

The background of the page is a photograph of a modern office desk. On the left, a silver laptop is open, showing its keyboard. In the center, a bright red ceramic vase stands on the desk. To the right of the vase, there are several stacks of papers and documents. The background is softly blurred, showing a window with light coming through. A dark grey diagonal overlay covers the bottom right portion of the image, where the title text is located.

**DOING BUSINESS IN UKRAINE  
2025**

# DOING BUSINESS IN UKRAINE 2025

NOVEMBER

The aim of this publication, which has been prepared for the exclusive use of BDO Member Firms and their clients and prospective clients, is to provide essential background information on setting up and running a business in Ukraine. It is of use to anyone who is thinking of establishing a business in Ukraine as a separate entity or a subsidiary of an existing foreign company. The guide also covers vital tax information for individuals who are considering coming to work or live permanently in Ukraine.

This publication describes the business environment in Ukraine and covers the most common forms of business entity and the taxation aspects of operating or working for such a business. For individual taxpayers, the important taxes to which individuals are likely to be subject are dealt with in some detail. The most important issues are included, but it is not feasible to discuss every subject in comprehensive detail within this format. If you would like to know more, please contact the BDO Member Firms with which you normally deal, who will be able to provide you with information on any further issues and on the impact of any legislation and developments subsequent to the date mentioned below.

### **About BDO**

BDO is a global organisation of independent public accounting, tax and advisory firms which perform professional services under the name of BDO. The global fee income of BDO firms, including the members of their exclusive alliances, was US\$15 billion in 2024. These firms have representation in 166 countries and territories, with over 119,611 people working out of 1,800 offices worldwide. BDO's brand promise is to be the leader for exceptional client service and when you choose to work with BDO you quickly discover what makes our service offering stand out. BDO offers a comprehensive collection of high-quality tax services and assets designed to support exceptional performance, and all our tax engagements benefit from the hands-on involvement of experienced professionals, backed by world-class resources. BDO's people bring a particular quality to our working relationships and to how we respond to our clients. We understand that digital acceleration is impacting our clients more than ever: BDO's unique culture of accessibility helps to build close relationships and maintains excellence in service delivery, ensuring that we create value for our clients and our colleagues. Your advisers are both fit for the future and are agile enough to handle the biggest and the smallest names in the industries we serve. We work hard to understand our clients' businesses and ensure that we match both our service offering and our people to their complex individual needs. We believe that providing our clients with access to experienced professionals, who are actively engaged in addressing their tax and business issues, is the most reliable way to provide exceptional service, always with a strong focus on trust and transparency. Regardless of your location, size or international ambitions we can provide effective support as you expand into new areas of the world. In an ever-evolving economic environment, businesses need a global organisation that provides exceptional, bespoke service combined with local knowledge and expertise. BDO is uniquely positioned to serve this demand, providing effective support and a truly global integrated global footprint.



# CONTENTS

<b>INTRODUCTION</b>	<a href="#">5</a>
<b>1. BUSINESS ENTITIES</b>	<a href="#">6</a>
<b>2. THE TAX SYSTEM</b>	<a href="#">8</a>
<b>3. TAXES ON BUSINESS</b>	<a href="#">8</a>
3.1. CORPORATE INCOME TAX	<a href="#">8</a>
3.2. WITHHOLDING TAX	<a href="#">10</a>
3.3. UNIFIED TAX	<a href="#">10</a>
3.4. DIIA.CITY REGIME	<a href="#">11</a>
3.5. TAX INCENTIVES	<a href="#">11</a>
<b>4. TAXATION OF INDIVIDUALS</b>	<a href="#">13</a>
4.1. PERSONAL INCOME TAX	<a href="#">13</a>
4.2. MILITARY CHARGE	<a href="#">13</a>
4.3. UNIFIED SOCIAL CONTRIBUTION	<a href="#">14</a>
<b>5. VALUE ADDED TAX</b>	<a href="#">15</a>
<b>6. OTHER TAXES</b>	<a href="#">16</a>
6.1. CUSTOMS DUTY	<a href="#">15</a>
6.2. EXCISE TAX	<a href="#">15</a>
6.3. PROPERTY TAX	<a href="#">15</a>
6.4. LAND TAX	<a href="#">15</a>
6.5. RENTAL FEE	<a href="#">15</a>
<b>7. APPENDICES</b>	<a href="#">17</a>
APPENDIX 1 — CHART OF WITHHOLDING TAX RATES	<a href="#">17</a>
APPENDIX 2 — UNIFIED TAX GROUP INFORMATION	<a href="#">19</a>



# Introduction

## Economic and Investment Climate of Ukraine

Despite the ongoing war, Ukraine remains open to foreign investment and continues to demonstrate economic resilience. With the support of international partners, the digitalisation of public services and reforms in corporate law and tax rules, the country is steadily shaping a competitive business environment.

The key factors contributing to Ukraine's favourable investment climate include:

- ▶ High-level, professional expertise in the fields of IT, defence tech and engineering. Ukraine has a strong reputation for its educational system, particularly in technical and natural sciences, which has led to the development of a highly skilled workforce. The IT sector is among the most dynamic in Europe, with over 300,000 professionals.
- ▶ The agricultural sector ensures world food security by the stable production and export of key commodity grains.
- ▶ Easy access to EU markets and further alignment with EU policies.
- ▶ Government initiatives aimed at supporting investors, including platforms for transparent privatisation, public-private partnerships and digital tools for business registration.
- ▶ Opportunity for the privatisation of state assets.
- ▶ Even under martial law, Ukraine maintains macro-financial stability and has been reforming its tax system. It has also introduced special regimes, such as Diia.City, which offer a favourable environment for tech businesses.

However, investors should be aware of the temporary currency restrictions, specific labour laws and regulatory requirements relating to security.

## Why companies should consider Ukraine

1. **Transforming market:** Ukraine is actively aligning its legislation with European standards, particularly in the areas of corporate governance, financial reporting and investor protection.
2. **Flexibility and speed:** Business registration can be completed within 24 hours, while digital services help to minimise bureaucracy and streamline administrative processes.
3. **Investment opportunities:** Privatisation, infrastructure development, the IT sector and agriculture offer investors a variety of entry points.
4. **Strategic role in national recovery:** Businesses that enter the Ukrainian market gain economic advantages and reputational benefits as contributors to the country's transformation and rebuilding efforts.

## Legal forms in Ukraine

Foreign companies can choose from the following legal forms for doing business in Ukraine:

### 1. Corporate forms:

- ▶ **Limited Liability Company (LLC)** — the most common and flexible form of incorporation, with no minimum capital or number of participant requirements and where equity holders are not liable for the company's debts beyond their contributed capital assets
- ▶ **Joint-Stock Company (JSC)** — requires a minimum capital of about EUR 33,000 and the issuance of shares registered with the National Commission on Securities and the Stock Market. JSC shareholders are liable for the company's debts to the extent of their capital contribution.
- ▶ **Representative office of a non-resident** — may be established to carry out preparatory and auxiliary activities (exempt from taxation) or commercial operations (subject to corporate income tax). A representative office is not a legal entity.

Ukraine is taking steps to foster a business environment characterised by predictability, transparency and competitiveness. Investors seeking strategic partnerships and long-term engagement will find substantial growth opportunities and an opportunity to make a meaningful impact on the country's recovery and transformation.

# 1. Business Entities

The most common form of doing business as a legal entity in Ukraine are the limited liability company, LLC (ukr. — *TOB*) and joint-stock company, JSC (ukr. — *AT*), with the LLC offering easier registration and fewer administrative requirements.

## 1.1. Limited liability company

### Setting up

An LLC is set up by founders. Prior to registering an LLC, the founders must hold a meeting and decide on the LLC establishment, select the location of the company and decide on the charter, the constituent document of an LLC, which sets out the structure and operations of the company and which is signed by the founders and certified by a notary. The charter of the company must include the following:

- 1) full and abbreviated (if any) name of the company;
- 2) management bodies, their competence, and the procedure for making decisions; and
- 3) procedure for entering and leaving the LLC.

The charter may contain other information as long as it does not conflict with Ukrainian legislation.

### Authorized capital

Ukraine does not have minimum authorized capital requirements for an LLC — the founders are free to determine the amount of the authorized capital. The authorized capital consists of the nominal value of the parts of the LLC's participants expressed in Ukraine's national currency (UAH). The share of a participant in the charter capital may also be determined as a percentage. The charter may contain restrictions on the change in the parity of participants. The relevant provisions may be incorporated into the charter, amended or removed by unanimous decision of the general meeting of the participants.

A participant's capital contribution can be in cash, securities or other property, unless otherwise provided by law. An in-kind contribution must be assigned a monetary value approved by the unanimous decision of the general meeting of the participants.

### Management

The management bodies of the company are the general meeting of the participants, the supervisory board and the executive body.

### Audit

At the request of a participant(s) that collectively hold 10% or more of the authorized capital of the company, the company's financial statements can be audited by an outside audit firm. In this case, the participant(s) independently conclude an agreement with the auditor (audit firm), which specifies the scope of audit services.

### Registration

Once all the documents are prepared, agreed on and submitted to the authorities, an LLC can be registered, usually within one day.

## 1.2. Joint-Stock Company (Private and Public)

A JSC is a company whose charter capital is divided into shares of equal par value and whose shareholders are liable for the company's obligations to the extent of their equity contributions to the charter capital. A JSC can be public or private, which will be specified in the JSC charter.

### Setting up

Setting up a JSC is more complex than setting up an LLC. For example, it takes longer to set up a JSC than it does to set up an LLC (i.e., usually a few months) and there is an authorized capital requirement of UAH 1,600,000 (about EUR 33,000) but the number of shareholders is not restricted.

A JSC may be founded by one or more persons. Founders can enter into a founding agreement, which defines the procedure for joint activities for the formation of the company, the number, type and class of shares to be acquired by each founder, the nominal value and cost of acquiring these shares, the term and form of payment of shares, the term of the contract, etc.

The founders must establish a closed (private) placement of its shares, a constituent assembly and make a state registration of a JSC. Among the formalities for setting up a JSC are the following:

- Obtain temporary certification for issuing shares and conclude an agreement with the National Depository of Ukraine for servicing the share issuance;
  - Issue the shares and obtain payment by the founders;
  - Approve the share issue and charter and adoption of other relevant decisions; and
  - Register the JSC with the authorities.
-

### 1.3. Other entities

In addition to the LLC and the JSC, economic activity in Ukraine can be carried out in the form of a general or limited partnership, an additional liability company (where the participants are liable for the company's debts within limits set by the charter in proportion to their contributions), or a representative office. A foreign entity may open a representative office to represent the interests of the foreign entity in Ukraine and have appropriate delegated authority. Specific documents must be submitted to the Ministry of Justice by a foreign company that wishes to set up a representative office in Ukraine and pay any requisite fees. Resident individuals can carry out economic activities in Ukraine without registering a company, i.e., operating as a private entrepreneur.

### 1.4. Disclosure of ultimate beneficial owners

Entities other than state and municipal enterprises must disclose their ownership structures to the Ukraine authorities and identify their ultimate beneficial owners (UBOs).

A UBO is an individual who, regardless of the extent of their formal ownership, has the ability to directly or indirectly exert a decisive influence on the management or economic activity of a legal entity. It should be noted that a formal right to 25% or more of the authorized capital or voting rights in an entity is sufficient for an individual to be deemed to be a UBO unless the person is an agent, nominee holder or an intermediary.



## 2. THE TAX SYSTEM

Taxes and statutory charges are levied under the 2011 Tax Code of Ukraine, as amended. The major taxes and compulsory payments are:

- ▶ Corporate income tax
- ▶ Personal income tax
- ▶ Withholding tax
- ▶ Unified tax
- ▶ Unified social contribution (USC)
- ▶ Temporary “military charge”
- ▶ Value added tax (VAT)
- ▶ Customs duties
- ▶ Excise tax
- ▶ Property tax
- ▶ Land tax
- ▶ Rental fee

More than 75% of the tax revenue comes from corporate and personal income tax and VAT.

All corporate and individual taxpayers are required to register with the State Tax Agency (STA) and obtain a tax identification (ID) number (it is not possible to open a bank account in Ukraine without a tax ID). Registration is done through the tax office where the business is located. Foreign entities that carry on commercial activities in Ukraine are required to register for tax purposes before commencing business activities in the country.

The STA is the government body responsible for tax administration and enforcement in Ukraine.

## 3. TAXES ON BUSINESS

### 3.1. Corporate income tax

#### 3.1.1. General

Corporate income tax in Ukraine is centralized—no additional corporate income taxes are imposed at the regional or local levels. Ukraine has rules governing transfer pricing, thin capitalization and controlled foreign companies. Withholding tax is levied on payments made to nonresidents.

A simplified tax system is available to legal entities and individual entrepreneurs that meet specific requirements, under which they can elect to pay a single tax and are subject to simplified accounting and reporting requirements.

The tax year is typically the calendar year, although there are exceptions.

Ukraine operates a self-assessment system, under which taxpayers must calculate their income and file tax returns quarterly or annually (new legal entities and entities with annual income of less than UAH 40 million (about EUR 0.8 million) file annually). The tax return may be filed electronically or in hard copy. Quarterly returns are due within 40 calendar days following the last day of the relevant quarter and annual returns are due within 60 calendar days following the last day of the relevant year, with any tax due paid within 10 calendar days following the filing deadline.

#### 3.1.2. Tax rates

The standard corporate income tax rate is 18%, with a 25% rate applying to financial institutions as from 2025. Special regimes apply to agricultural businesses and insurance companies.

#### 3.1.3. Taxable base

Corporate income tax is levied on the gross worldwide income of Ukraine residents and on Ukraine-source income of nonresidents (including those with a permanent establishment (PE) in Ukraine). A company is deemed to be resident for corporate income tax purposes if it is established under Ukrainian law and is located in Ukraine or if its place of effective management is in Ukraine.

Income includes any income from the sale of goods, the provision of work or services, capital gains, foreign exchange gains, gratuitous transfers and other taxable receipts in cash, in kind or in the form of intangibles accrued during the reporting period. Dividends received by a resident parent company from its Ukraine resident subsidiary are exempt from tax in the hands of the recipient. Dividends, interest and royalties received from abroad are included in the taxable income of resident companies.

The taxable base for corporate income tax purposes is calculated as Ukraine and foreign-source income, which is determined by

adjusting (increasing or decreasing) the financial result before tax (profit or loss), as defined in the financial statements in accordance with national accounting regulations (standards) or IFRS, for differences arising under the provisions of the Tax Code. Taxpayers with annual income below UAH 40 million may elect to not apply the tax differences.

Income is generally recognized under the accrual method, i.e., income is realised in the tax period in which the transfer of title to goods or the provision of work or services occurs, while deductible expenses (forming the cost of production or sales) are recognised on the date the relevant goods/services/work were supplied.

A dividend-distributing company must pay 18% advance corporate tax on an excess of dividends over its taxable profits, which may be credited against the final corporate income tax liability of the distributing company.

#### **3.1.4. Exempt income**

The following types of income are not included in taxable profit for corporate income tax purposes:

- ▶ Capital contributions
- ▶ Contributions in cash or in kind under joint activity contracts where the activity is to be carried out in Ukraine (without incorporation in Ukraine)
- ▶ Share premiums realised by an issuer of shares
- ▶ Dividends received by Ukraine-resident entities from residents of Ukraine and nonresidents under the recipient's control.

#### **3.1.5. Allowable deductions**

Most business-related expenses are deductible for corporate income tax purposes unless the expenses are specifically limited or disallowed. For example, Ukraine limits the deductibility of certain interest and royalty payments made to nonresidents. Tax losses generally may be deducted, with any excess carried forward indefinitely, except in the case of losses incurred by large taxpayers, which may only use 50% of unused tax losses, with the remaining 50% available for carryforward to the following year. A taxpayer is considered a large taxpayer if its sales proceeds exceed EUR 50 million or the annual amount of its taxes (except for customs taxes) exceeds EUR 1.5 million. Tax losses may not be carried back.

#### **3.1.6. Taxation of permanent establishments**

Foreign entities that conduct activities (commercial or non-commercial) in Ukraine must register for tax purposes and file a corporate income tax return for commercial activities carried out through their PE in Ukraine.

The Tax Code defines a PE as a fixed place of business through which economic activities of a nonresident are carried out in whole or in part. A PE includes a place of management; a branch; an office; a factory; a workshop; an installation or structure for the exploration of natural resources; a mine, an oil or gas well, a quarry or any other place of extraction of natural resources; a warehouse or premises used for the delivery of goods and a computer server. A building site or construction or installation project will create a PE if it lasts longer than 12 months.

PEs are subject to the standard corporate income tax rules although an exemption may be available if the nonresident's activities do not give rise to a PE under Ukraine's Tax Code or an applicable tax treaty. The taxable profits of a PE are determined as gross income (received offshore or onshore) less allowable expenses.

#### **3.1.7. Transfer pricing**

Ukraine has transfer pricing rules that are generally consistent with the OECD transfer pricing guidelines and require transactions between related parties to be on arm's length terms. The transfer pricing rules apply to transactions with related nonresidents, transactions between a nonresident and its PE in Ukraine, transactions involving nonresident commissionaires, and transactions with entities in low-tax jurisdictions or tax exempt entities (the lists of such jurisdictions and entities types are published by the Cabinet of ministers of Ukraine).

#### **Controlled transactions**

The following transactions are deemed to be controlled for transfer pricing purposes where the taxpayer's total annual income exceeds UAH 150 million and the volume of its business transactions with a related counterparty exceeds UAH 10 million for the relevant year:

- ▶ Transactions with nonresident related parties (including transactions through an unrelated intermediary(-ies) that does not perform significant activities, does not have significant assets and does not bear any significant risks relating to the transaction);
- ▶ Transactions structured through a nonresident agent or commissionaire;
- ▶ Transactions with nonresidents that are incorporated or resident in a jurisdiction included on Ukraine's list of low- and no-tax jurisdictions; and
- ▶ Transactions with nonresidents that do not pay corporate income tax (whose organizational and legal form is on Ukraine's list of such forms) or are registered in a country that does not have anti-money laundering rules, etc. or the

country does not engage in the exchange of tax information.

Starting in 2025, two new criteria are used to determine whether parties are related:

- ▶ The annual income of a resident entity from the sale of products to a nonresident entity is 75% or more of the resident entity's income from the sale of products to all nonresidents and that income also is 50% or more of the resident entity's total income from the sale of products; or
- ▶ The annual purchases of a resident entity from purchasing products from a nonresident entity is 75% or more of the resident entity's purchases from all nonresidents and those purchases also are 50% or more of the resident entity's total purchases.

### **Transfer pricing methodologies**

Ukraine allows the following methodologies to set prices for controlled transactions:

- Comparable uncontrolled price (CUP)
- Resale price
- Cost plus
- Net profit
- Profit allocation

A taxpayer may use any method it reasonably believes is most suitable, although if it is possible to apply the CUP and any other method, the CUP should be used. To determine the most comparable price under the arm's length principle for the import and export of commodities traded on exchanges (e.g., grain, metals), the prices for such commodities on the exchange may be used.

### **Annual reporting and penalties**

The reporting period is the calendar year for transfer pricing purposes. Taxpayers engaging in controlled transactions with a counterparty in an amount exceeding UAH 10 million during an annual reporting period must submit to the tax authorities before 1 October of the year following the reporting year:

- a report on controlled transactions, and
- a notification on participation in an multinational group of companies if applicable;
- local transfer pricing documentation (in Ukrainian) for a calendar year (within 30 days of a request by a tax office).

Taxpayers that are members of a multinational group of companies also must submit:

- a master file if the group's total annual income exceeds EUR 50 million; and
- a country-by-country report if the group's total annual income exceeds EUR 750 million (exceptions apply).

Significant penalties (up to EUR 21,000) apply for noncompliance.

#### **3.1.8. Thin capitalization rules**

Ukraine has thin capitalization rules that limit the amount of interest that may be deducted. The rules are triggered when the total debt of a Ukrainian entity from transactions with nonresident related parties is greater than 3.5 times the entity's equity. In this case, the Ukrainian entity's interest deduction is limited to 30% of the financial result before tax, interest and depreciation (EBITDA). The taxpayer may carry forward 95% (annually) of the excess interest indefinitely.

The debt-to-equity ratio of financial institutions and companies engaged exclusively in leasing activities is 10 times equity.

#### **3.1.9. Controlled foreign companies (CFCs)**

Under Ukraine's CFC regime, a resident entity or an individual may be taxed on a proportionate share of the profits of certain entities that are owned or controlled by a Ukrainian person. An entity (including a person without legal entity status, such as a trust, partnership or foundation) is deemed to be a CFC if it is not considered a Ukrainian resident for tax purposes (or a PE of a nonresident) but is controlled by a Ukrainian resident legal entity or individual. A controlling person is defined as:

- a person that holds more than a 50% share in a foreign entity;
- a person that holds more than a 10% share in a foreign entity and several Ukrainian residents hold more than 50% of the shares of the foreign entity; and
- a person that directly or indirectly actually controls the foreign entity.

The profits of a CFC are taxed at a rate of 18% for legal entities and 5%, 9% or 18% for an individual (as well as the 5% military charge for an individual). Public companies, non-profit organisations and foreign companies with annual income under EUR 2 million are exempt from the CFC regime (but still have to file annual CFC reports).

A legal entity must submit CFC reports by 1 March of the following year and an individual must submit the report by 1 May (the filing deadline may be extended until the following year-end). Significant penalties apply for failure to file the report.

## 3.2. Withholding tax

Ukraine does not impose withholding tax on dividends, interest or patent royalties paid to a resident company, but a 5% rate applies to dividends paid to a resident individual. However, such payments, as well as capital gains, lease payments, brokerage and agency commissions, etc. paid to a nonresident entity are subject to a 15% withholding tax unless the rate is reduced under an applicable tax treaty. Different rates apply to other types of income paid to nonresidents, such as insurance premiums, advertising fees, etc. Ukraine has concluded more than 70 double tax treaties (see [Appendix 1](#) for tax treaty withholding tax rates).

## 3.3. Unified tax

A simplified tax system is available to resident legal entities and individual entrepreneurs that meet specific requirements relating to the type of business, annual income and number of employees. Under the simplified — or unified — tax system, eligible taxpayers pay a single tax in lieu of separate taxes such as corporate and personal income tax, military tax, VAT, land tax, etc. Simplified accounting and reporting requirements also apply to unified taxpayers. A qualifying taxpayer must apply to the tax authorities to obtain approval to be a unified taxpayer.

Covered activities exclude currency exchange, exports, the import of excisable goods, gambling, financial services, etc. Taxpayers that engage in excluded business activities do not qualify as unified taxpayers and nonresidents may not be unified taxpayers.

There currently are four groups of unified taxpayers (see [Appendix 2](#)). The reporting period for Groups 1, 2 and 4 is the calendar year and it is quarterly for Group 3.

## 3.4. Diia.City regime

A special regime, the [Diia.City](#) regime, was introduced in 2022 for IT businesses, with a view to expanding the development of the tech industry in Ukraine. The Diia.City regime offers various non-tax and tax incentives to Ukrainian registered businesses, including beneficial tax rates and a 25-year guarantee of unchanged conditions. To qualify for benefits under the Diia.City regime, a company must be registered under Ukrainian legislation, engage in certain IT-related activities, fulfil the conditions for admission and submit an application. The following conditions must be fulfilled:

- ▶ Operating companies
  - The average monthly remuneration of gig specialists and employees must be at least EUR 1,200
  - 90% of the company's income must be from qualifying IT-related activities
  - There must be at least nine employees/gig specialists for the reporting period
- ▶ Startups
  - The company's annual income does not exceed UAH 9.3 million (EUR 200,000)
  - 90% of income must be derived from qualifying IT-related activities
  - The company may not have been registered for more than 24 months

Diia.City residents must undertake a compliance audit by June of each year (this is different from a financial statement audit). The following tax and non-tax incentives are available under the Diia.City regime:

- ▶ Payroll taxes for employees and gig contractors:
    - 5% preferential personal income tax rate (rather than 18%)
    - 5% military duty
    - Employer's social security contribution (22% of the minimum wage, approximately EUR 37 monthly in 2025)
    - Employer's contributions to private pension plans and voluntary medical insurance are tax-exempt up to 30% of a person's remuneration
  - ▶ Corporate income tax, which the business can elect to pay:
    - 9% exit capital tax, or
    - 18% regular corporate income tax
  - ▶ Non-tax benefits
    - Convertible loans: In the early stages of a startup's life, it is often impossible to assess the company's future value. Convertible loan agreements make it possible to attract financing with the determination of the investor's share when the startup already has a market valuation.
-

Liquidation Preferences: By investing significant funds in a project, investors will be able to demand priority repayment of their investment, for example, in the distribution of dividends or in the event of liquidation..

- Options and ESOPs: These measures allow an investor to increase their share in the authorized capital of the company if it is successful. Having such a right, investors may be prepared to offer the best financing conditions to current owners of the company.
- Warranties and indemnities: This tool provides the possibility of compensation in favour of the party who relied on false assurances.
- Liquidated damages: When entering into deals, investors want to provide for compensation for potential losses incurred under the contract. Compensation must not require complex proof in court and cannot be unreasonably reduced by a court.

### 3.5. Tax incentives

The Tax Code includes corporate income tax incentives for some businesses, including for:

- Entities founded by disabled persons' organisations
- A five-year tax exemption for EUR 20 million+ investments in certain areas.



## 4. TAXATION OF INDIVIDUALS

### 4.1. Personal income tax

#### 4.1.1. General

The tax treatment of individuals in Ukraine is governed by the 2011 Tax Code, as amended.

Individuals are subject to both national and municipal-level taxes. The main national taxes are the personal income tax, withholding tax and military tax, and the primary municipal taxes include real property tax, vehicle tax, etc. Individuals carrying on a business may be eligible to become a unified taxpayer.

Resident individuals are taxed on their worldwide income and nonresidents are taxed only on their Ukrainian-source income. An individual is considered tax resident of Ukraine if he/she meets the following criteria in the Tax Code (which follows the OECD Model Tax Convention):

- The individual has their domicile in Ukraine.
- If the individual also has domicile in another country, they will be deemed to be resident of Ukraine if they have a permanent place of residence in Ukraine.
- If a permanent place of residence is also available in another country, the individual is deemed to be resident of Ukraine if their centre of vital interests is in Ukraine.
- If it is not possible to determine the actual centre of vital interests, or if the individual does not have a permanent place of residence in any country, the individual is deemed to be tax resident of Ukraine if they stay in Ukraine at least 183 days during a calendar year.

Ukraine-source income is income derived by an individual as a result of labour or a business activity carried out in Ukraine and includes remuneration for work performed in Ukraine, whether or not paid by a Ukrainian company.

The tax year is the calendar year.

Ukraine operates a self-assessment system under which individuals must calculate their annual income, file a return and pay any tax due (except for certain remuneration, see below). The annual tax return is due by 30 April following the reporting year, with tax due by 31 July following the reporting year. The tax must be paid in UAH. The tax return is filed with the district/city tax authorities' office at the place where the individual is domiciled in Ukraine.

#### 4.1.2. Tax rates

The personal income tax rate is 18%, which applies to both resident and nonresident individuals and is imposed on remuneration and other benefits received as an employee, as well as any foreign income. Dividend income received by Ukraine residents is subject to a 5% withholding tax if the dividend payer is a corporate income taxpayer; otherwise, the rate is 18%. Interest on bank deposits and current accounts is also taxed at a rate of 18%. Remuneration paid to an individual in Ukraine (whether or not a resident) through the payroll of a Ukrainian entity is subject to withholding at source; if this remuneration is the individual's only source of income, the individual is not required to submit a tax return in Ukraine.

Generally, any benefit provided by an individual's employer or a reimbursement of an employee's expenses is subject to tax in Ukraine, unless the benefit or reimbursement is connected with the employee's duties under an employment agreement or a collective agreement.

#### 4.1.3. Taxable income

The taxable income of individuals in Ukraine includes the following:

- Wages, salaries and other benefits received under an employment contract
- Income received from abroad (for tax residents)
- Income derived from entrepreneurial activities or the exercise of a profession
- Passive income in the form of dividends, interest and royalties (reduced rates may apply under applicable tax treaties)
- Other income, including rental income, prizes, etc.

Certain income is exempt from tax.

### 4.2. Military charge

A temporary "military charge" has been in effect since 2014, with the current rate being 5% of employment and other income. The military charge is withheld by the employer or self-assessed on the personal income tax return and is applied in respect of all types of income that are subject to personal income tax. The military charge also applies to individual entrepreneurs as follows:

- 10% of the minimum wage (i.e., UAH 800 = EUR 18 monthly) for groups 1, 2 and 4, with monthly tax payments
  - 1% of the revenue – for group 3, with quarterly tax payments.
-

### 4.3. Unified social contribution

Remuneration, allowances and similar payments made by a Ukrainian entity or a local representative office to employees (whether Ukrainian or foreign) through payroll are subject to the unified social security contribution (USC), in addition to personal income tax and the military charge. Foreign individuals working in a foreign company's representative office in Ukraine are not subject to the USC.

The monthly taxable base for USC is capped at 20 times the minimum wage (in 2025 UAH 160,000/month or approximately EUR 3,400/month). The USC is paid by the employer at the time the remuneration is paid. The contribution is 22% of gross income, up to the monthly taxable cap.



## 5. VALUE ADDED TAX

### 5.1. General

VAT in Ukraine is regulated under the 2011 Tax Code, as amended.

VAT is levied on the domestic supply and the importation of goods and services into Ukraine. VAT-registered businesses generally may deduct input tax against their output tax, with any positive difference paid to the government. Any input VAT amount that exceeds the taxpayer's VAT liabilities may be used to offset the VAT liabilities of subsequent tax periods or it can be refunded in cash.

VAT electronic invoicing in B2G, B2B and B2C transactions is mandatory for businesses whose annual revenue exceeds UAH 1 million (approximately EUR 23,000).

For VAT purposes, the reporting period is a calendar month (quarterly for low-volume activities). VAT payers must file VAT returns within 20 days after the end of the reporting month. VAT payable, if any, must be remitted to the government within 30 days after the end of the reporting month.

A nonresident service provider of e-services with local sales in excess of UAH 1 million must file a quarterly VAT return (assessing 20% VAT on the e-services sales without a right to a VAT credit) and settle the VAT reported.

VAT payers are automatically assigned accounts in the electronic VAT administration system, which ensures that VAT liabilities and credits are recorded correctly.

### 5.2. Tax rates

Ukraine has four VAT rates:

- 20%: Standard rate
- 7%: Reduced rate applicable to pharmaceuticals
- 14%: Reduced rate applicable to some agricultural products
- 0%: Certain supplies are exempt (e.g., education and healthcare services, charitable aid, financial services, and export of software development, IT services, legal, accounting, audit services if provided to a nonresident customer) or zero-rated (export of goods). If a supply is exempt, there is no right to a VAT credit, but a VAT credit is available for zero-rated supplies. The import of drones and other military items is exempt from VAT until 2026.

### 5.3. VAT registration

All Ukrainian companies, individuals and PEs of nonresident companies must register as VAT payers in Ukraine if their aggregate VATable sales in the preceding 12 calendar months exceeds UAH 1 million. A nonresident service provider of e-services with local sales in excess of UAH 1 million must also register for VAT purposes. Taxpayers that do not meet the UAH 1 million threshold can register voluntarily.

### 5.4. VAT mechanics

The amount of VAT a registered VAT payer incurs on local purchases of goods and services (i.e., input VAT) can be credited against the taxpayer's VAT liabilities (i.e., output VAT) in computing the final VAT payable to (or refundable from) the government. The input VAT amount that exceeds the taxpayer's VAT liabilities may be used to offset the VAT liabilities of subsequent tax periods or it can be refunded in cash.

VAT on the import of goods (payable to the customs authorities) and services is collected through a reverse charge (sometimes referred to as "import VAT"). This mechanism requires self-assessment and payment of the 20% VAT by a Ukrainian importer when goods are imported into Ukraine (for imported services, VAT is self-assessed in the month the services are imported). VAT paid usually may be claimed by the Ukrainian importer as a VAT credit in the same tax period. If the goods or services imported are used in transactions that are not subject to VAT, or if the relevant transactions are outside the business activity of the Ukrainian importer, the import VAT cannot be recovered and it becomes a cost to the importer.

The reverse charge does not apply if a nonresident service provider has a PE registered as a VAT payer in Ukraine; in that case, the PE is responsible for calculating VAT liabilities, offsetting them against the input VAT, and paying the difference to the government.

---

## 6. OTHER TAXES

### 6.1. Customs duties

The importation of equipment, machinery, materials and other goods is usually subject to Ukrainian import (customs) duties, with the rates set out in the law “On the Customs Tariff of Ukraine.” Import duties are levied on the customs value of imported goods and are calculated in a variety of ways:

- as an ad valorem tax (i.e., as a percentage of the customs value of the imported goods);
- as a certain fixed amount per imported item; or
- as a combination of the two.

Reduced rates of customs duties apply to goods originating from most favoured nation countries (provided a certificate of origin is available). Full rates apply to goods from other countries.

Customs duties are not levied where a foreign shareholder (investor) contributes equipment and machinery to the share capital of its Ukrainian subsidiary, provided the Ukrainian company does not dispose of the contributed equipment and machinery within three years.

As explained above, the import of goods is subject to a 20% VAT that is paid using the reverse charge. The amount of VAT is assessed based on the customs value of the imported goods, plus import customs and excise duties.

The export of goods from Ukraine is generally subject to a 0% VAT (i.e., an exemption with credit) and is typically exempt from customs duties. A 10% export duty has applied to the export of soybeans and rapeseed since September 2025 (exemptions apply).

### 6.2. Excise tax

Excise tax is levied on imports based on the sum of the declared customs value and customs duties, without VAT. Excise tax is paid on cars, tobacco, alcoholic beverages, fuel and electricity. A 5% excise tax applies to retail sales of excisable goods such as tobacco, beer and alcoholic beverages. Excise tax is also paid by Ukrainian manufacturers of excisable goods. Starting in 2025, the excise tax must equal at least 60% of the retail price of tobacco products.

Excise tax must be paid before goods can clear customs and payment must be made in Ukrainian currency at the Ukrainian National Bank exchange rate effective on the date of payment.

### 6.3. Real property tax

Ukraine levies property tax on residential and non-residential real estate owned by individuals and legal entities (subject to certain exemptions). The property is considered a taxable object. The tax base is the total area of residential and non-residential property, measured in square meters, although the tax base of residential property owned by an individual is decreased as follows:

- by 60 m<sup>2</sup> for an apartment(s) (regardless of how many)
- by 120 m<sup>2</sup> for a dwelling house/house(s) (regardless of how many)
- by 180 m<sup>2</sup> for various types of residential property, including their parts (in cases where an individual owns both apartment(s) and house(s))

The property tax rate goes up to 1.5% of the minimum wage (in 2025, UAH 120 or EUR 2.7) per 1 m<sup>2</sup> of the taxable base. The tax period for property tax purposes is the calendar year.

### 6.4. Land tax

Land tax is a local tax assessed annually and paid by landowners or land users. Payments are made monthly in equal instalments based on the assessed annual figure. The tax is assessed at up to 3% of land value for plots with a normal monetary valuation.

In 2025, the minimum tax payable per hectare is:

- UAH 700 for standard-use land; and
- UAH 1,400 for land with ≥ 50% arable land.

Numerous exemptions apply in areas affected by war, occupation, de-mining or destruction.

### 6.5. Rental fee

A rental fee is payable by legal entities and private entrepreneurs that hold special permits to use natural resources for extraction, transportation, storage or other economic activities. This includes:

- Mining enterprises (extracting minerals);
  - Subsoil users (e.g., groundwater extraction);
  - Permit-holders for radio-frequency spectrum;
  - Forestry and major water users; and
  - Transportation of oil, oil products and ammonia.
-

The rental fee is computed based on the value of the extracted minerals and other tax bases.

## 7. APPENDICES

### Appendix 1 — Withholding tax rates under Ukraine's tax treaties

Ukraine has concluded over 70 tax treaties, most of which reduce the withholding tax rate on dividends, interest and royalties. It should be noted that where Ukraine has concluded a tax treaty that provides for tax treatment other than that provided under Ukrainian law, the treaty rules prevail over domestic legislation. The following chart sets out the tax treaty withholding tax rates that may be applicable to certain types of Ukraine-source income derived by nonresidents.

TAX TREATY PARTNER	WITHHOLDING TAX RATES (%)			
	DIVIDENDS	INTEREST	ROYALTIES FOR LITERARY WORKS	ROYALTIES FOR INDUSTRIAL PROPERTY
Domestic non-treaty rates	15	15	15	15
ALGERIA	5 (25)/15	10	10	10
ARMENIA	5 (25)/15	10	0	0
AUSTRIA	5 (10)/10	2/5	5	0
AZERBAIJAN	10	10	10	10
BELGIUM	5 (20)/15	2/5	5	0
BRAZIL	10 (25)/15	15	15	15
BULGARIA	5 (25)/15	10	10	10
CANADA	5 (20)/15	10	0/10	10
CHINA	5 (25)/10	10	10	10
CROATIA	5 (25)/10	10	10	10
CYPRUS	5 (20)/15	2	10	5
CUBA	5/15	10	0	5
CZECH REPUBLIC	5 (25)/15	5	10	10
DENMARK	5 (25)/15	10	10	10
EGYPT	12	12	12	12
ESTONIA	5 (25)/15	10	10	10
FINLAND	5 (20)/15	5/10	10	5
FRANCE	5 (10/20)/15	2/10	10	0
GEORGIA	5 (25)/10	10	10	10
GERMANY	5 (20)/10	2/5	5	0
GREECE	5 (25)/10	10	10	10
HUNGARY	5 (25)/15	10	5	5
ICELAND	5 (25)/15	10	10	10
INDIA	10 (25)/15	10	10	10
INDONESIA	10 (20)/15	10	10	10
IRAN	10	10	10	10
ISRAEL	5 (25)/10/15	5/10	10	10
ITALY	5 (20)/15	10	7	7
JAPAN	15	10	0	10
JORDAN	10 (25)/15	10	10	10
KAZAKHSTAN	5 (25)/15	10	10	10
KOREA	5 (25)/15	5	5	5
KUWAIT	5	0	10	10
KYRGYZSTAN	5 (50)/15	10	10	10

LATVIA	5 (25)/15	10	10	10
LIBYA	5 (25)/15	10	10	10
LEBANON	5 (20)/15	10	10	10
LITHUANIA	5 (25)/15	10	10	10
LUXEMBOURG	5 (20)/15	5/10	10	5
MACEDONIA	5 (25)/15	10	10	10
MALAYSIA	15	15	15	10
MALTA	5 (20)/15	10	10	10
MEXICO	5(25)/15	10	10	10
MOLDOVA	5 (25)/15	10	10	10
MONGOLIA	10	10	10	10
MOROCCO	10	10	10	10
NETHERLANDS	5 (20)/15	2/10	10	0
NORWAY	5 (25)/15	10	10	5
PAKISTAN	10 (25)/15	10	10	10
POLAND	5 (25)/15	10	10	10
PORTUGAL	10 (25)/15	10	10	10
REPUBLIC OF SOUTH AFRICA	5 (20)/15	10	10	10
ROMANIA	10 (25)/15	10	15	10
SAUDI ARABIA	5(20)/15	10	10	10
SINGAPORE	5 (20)/15	10	7,5	7,5
SLOVAKIA	10	10	10	10
SLOVENIA	5 (25)/15	5	10	5
SPAIN	18	0	0	5
SWEDEN	5 (20)/10	10	10	10
SWITZERLAND	5 (20)/15	10	10	0
SYRIA	10	10	18	18
TAJIKISTAN	10	10	10	10
THAILAND	10 (25)/15	10/15	15	15
TURKEY	10 (25)/15	10	10	10
TURKMENISTAN	10	10	10	10
UNITED ARAB EMIRATES	5 (10)	3	10	0
UNITED KINGDOM	5 (20)/10	0	0	0
USA	5 (20)/15	0	10	10
UZBEKISTAN	10	10	10	10
VIETNAM	10	10	10	10
YUGOSLAVIA (SERBIA AND MONTENEGRO)	5 (25)/10	10	10	10

**Notes:**

(1) Figures in brackets in the “Dividends” column indicate the minimum share ownership percentage a foreign shareholder in a Ukrainian company must hold for the reduced WHT rate to apply (and provided the shareholder is the beneficial owner of the dividends).

(2) Figures separated by a slash (/) suggest that different WHT rates may apply to a particular type of income under the relevant double treaty, depending on the facts and circumstances.

## Appendix 2 — Unified tax information

GROUP	STAFF COUNT	INCOME FOR CALENDAR YEAR	TYPES OF ACTIVITIES	UT RATE: FIXED (% OF MINIMUM WAGE AS AT 1 JANUARY) OR % OF INCOME
1. Individual entrepreneur	None	No more than UAH 1,336,000 / 167 minimum wages (EUR 28,000)	Retail sales of goods at markets, the provision of consumer services to Ukraine individuals	Up to 10% of minimum wage Military charge — 10% of minimum wage (UAH 800 / EUR 17 in 2025)
2. Individual entrepreneur	No more than 10 employees (at any time)	No more than UAH 6,672,000 / 834 minimum wages (EUR 142,000)	Provision of services, including consumer services) to unified taxpayers and citizens; manufacturing and sale of goods; catering	Up to 20% of minimum wage Military charge — 10% of minimum wage (UAH 800 / EUR 17 in 2025)
3. Individual entrepreneur	Not limited	No more than UAH 9,336,000 / 1167 minimum wages (EUR 199,000)	All types of business activities (except excluded activities)	a) 3% of income + VAT b) 5% of income (without VAT) Military charge — 1% of income
4. Agricultural producers that are legal entities	Not limited	Agricultural production for the previous year is not less than 75%	Agriculture	0.19%-6.33% of the agricultural land value



## **DOING BUSINESS IN / WORLDWIDE TAX FACTS 2025 — BACK PAGE TEXT**

This publication has been carefully prepared, but should be seen as general guidance only and cannot address the particular needs of any individual or entity. The information contained within it is based upon information available up to the dates mentioned at the heading of each chapter. While every reasonable effort has been taken by the BDO to ensure the accuracy of the matter contained in this publication, you should not act upon it, or refrain from acting, without obtaining specific professional advice: the information contained herein should not be regarded as a substitute for such. Please contact BDO to discuss these matters in the context of your particular circumstances. The BDO accept or assume no liability or duty of care for any loss arising from any action taken or not taken by anyone in reliance on the information in this publication or for any decision based on it.

'BDO', 'we', 'us', and 'our' refer to one or more of BDO International Limited, its network of independent member firms ('the BDO network'), and their related entities.

The BDO network is an international network of independent public accounting, tax and advisory firms which are members of BDO International Limited and perform professional services under the name and style of BDO (hereafter: 'BDO member firms'). BDO International Limited is a UK company limited by guarantee. It is the governing entity of the BDO network.

Service provision within the BDO network is coordinated by Brussels Worldwide Services BV, a limited liability company incorporated in Belgium.

Each of BDO International Limited, Brussels Worldwide Services BV and the BDO member firms is a separate legal entity and has no liability for another entity's acts or omissions. Nothing in the arrangements or rules of the BDO network shall constitute or imply an agency relationship or a partnership between BDO International Limited, Brussels Worldwide Services BV and/or the BDO member firms. Neither BDO International Limited nor any other central entities of the BDO network provide services to clients.

BDO is the brand name for the BDO network and for each of the BDO member firms.

[www.bdo.global](http://www.bdo.global)

© Brussels Worldwide Services BV, November 2025

## CONTACTS

### KYIV

201-203, Kharkivske Road,  
10th floor

☎ +380 44 393 26 87, 88

☎ +380 44 393 26 91

### DNIPRO

4 Lazar Hloba Street,  
6th floor

☎ +380 56 370 30 43

☎ +380 56 370 30 45

### LVIV

120 T. Shevchenka Str.,  
Regus-KIVSH

☎ +380 32 242 44 00

✉ [info@bdo.ua](mailto:info@bdo.ua)

🌐 [www.bdo.ua](http://www.bdo.ua)



BDO LLC, a Ukrainian limited liability company, is a member of BDO International Limited, a UK company limited by guarantee, and forms part of the international BDO network of independent member firms.

BDO is the brand name for the BDO network and each BDO Member Firms.

2025 © BDO LLC. All rights reserved. Published in Ukraine.

