

# Corporate Taxation: **Ukraine**

## What do you need to know?

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Grow | Protect | Operate | Finance



# Lower Taxes increase profit

Corporate  
Taxation

VAT

Affordable real  
estate and land  
tax

Fully deductible  
ecological taxes

Transport tax

Excise taxes

Royalty for  
minerals  
extraction and  
subsoil use (rent)

Capped and  
deductible 22%  
payroll taxation

Low charges to  
the State Pension  
Fund for special  
transactions

Customs charges



# Corporate Taxation

18% flat corporate income tax (CIT)

Tax reporting is based on IFRS or national GAAP

Most of the business expenses are deductible subject to standard tax adjustments

Deductions of royalties, interest and cross border expenses

Depreciation of real estate and fixed assets from 1 to 20 years

Possibility for foreign companies to obtain a residency status in Ukraine based on a place of effective management

15% withholding tax on incomes derived from Ukraine, unless a relevant double tax treaty provides lower rate or exempt

Broad network of effective double tax treaties with around 80 countries

Available standard transfer pricing rules and reporting system

No Pillar 2 application

# VAT

**20%**

A standard rate for goods, services and e-services

**7%**

Medicines, medical devices, medical equipment, transportation

**VAT exempt**

for most of defence goods during the period of martial law

**14%**

Certain agricultural products

**0%**

Export of products and services

**Import VAT exemption**

for certain goods



# Real Estate Taxes

## EXEMPT

- Industrial buildings (production buildings, workshops, storehouses)
- Agricultural buildings (classified as such by the State Classifier)
- Non-residential premises for small and medium-sized businesses (e.g., kiosks, stalls)
- Government and non-profit organization properties

## Subject to Real Estate Taxes

Owners of residential and non-residential property

## Rate

Up to 1.5% of the minimum salary per m<sup>2</sup> as of January 1 of the reporting year (around EUR 2,5 per m<sup>2</sup> for 2024)

## EXEMPT Properties from 2022

- Real estate in areas affected by military operations or occupied by Russian forces
- Properties damaged or destroyed due to Russian invasion of Ukraine



# Land Taxes

## Rate

Varies by land category and location, based on state valuation.

The general rate for land is typically around 1% to 3% of the state valuation of the land.

State valuation typically correspond to or below the market value of the specific land plot.

## Subject to Land Taxes

Owners or users of the land

## Categories of Lands

All land categories are subject to different rates of land tax



# Ecological Taxes

Ecological Taxes (environmental pollution charges) shall be paid by a legal entity that release contaminants into the air or water, or disposes of waste

The rate varies based on the type and toxicity of the contaminants.

For example, cost of CO<sup>2</sup> emissions is EUR 0,75 per 1 ton

For the CIT purposes paid Ecological Taxes are fully deductible expense



# Transportation Tax

**A local transport tax is charged on owners of passenger cars with an average market value exceeding approx. EUR 62 000 and less than five years old**

**A tax of UAH 25,000 (approx. EUR 582) for each car per year should be paid by a car owner**



# Excise Taxes

The following goods imported to or produced in Ukraine are subject to excise taxes: liquefied gas, petrol, diesel fuel, other fuel materials, electric power, ethyl alcohol, alcoholic beverages, beer, tobacco and tobacco products, e-cigarette liquids, cars, car parts, and motorbikes

The rates of excise tax on excisable goods are specific and established as a fixed amount per item. The excise tax is calculated based on the following: a fixed rate applied to the sales turnover and a set fee per item sold

Import and supply of armored transport for the needs of defence are exempt from excise taxes



# Royalty for minerals extraction

**Companies engaged in extracting mineral resources in Ukraine are subject to royalty (rent payment)**



**Specific rules apply for determining the selling prices of extracted oil, condensate, natural gas, and iron ore. For example:**

**Royalty fee for special use of underground water** for 2024 is approx. EUR 2,2 per 100 m<sup>3</sup> in Kyiv Region.

**Rate for oil extraction** – from 16% to 31% and depends on drilling depths.

**Companies that use subsoil for the purposes other than extraction also pay royalty fee per m<sup>3</sup> or km<sup>2</sup>**

**Transportation of oil, oil products and ammonia through pipelines across the territory of Ukraine is also subject to royalty payments**

**Royalties for the extraction use of subsoil are deductible** for corporate tax purposes



# Payroll Taxes

All Ukrainian employers and other businesses that pay income to individuals under either an employment agreement or a civil law contract are designated as tax agents. They are responsible for withholding personal income tax, military tax, and the mandatory unified social contribution (USC) and remitting these to the state budget

Employees are exempt from paying USC

The USC accrued by the employer is deductible for Corporate Income Tax purposes

The general USC rate, payable by the employer, is 22% of gross remuneration. The taxable base for the monthly contribution is capped at 15 times the minimum salary. For 2024, the maximum USC payment is UAH 26,400 (approximately EUR 613)



# Charges to State Pension Fund

The following charges are payable to the State Pension Fund

**A charge of 3%,  
4%, or 5%**

on the value of a new car applicable when the car is first registered with the state traffic authority

**A 1% charge**

on the acquisition of real estate property

**A 7.5% charge**

on mobile communication services



# Customs duties: **General Regulation**

**There are three types of duty rates:**

## **Preferential Rates**

For goods from countries with free trade agreements (FTAs) with Ukraine

## **Relieved Rates**

For goods from WTO member countries or those granting Ukraine 'most favored nation' status

## **Full Rates**

For goods from other countries or where the origin is unknown

Customs duty in Ukraine is generally paid by the importer upon importing goods. The rates are determined by the Customs Tariff of Ukraine. This tariff aligns with the 2022 version of the **Harmonised Commodity Description and Coding System** and the **Combined EU Nomenclature**.

**Ukraine, from time to time, may impose export duties primary to the agricultural products and commodities.**

**There are 14 customs regimes in Ukraine:**

Import (Release for Free Circulation); Export (Permanent Export); Transit; Temporary Importation; Temporary Exportation; Customs Warehousing; Processing under Customs Control; Inward Processing; Outward Processing; Free Customs Zone; Duty-Free Trade; Re-export; Destruction or Disposal; Customs Transit of Goods for Repair.

**Ukraine's customs regulations are being transformed to align with EU regulation.**



# Customs Previligies

## European Union Tariff Measures

The suspension of import duties and quotas on Ukrainian exports to the EU is extended until 5 June 2025. These Autonomous Trade Measures (ATMs), in place since June 2022, are a key pillar of the EU's support for Ukraine. The Commission is also negotiating longer-term reciprocal tariff liberalisation with Ukraine to provide economic certainty and support Ukraine's integration into the EU market

## Alternative Rules of Origin

Starting December 1, 2023, Ukraine and the EU introduced Alternative Rules of Origin at the bilateral level. This includes new terms and simplified procedures for confirming the origin of goods. Notable changes include:

- The use of only two documents (EUR.1 certificate and declaration of origin) instead of four.
- Extended validity of origin documents from four to ten months.
- Clarified list of documents to confirm the origin of materials/raw materials.
- Simplified mechanism for granting authorized exporter status.

Ukraine has FTAs with the EU, EFTA countries, and countries including Canada, Georgia, Israel, Macedonia, Montenegro, the UK, and Turkey (pending ratification). These agreements enable the import of goods at 0% or preferential rates, provided the preferential rules of origin are met

## Free Trade Agreements

## Common Transit Procedure

Since October 2022, Ukraine joined the Convention on a Common Transit Procedure (NCTS) and the Convention on the Simplification of Formalities in Trade in Goods, enhancing trade efficiency and integration with the EU and other member countries. These procedures facilitate the movement of goods through multiple countries using a single transit document and guarantees, reducing customs formalities. This step simplifies customs processes and promotes smoother international trade for Ukraine

## Authorised Economic Operator (AEO) Status

Since August 2020, Ukrainian companies can obtain AEO status, which simplifies customs clearance, optimizes time, speeds up logistics, and enhances the security of international supplies. This status aligns with EU legislation <sup>14</sup>



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# Contact our team for more insights on **corporate taxation in Ukraine**



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