laundering;
- the individuals belonging to terrorist organizations.

Purchase conditions

The total area of the agricultural land owned by a Ukraine national may not exceed 10,000 hectares. This rule will be effective from 1 January 2024. Up to now, every Ukraine national is entitled to own simultaneously no more than 100 hectares.

The total area of the agricultural land owned by a Ukrainian legal entity (excluding banks) may not exceed 10,000 hectares. Ukrainian legal entities shall be entitled to purchase the agricultural land only from 1 January 2024.

Violation of the abovementioned rules gives rise to invalidating a deed, under which the land ownership was acquired, and seizing the land.

The Law also provides for a lessee a pre-emptive right to the agricultural land. Moreover, the lessee has an opportunity to transfer the pre-emptive right to another person, but the landowner shall be notified thereof in writing.

The following persons shall be entitled to purchase the respective land plots by installment over a 10-year period: Ukraine nationals owning the right of permanent use, lifelong inheritable right to use state and communal land plots, intended for keeping farming and land lessees.

If a land plot is purchased by installment, the ownership is transferred to the purchaser after the first installment payment.

The agricultural land sale price may not be lower than its regulatory monetary value. This rule shall be effective until 1 January 2030. The payment for the land plot purchase shall be made only in a cashless form.

The agricultural land ownership may not be acquired under non-gratuitous contracts, unless the purchaser possesses the documents confirming the sources of origin of the funds or other assets, out of which such an ownership is acquired.

Prohibitions

It is prohibited to sell state-owned and communal agricultural lands located on the temporarily occupied territory and to alienate or change the land use of the agricultural lands located on the temporarily occupied territory (except for their inheritance).

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