



# DOING BUSINESS in UKRAINE 2026



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Despite the ongoing war, Ukraine's economy is rapidly transforming, which presents unique investment opportunities. These fundamental changes are reflected in the new legislation, which uniformly complies with EU standards in nearly all industries.

Understandably, most foreign investors passively wait for Ukraine to win the war before making any decisions. For many industries, however, now is the best time to do business in Ukraine.

In this legal guide, we focus on the recent expansion and acquisition trends of international companies involved in manufacturing of construction materials, mining of critical minerals, agriculture and defense industry, all of which have invested heavily in Ukraine during the war.

These global investors share one element in common: they all took advantage of historic opportunities that often accompany cataclysmic events like war and economic transition. From long-term access to raw materials to the lenient approach of Anti-Monopoly Committee in issuing clearance approvals, they understood that now is the best time to set up their business operations in Ukraine to assure long-term future success when their competition arrives.

When doing business in Ukraine, there is no “one-size-fits-all” solution. Every investment requires a customized approach, based on financial and legal analysis of the industry and your business goals. Fortunately, there are a number of ways to set up your business operations in Ukraine.



Most companies and individuals register 100% foreign-owned companies and retain full control of their operations. Others acquire existing operations or enter into joint ventures, and some choose to set up greenfield (construction from ground up). Importers and technical assistance projects usually register as representative offices (both commercial and non-commercial).

Below we discuss the key legal issues all foreign investors should know about before doing business in Ukraine.





# FOREIGN INVESTMENT OPTIONS



From a legal perspective, a foreign investor has two options when investing into a Ukrainian company: (a) 100% ownership or less; or (b) buying the company's assets (buildings, land, intellectual property).

The most common approach involves acquisition of the entire business, including administrative buildings, production facilities, equipment, either by directly buying the target company's shares or by purchasing shares in a special-purpose vehicle that controls the Ukrainian target company (usually a non-resident company).

In other cases, the investor may acquire the target company's assets, which usually involves "cherry-picking" (breaking out a special asset from the target company's integrated property complex). This option allows the investor to avoid any liabilities associated with the Ukrainian company.

## INVESTMENT APPROACH

The acquisition procedure for limited liability companies (LLC) and joint-stock companies (JSC) differs, but the basic approach remains the same: (a) sign a non-binding letter of intent, (b) perform due diligence; (c) negotiate and execute all underlying agreements; (d) obtain regulatory approvals and licenses (if required).

The foundation of all M&A transactions involves performing legal, financial and technical due diligence, and some of the larger investments may be subject to compliance with Ukrainian antitrust legislation, depending on the legal thresholds. Below we address both issues.



## DUE DILIGENCE

Any acquisition, merger or joint venture requires exhaustive legal due diligence regarding the company's title to property/asset ownership, existence of any liabilities or tax debts, among other issues. In some cases, acquiring assets offers significant advantages over share deals for tax reasons and to avoid inherited liabilities.

If the acquisition involves a company with mineral extraction licenses, the investor should confirm the company's compliance with all licensing conditions, including the permit's validity period, environmental obligations, the absence of violations or unfulfilled investment commitments. Mining licenses can be revoked for any number of reasons, including failure to remedy previous violations, failure to start operations within 180 days, misuse of the area, etc. In this sector, due diligence is not just about what the company owns today, but whether it can preserve these rights tomorrow.

## ANTIMONOPOLY COMPLIANCE

An investor will need to file for a concentration permit in Ukraine and obtain permission of the Antimonopoly Committee if the transaction meets the following financial thresholds:

- a. worldwide sales or assets value of all parties exceed Euro 30 million and sales or assets in Ukraine of at least two parties exceed Euro 4 million, or



- b. the sales or value of assets in Ukraine of at least one party exceed Euro 8 million and the sales of at least one party exceed Euro 150 million worldwide.

Under the second test, prior approval may still be required if the purchaser's Ukrainian assets or turnover exceeds EUR 8 million, even if the target company has no assets or turnover within Ukraine, but its global turnover exceeds EUR 150 million. In other words, purely "offshore" deals can still trigger Ukrainian merger control if they involve a buyer with a significant Ukrainian footprint and a counterparty with substantial global operations.

During martial law, the AMCU has adapted a simplified filing procedure. The standard review period is up to 30 calendar days. A simplified, fast-track 25-day review is permitted where only one



party is active in Ukraine or if the parties' combined market shares are below certain thresholds (15% on overlapping markets or 20% on vertically related markets).

If the investor acquires state assets via competitive procedures (bidding, auctions, tenders, etc.), they may submit the notification either before the procedure starts or within thirty days after the winner is announced. In any case, the investor should obtain merger clearance before closing the transaction. Failure to notify of a transaction (concentration) may result in a fine of up to 5% of the group's annual turnover for the last reporting year.

If AMCU refuses to grant a concentration permit, the applicant can challenge the decision in administrative court in cases of insufficient motivation for the refusal or violations of antimonopoly legislation.

## MERGERS AND ACQUISITIONS (M&A)

The Ukrainian M&A market is undergoing a historic economic transition while the country is at war. For some investors, the current risks outweigh the profits. For others, this transition presents once-in-a-lifetime opportunity, supported by government initiatives such as privatization.

Considering favorable market factors, and Antimonopoly Committee's relatively liberal approach, many foreign companies



are successfully pursuing extremely aggressive investment strategies in key industries, including agriculture, construction materials, mineral extraction and defense tech sectors.

Below we provide a few examples of M&A transactions that took place during the war and accompanying business and legal considerations:

- **Agriculture**

Foreign ownership of Ukrainian farmland is restricted, but it is not an impediment to foreign investors, who use their local subsidiaries to acquire large holdings of farmland.

**Example:** In January 2026, Kernel-Trade LLC acquired 100% of Agro-Region Ukraine LLC with 41,000 hectares of land and grain elevators. Kernel-Trade is a subsidiary of a Kernel Holding S.A. (Luxembourg), while Agro-Region Ukraine LLC is a subsidiary of Agro Region Stockholm Holding (Sweden). Importantly, the Antimonopoly Committee has approved the deal.

- **Building materials**

In addition to acquiring land and setting up greenfield production sites, savvy investors can dramatically increase their market share by acquiring existing companies.

**Example:** CRH recently finalized acquisition of two cement plants that belonged to Italy's Buzzi (before it was blacklisted by the National Agency on Corruption Prevention). Despite protracted legal battle related to anti-monopoly issues, today CRH owns Buzzi's two cement plants, Volyn-Cement and Yug-Cement, in addition to its other Ukrainian cement operations,



namely JSC Podilsky Cement, Cement LLC, and PJSC Mykolaivcement.

- **Defense technology**

Strategic investors and venture capital firms are acquiring promising startups with cutting-edge dual-application technologies and registered intellectual property rights in order to scale up production of battle-tested advanced weapons in Ukraine and abroad.

**Examples:** Abu Dhabi-based Edge Group plans to acquire a 30% minority stake in “Fire Point” for approximately \$760 million, while German defense technology company Quantum Systems acquired 10% of Frontline Robotics, a Ukrainian defense robotics firm, with an option to increase it to 25%. They have also set up industrial-scale production of Ukrainian-designed drones in Germany. Quantum Systems has already received Antimonopoly Committee approval, while EDGE Group’s application is currently under review.

- **Critical minerals**

Ukraine is actively seeking foreign investment in its critical minerals sector, and strategic investors responded by actively acquiring Ukrainian production and extraction operations via privatization auctions as well as in the private sector.

**Examples:** In October, 2024, Cemin Ukraine, a subsidiary of NEQSOL Holding, acquired 100% of United Mining and Chemical Company (UMCC) in a privatization auction for approximately \$96 million. UMCC is one of the largest titanium ore raw material producers in the world, which was confiscated from Dmytro Firtash.



Onur Construction International LLC, a subsidiary of the Turkish Onur Group, went on a war-time buying spree, acquiring a number of privately-owned Ukrainian mining companies with mineral licenses, including Rokytnivskiy Spetskaryer LLC, a Ukrainian company engaged in mining granite, purchased in May 2023.

Onur also purchases mining licenses for raw materials like its graphite operation at the Burtyn field, where production is planned for 2026. Importantly, all of these investments are 100% owned by the Onur Group, not via production sharing agreements that obligate the company to share the minerals.

## JOINT VENTURES

Joint ventures are useful in setting up production facilities, because they combine local expertise and infrastructure with international resources, where the parties bring together capital, technology, production sites, skilled labor, and market connections. This age-tested approach allows foreign partners faster market entry while the Ukrainian partner gains investment and increased manufacturing capacity, plus an opportunity to establish production abroad.

Conveniently, Ukrainian legislation offers two types of joint ventures: (a) a registered legal entity (usually a limited liability company or a joint stock company), and (b) a joint cooperation agreement without the creation of a legal entity (e.g., production sharing agreement). In an unincorporated joint venture, the parties



simply enter into an agreement to cooperate (joint activity or joint production) without creating a separate legal entity.

Most foreign companies enter into joint ventures by registering a legal entity (usually LLC). In this arrangement, each of the founders contributes their assets to the company's authorized capital, either in cash or in-kind (industrial property, land rights, registered intellectual property). The parties' contributions are subject to valuations, which determine each party's respective percentage of ownership in the company.

Today, the traditional JV model applies particularly well to Ukrainian defense industry. The war transformed Ukraine into a global hub for innovation and production of new age weapons, with plenty of business opportunities for venture capital and strategic partners. The latest trend involves Ukrainian defense companies setting up JV production facilities abroad, including Germany, Denmark, and Great Britain.

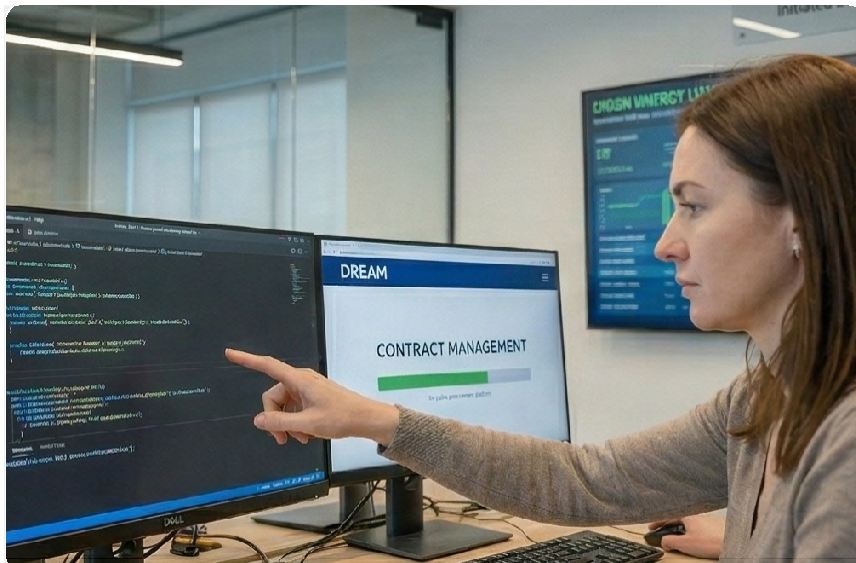
### Examples

- U.S.-based AIRO Group Holdings Inc. entered into a 50/50 JV with Ukraine's Degree-Trans LLC to produce high-speed interceptor drones Ukraine, U.S., and NATO countries in October 2025. A month later, in November, 2025, AIRO signed another JV agreement with Ukraine's Nord Drone Group LLC, where Nord Drone will contribute its technologies, production facilities, and defense-sector networks while AIRO will oversee manufacturing, research and development, and handle marketing.



- Germany's Quantum Systems and Ukrainian company Frontline Robotics registered a JV in Germany in December 2025, which will produce Ukrainian-designed drones on an industrial scale, in addition to the parent companies' cross-investment in Ukraine, where Quantum Systems acquired a 10% equity stake in the Frontline.

Please note that setting up joint production in the defense area requires various licenses, depending on the production line (drones, ammunition, armored vehicles, etc.). All such licenses must be procured before production can commence. Furthermore, the JV may need to obtain Ukrainian Antimonopoly Committee approvals, depending on the financial thresholds.



## GREENFIELD INVESTMENT

A greenfield investment is a business model where a foreign investor establishes new production operations, which involves building a facility from the ground up. Greenfield projects are notoriously time-consuming and expensive, requiring investors to commit large amounts of capital and navigate complex legal and regulatory requirements.

However, in certain industries greenfield is the preferred business model for setting up long-term presence in Ukraine, especially when raw materials become part of the deal. For instance, manufacturers of construction materials often choose their greenfield sites based on local raw materials required for production.

Below we provide you with recent examples of greenfield investments, including how foreign investors arrange long-term access to raw materials.

### Examples

- German producer Kreisel (part of the Fixit Gruppe), focused on greenfield investments when it built its first production plant in Fastiv in 2008. During the war, Kreisel acquired a 5-hectare land plot and in 2025 built a second, larger plant in the village of Pisky, Lviv Oblast, with an investment of nearly €14 million, one of the largest in the Fixit Gruppe in Eastern Europe. Both facilities operate as independent plants rather than a dedicated “industrial park” for multiple independent tenants.



- Kingspan, the Irish building materials giant, acquired a land site from Sparrow Capital, a Ukrainian corporate investment fund, for its new greenfield project. It is currently developing a €280 million state-of-the-art Building Technology Campus consisting of seven factories in one large facility near Lviv for manufacturing high-tech, energy-efficient building materials and advanced insulation. Despite the size of the project, it is not an industrial park.

When it comes to obtaining access to raw materials, foreign investors employ different strategies. Some companies obtain subsoil licenses to extract raw materials, while others acquire Ukrainian enterprises with deposits and mining capabilities.

### Examples

- German manufacturer Knauf chose the location of its €150 million greenfield construction as a result of a long-term strategy that assures access to nearby gypsum stone quarry, which will provide the new plant with natural resources on long-term basis. The new factory will be relocated from Germany, and will serve both Ukrainian and export markets.

Importantly, Knauf does not outsource the mining to an independent contractor. As part of its investment strategy, in addition to constructing the plant, the company mines its own gypsum through a local subsidiary, Knauf Gypsum Rock LLC, which secures mining licenses and handles all operations. This involves additional acquisitions of subsoil licenses that government sells via public auctions.



Accordingly, in January 2025, Knauf Gypsum Rock LLC paid approximately USD \$2.8 million in a Prozorro auction for a 20-year license to mine gypsum from Skoviatynske deposit, the largest gypsum deposit in that area. The company is already producing gypsum at the neighboring Shyshkovetsky deposit, where it has a special permit valid until 2034. The two deposits assure Knauf's long-term raw material resources in Ukraine.

- French industrial group Saint-Gobain invested into two greenfield plants in Ukraine, relying on local gypsum to create vertically integrated production for both plants. The choice of location was important because of the nearby Khotymyr gypsum deposit, which provides the primary raw material and ensures full production cycle from raw material extraction to finished products.

The gypsum quarry is operated by Trojan Gypsum, a Ukrainian company that originally held the rights to develop the deposit, which was acquired by Saint-Gobain. Today, Trojan Gypsum operates as a subsidiary of Saint-Gobain Building Products Ukraine LLC. This is how Saint-Gobain created a complete production cycle, from raw material extraction in the local quarry to the manufacturing of finished gypsum mixtures.

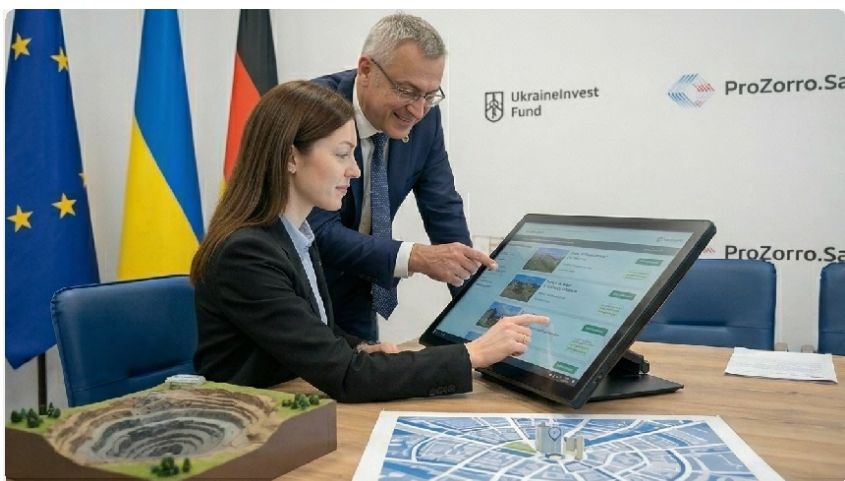
In certain cases, where investors have special production needs or wish to create manufacturing clusters in their industry (e.g., furniture), industrial parks may be a good option for greenfield projects. Some of the more developed industrial parks offer the necessary infrastructure, including utilities, as well as tax benefits.



## LEASING INDUSTRIAL SPACE FOR PRODUCTION

Leasing industrial space is a good option for joint ventures and 100% foreign-owned subsidiaries whose production facilities can be relocated when the lease expires. In many cases of simple product assembly (e.g., drone components), renting is a faster and less expensive option, because it involves little up-front investment and you can move in after signing the lease.

Most industrial spaces can be leased through a commercial lease agreement, which contains a detailed description of the leased property and other standard provisions including term, amount of rent and currency, utilities and service charges, sub-lease (if any), lease term extensions and early termination provisions, liabilities of the parties, conditions for return of the leased property to the landlord, etc.



With reference to lease term, two types of commercial leases exist: fixed-term or for an indefinite period. Short-term leases (less than three years) do not need to be notarized, but if the lease term exceeds three years, the agreement must be notarized and the lease has to be registered with the State Register of Proprietary Rights to Real Estate. In order to avoid additional expense and hassle associated with notarization and state registration of lease rights, commercial leases are often concluded for a period of less than three years.

## PRIVATIZATION

In September 2024, Ukraine launched the “great privatization” initiative, which streamlined the sale process of state-owned enterprises by introducing such novelties as competitive online bidding and a new category of privatized assets.

Unlike the privatization auctions of the early 1990s, where well-connected insiders purchased state assets far below market value in rigged auctions, all state-owned assets are sold to the highest bidder via transparent electronic auctions without government bureaucracy and accompanying corruption.

Today, Ukrainian privatization auctions include centrally located hotels, construction giants with real estate holdings, and mining companies, to name a few interesting properties. This is an excellent way for strategic investors to acquire large enterprises with the necessary infrastructure.



Final observation: during the time of war Ukrainian government is often unable to sell its assets for their real market value, and in many cases privatization auctions effectively amount to “distress sales.” As a result, investing in war-time Ukraine presents opportunities via privatization that simply do not exist in the private sector.

## LARGE-SCALE PRIVATIZATION

### Examples

- Hotel Ukraina was sold to Maksym Krippa’s company, Ola Fine LLC, for approximately \$60 million on September 18, 2024. The four-star Hotel Ukraina has 365 rooms, eight conference halls, a business center, and two restaurants, but its primary value lies in its prime location on a hilltop, overlooking Kyiv’s Independence Square.
- Dnipro Hotel, located in the Kyiv city center, was sold on July 15, 2020, in an online auction for \$41 million to Smartland LLC, a company owned by Maksym Krippa, who also purchased the Parus skyscraper in downtown Kyiv in 2023.
- Ukrbud Construction Company, was sold for about \$19 million in June, 2025, (the starting price was about \$6.4 million). Ukrbud is one of Ukraine’s largest developers of large-scale residential and industrial construction projects, with extensive real estate holdings: 88 buildings, structures and non-residential premises, as well as 17 land plots. In Kyiv, the company owns 19 properties with a total area of



27,158.9 square meters. It also has properties in Lviv, Kharkiv, Odesa and Dnipro.

## CONFISCATED ASSETS

The “great privatization” offers a new category of large-scale privatization assets: property seized or confiscated in criminal proceedings or under international sanctions, which includes assets of sanctioned individuals and russian entities. In the past, some of the best Ukrainian factories were privatized by russian businessmen, only to be recently confiscated and re-sold via privatization auctions.

### Examples

- United Mining and Chemical Company is one of the largest titanium ore raw material producers in the world, which operates two major titanium ore mining and processing plants in Dnipropetrovsk and Zhytomyr regions. It was confiscated from Dmytro Firtash and sold via auction to Cemin Ukraine, a subsidiary of NEQSOL Holding, for approximately \$96 million on October 2024.
- Aeroc is the largest producer of gas blocks in Ukraine, with two major plants in the Kyiv region (Berezan and Obukhiv). It was owned by Russian developer, Andrey Molchanov, before confiscation after the full-scale invasion began. The auction for sale of 100% ownership in Aeroc took place on December 19, 2024. The winner was Trident Geoinvest Ukraine, part of



the BGV Group Management investment group owned by Ukrainian businessman Gennadiy Butkevych.

- Kalush Pipe Plant is one of the leading enterprises in Ukraine, specializing in the production of steel pipes for various purposes, including for the oil and gas industry, construction, and other industrial sectors. It was seized from Russian oligarch Myron Horilovsky. It On December 23, 2025, the Kalush Pipe Plant and its managing company, Eurotrubplast were sold for around UAH 190.8 million (starting prices were about 139.7M UAH for the plant and 54.2M UAH for the trading house).

## UPCOMING LARGE-SCALE PRIVATIZATION

In 2026, privatization process continues to focus on transparency, digital auctions, and unblocking large-scale asset sales to stimulate economic growth, with a number of interesting properties being prepared for auctions in 2026.

### Examples

- Ocean Plaza is one of the largest shopping and entertainment complexes of Kyiv, which was owned by sanctioned Russian oligarchs, Arkady and his son Igor Rotenberg. The privatization is facing delays due to debts and legal issues stemming from its seizure from the Russian oligarchs, with the controlling stake of 66.65% to be privatized in 2026.



- Hotel “President” remains a top priority in Ukraine’s privatization pipeline. The State Property Fund is preparing for the auction, including disclosures of all necessary information (detailed financial reporting, building plans) to potential investors through a virtual data room.
- LLC Demurinsky Mining and Processing Plant is one of the largest titanium mining and processing enterprises in Ukraine, which belonged to Russian billionaire Mikhail Shelkov. Now operational, Demurinsky GZK is awaiting a court ruling on outstanding debt before it can be sold. It is currently under the management of State Property Fund and is being prepared for privatization.

## SMALL-SCALE PRIVATIZATION

For mid-size investors, small-scale privatization auctions are especially attractive, because war environment eliminates competition in privatization auctions, and valuable state-owned property become available for a fraction of the price.

For instance, Hotel Kozatsky was purchased on July 18, 2024, via online auction for about \$10 million, a bargain in light of hotel’s prime location in Kyiv and future possibilities.

Moreover, objects of small-scale privatization include not only state-owned enterprises, but also unfinished construction, separate movable and immovable property.



Importantly, potential buyers can also initiate the inclusion of objects in the list of privatization by submitting an application to include a state-owned property in the list of objects subject to privatization.

## IMPLICATIONS FOR FOREIGN INVESTORS

In most cases, state-owned enterprises are unprofitable and some do not work at all. In fact, these enterprises should have been declared bankrupt and liquidated long ago. It is therefore especially vital for an investor to learn as much as possible about condition of state-owned assets before participating in a privatization auction.

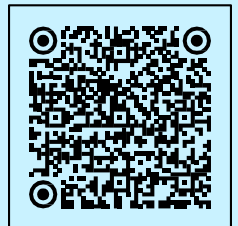
Fortunately, the relevant information is available via virtual data rooms that contain all related documents, including technical passports and photographs. In case of additional questions, including physical access to the object, the investors can directly contact a person responsible the privatized object.

Another consideration involves mandatory conditions that an investor has to accept when acquiring a state-owned enterprise, such as repayment of all prior debts, modernization of the enterprise, job retention, or investment in social infrastructure. These obligations are set out in the auction documentation and become binding on the buyer upon closing, so they must be modeled in the investor's business plan and reflected in pricing. Investors participating in large-scale privatization must also consider antitrust requirements.





# PRODUCT IMPORT, SALE AND DISTRIBUTION



**S**elling foreign products directly to Ukrainian customers via international sale-purchase agreements is easy in comparison to setting up and handling customs, regulatory compliance, marketing and logistic complexities.

When the sales increase to a certain level, the parent company will usually register a non-commercial representative office to further promote its products/services on the Ukrainian market, coordinate the sale-purchase transactions and develop additional client base. Conveniently, the representative office is not subject to taxation, since it does not conduct commercial activities and, accordingly, does not earn any income.

The next logical step involves setting up an independent logistics and distribution network and dealing with Ukrainian regulatory agencies (product certification/registration, safety warnings), arranging customs clearance, logistics/delivery, distribution channels, etc. To enter the market quickly and efficiently, foreign companies often try to partner up with experienced Ukrainian importer-distributors, who connect them with domestic retailers. With regard to the labor-intensive regulatory process, foreign companies usually retain Ukrainian lawyers.

## **DIRECT IMPORT TO UKRAINE**

Direct exporting is the most straightforward way to sell your products or services straight to Ukrainian buyers, but it is not easy to arrange.



By managing the sales process directly, foreign sellers have to handle everything themselves: find customs brokers, develop customer base, build distribution channels, set up logistics. This is usually accomplished with the help of local agents or distributors, hired by the parent company as sub-contractors.

For smaller operations, navigating these tasks can become overwhelming and expensive. The next best option: enter the market by working with a local partner.

## STRATEGIC PARTNERSHIP

Entering into business alliances with reliable Ukrainian partners is an efficient tool to speed up entry while reducing costs. It is a mutually beneficial arrangement, whereby the Ukrainian partner will profit by participating in the sales.

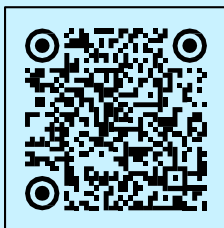
For the foreign company, the benefits of such collaboration include:

- obtaining local market knowledge
- splitting operational costs
- reducing bureaucratic and legal entry barriers
- access to the existing customer base and distribution channels

Foreign manufacturers, importers and distributors often find that working with Ukrainian partners is the most convenient and cost-effective market entry strategy for numerous practical reasons.



# TRANSFER OF INTELLECTUAL PROPERTY RIGHTS



Two common ways of transferring intellectual property (IP) include contractual agreements (licensing, assignment, franchising) and as contribution to authorized fund of a company. These transfers involve procedures and agreements, which we review below.

One important exception involves IP transfers of dual application technology, where special registration requirements apply (beyond the scope of this guide).

## LICENSING

A licensing agreement allows businesses to monetize their intellectual property by granting permission to use IP in exchange for royalties, without transferring ownership rights.

In any licensing agreement, it is crucial for the IP owner to consider the nature of the technology and the commercialization strategy, which will influence the contents of the agreement. License agreements are case-specific, and can be either exclusive or non-exclusive, contain geographical limitations, short-term or long term duration, and they always include confidentiality and non-disclosure obligations.

In contrast to assignments, registration of license agreements is optional under Ukrainian law, but we strongly recommend to register all IP licenses for legal clarity, because if a license agreement is not registered, it may not be recognized as valid by third parties.





## ASSIGNMENT

For most high-tech startups, especially defense-related companies, IP is the core asset driving their value. Ensuring that the company's IP is properly owned is the difference between success and failure.

An assignment agreement is a common way for high-tech companies to secure title to the intellectual property rights that were developed by their employees, consultants and independent contractors. Alternatively, if the employees did not sign assignment agreements, investors and acquirers will notice, causing the transactions to fall through, particularly if the personnel who failed to sign have left the company or refuse to sign.

As a procedural requirement, assignment agreements must be registered with Ukrainian National Office for Intellectual Property and Innovations (UANPIO). The assignment is considered to be valid only after payment of the official state fee.

## FRANCHISING

Franchising is still a new concept in Ukraine, but a number of foreign fast-food giants are successfully working during the war, including McDonald's, KFC, Domino's, with Ukrainian franchisees operating under international models with local adaptations.

Franchising is a business model where a foreign company (the franchisor) grants an independent Ukrainian operator (the franchisee) the rights to operate a business under its brand, using its registered IP, proprietary knowledge and goodwill. In return, the franchisee pays an initial fee and ongoing royalties. These agreements do not need to be registered to be valid.

In addition to entering into a detailed franchising agreement, foreign franchisor must register its trademarks in Ukraine, and take steps to protect know-how and trade secrets. The Ukrainian partner will handle everything else, including company registration, running the business and local compliance.

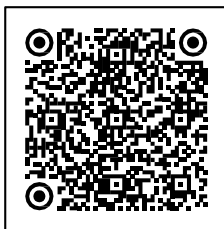


## COMPANY CAPITALIZATION

An owner can transfer IP to any third party, including a joint venture or a foreign subsidiary, as in-kind contribution in exchange for a percentage of equity ownership in that company. In this scenario, the owner relinquishes all IP rights to the company, which becomes the new owner of the contributed IP, enabling it to use the technology, license it to third parties, etc.

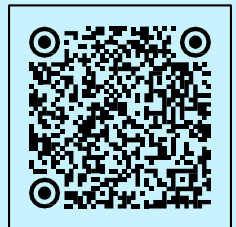
As part of the process, a certified Ukrainian appraiser will review all IP-related documents, including patents, licenses, and technical specifications, in order to determine fair market value, which will be reflected in a detailed valuation report. This official valuation report must be approved by Ukrainian authorities, because it will be used for capitalization purposes.

Finally, the transfer needs to be formally registered with the Ukrainian National Office for Intellectual Property and Innovations.





# ESTABLISHING LEGAL PRESENCE



A well-chosen appropriate legal structure ensures compliance with local regulations, optimizes tax liabilities and helps avoid operational disruptions and fines.

Ukraine offers a number of options, including non-commercial representative offices to support import-export transactions and sole proprietorships for one-man operations. Historically, most foreign companies prefer to register limited liability companies, usually as 100% foreign-owned subsidiaries, the most flexible legal form that also offers total control.

Ultimately, the right legal form depends on your business objectives, investment amount, and the level of control and involvement desired in the company management. Below we outline the main forms of business available in Ukraine and their key features.

## LIMITED LIABILITY COMPANY (LLC)

An LLC is the most common and flexible form of business entity in Ukraine. It can be established by one or several founders, with charter capital divided into shares as determined by the company's charter. There is no minimum amount of the charter capital for an LLC is required. Participants can make their contributions to the charter capital in cash or in kind. The advantage of a cash contribution is that it is not subject to VAT.



## JOINT-STOCK COMPANY (JSC)

JSC's are reserved for large-scale projects and raising capital through the issuance of shares. They are subject to more complex and rigorous corporate governance requirements, including mandatory disclosure and reporting obligations.

JSC's require a minimum capitalization of 1,250 minimum monthly salaries to register the company. Shares must be issued and registered with the Ukrainian National Commission on Securities and Stock Market. While JSC offers access to broader financing opportunities, it also entails higher compliance costs compared to LLC structures.



## REPRESENTATIVE OFFICE (RO)

Foreign companies may establish non-commercial representative offices. This business form does not have the status of a legal entity and cannot engage in commercial, entrepreneurial, or other economic activity that generates income. Accordingly, they are not subject to tax payments. Their primary function is to facilitate direct business transactions between their parent company and Ukrainian customers.

## PERMANENT ESTABLISHMENT

A permanent establishment allows foreign businesses to conduct commercial operations in Ukraine, hire staff, open bank accounts, and maintain a local presence, without creating a separate legal entity. Registration with the State Tax Committee is mandatory, after which the permanent establishment is treated as a local taxpayer with the same obligations as domestic entities. Today, permanent establishments are mostly used for government-related projects, including private-public partnership projects involving construction sites.





# TAX RATES AND BENEFITS



Corporate taxpayers in Ukraine are subject to a number of taxes, including corporate income tax, value-added tax, property tax, excise and customs duties, social security contributions, among other mandatory payments.

Ukrainian legislation provides the taxpayer with two taxation systems to choose from: general and simplified.

## GENERAL TAXATION SYSTEM

- Company income tax – 18%
- Value added tax – 20%

## SIMPLIFIED TAXATION

The simplified model provides four taxation groups to be chosen by an individual entrepreneur subject to certain criteria (number of hired employees and/or turnover).

Individual entrepreneurs prefer the simplified taxation. The most flexible and frequently used option is the third group, designed for individuals with gross annual income of 10 million hryvnia (approximately US\$234,000). In this case, the income is taxed at 5% if the entrepreneur is not registered as a VAT payer and at 3% if he/she pays VAT.

Starting from April 1, 2022 and for the duration of martial law, simplified tax regime also extends to Ukrainian legal entities



with annual gross income of 10 million hryvnia (approximately US\$234,000), with certain limited exceptions.

## PROFIT REPATRIATION TAX

A 15% withholding tax applies to passive income of non-residents, including foreign investor's dividends that are transferred abroad.

The good news is that Ukraine is a party to more than 70 bilateral double taxation treaties that allow investors to avoid paying the full amount. The reduced tax rates depend on the specific treaty and the type of income (e.g., dividends, interest, royalties).

The bad news is that Ukraine has adopted wartime currency and capital controls, which significantly complicate the transfer of dividend payments abroad as repatriation of profits for foreign firms operating in Ukraine.

## PAYROLL TAXES

Ukrainian employers are required to withhold from an employee's gross salary 18% for personal income tax and 5% for military tax. In addition, the employer pays an amount equal to 22% of the employee's gross salary as the social security tax. The same rules apply to a foreign individual hired under Ukrainian law (with a work permit and a tax identification number).



## CUSTOMS DUTIES

Upon importing foreign products, the importer has to pay customs duty based on the rates contained the Customs Tariff of Ukraine.

Ukraine has three types of duty rates:

- Preferential rates for goods from countries with free trade agreements 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.

Ukraine has signed free trade agreements that allow the import of goods at 0% or preferential rates with the European Union, the European Free Trade Association (EFTA) (Switzerland, Norway, Iceland, Liechtenstein), and is in active negotiations with Canada, Turkey, and Israel.



## REAL PROPERTY TAX

In the sale-purchase transactions involving residential real estate, the following rules apply:

- In case of first sale during the year, where the ownership exceeds 3 years: 0% income tax, 0% military tax, 1% pension fund, 1% state duty

- In case of first sale during the year, where the ownership is less than 3 years: 5% income tax, 5% military tax, 1% pension fund, 1% state duty
- In case of second sale during the year (regardless of ownership term): 5% income tax, 5% military tax, 1% pension fund, 1% state duty
- In case of third sale and all subsequent sales during the year (regardless of ownership term): 18% income tax, 5% military tax, 1% pension fund, 1% state duty

For inherited property, first sale during the year is not subject to income and military tax, regardless of ownership term (only pension fund and state duty are paid). However, all subsequent sales are taxed at 5% income tax and 5% military tax rates (pension fund and state duty are paid, as always).

Unfortunately, if the property owner is a non-resident, the following taxes apply, regardless of ownership term and number of sales: 18% income tax, 5% military tax, 1% pension fund, 1% state duty.

In addition to the sale-purchase taxes, the property owner is subject to annual tax payments, which depend on the type of real estate (land, residential and commercial property):

- Land tax varies by land category and location, based on state valuation. The general rate for land is typically around 1% of the valuation amount; and,
- Property tax is up to 1.5% of the minimum monthly salary as of January 1st of the reporting year.



## SIGNIFICANT INVESTMENTS PROJECTS

The so-called “Investment Nanny Law” is designed to attract foreign investment into modernization, infrastructure development, and industrial innovation across twelve designated sectors including manufacturing, logistics, waste management, and scientific R&D.

Benefits include:

- Ukraine provides up to 30% co-financing
- Corporate income tax exemption for three to five years from the first profitable year
- Import duty and VAT exemptions on equipment and machinery
- Land allocation benefits
- Land tax reductions or full exemptions (coordinated with local authorities)
- Infrastructure compensation for connecting to utilities and transport networks

To qualify, a foreign company has to invest a minimum of 12 million euros in designated sectors and create at least 80 new jobs.

## INDUSTRIAL PARKS AND FOREIGN INVESTMENT BENEFITS

Setting up greenfield operations in an industrial park seems like an easy option for investors looking for industrial land to set up their







# ABOUT US



Frishberg & Partners is an independent American-owned law firm based in Kyiv since 1991, one of the longest established international practices in Ukraine, with an extensive portfolio of distinguished clients, reference letters and publications.

Our focus is narrow: we help our clients implement their business projects in Ukraine, quickly and efficiently.

We specialize in Ukrainian business and corporate legislation – from company registrations, labor laws and tax-related advice to product liability, intellectual property protection and related regulatory compliance, we are here to assist at every step of the way.

In M&A, we offer a full scope of legal services, starting with due diligence, drafting and executing all related documents, including license procurement (if necessary). We also assist strategic investors in screening and identifying acquisition target companies and reliable Ukrainian joint venture partners.

Our construction and real estate practice is a close collaboration between our experienced property lawyers and consultants. In addition to providing our legal services, we can identify land parcels for development, and obtain the licenses and permits to construct large structures (categories CC2 or CC3).

Ukraine's rebuilding efforts will bring unprecedented opportunities for foreign companies. We pre-screen projects in the pipeline and provide end-to-end support, including preparation of all required



legal, technical and financial documents for successful tender participation.

Over the years, we developed an extensive network of relationships across all levels of the government. Our Government Relations team members worked in the President's Administration, the Kyiv City Administration, the Ukrainian Parliament, the National Bank of Ukraine and the Ministry of Infrastructure.

At Frishberg & Partners, we bring effective solutions to complex legal and business challenges.

## BUSINESS INTELLIGENCE

Before investing in Ukraine, you need more than a registration check. We provide accurate market information about how your competition operates, the key players that can assist you, which business projects are realistic, as well as full risk assessment.

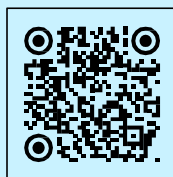
We also offer business intelligence to support investment transactions in all sectors, including energy, agribusiness, defense tech, logistics. Our extensive research often presents lucrative business opportunities and how to access them.

All communication is strictly confidential.





# REFERENCES

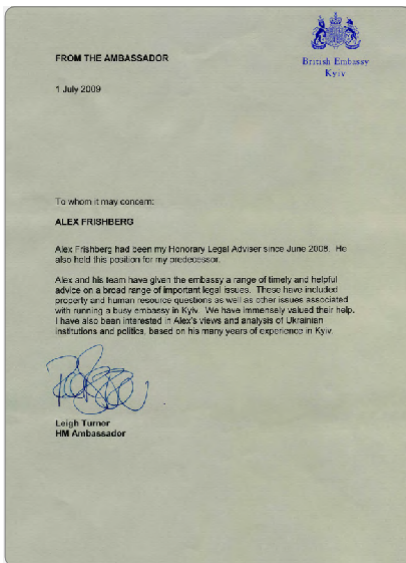




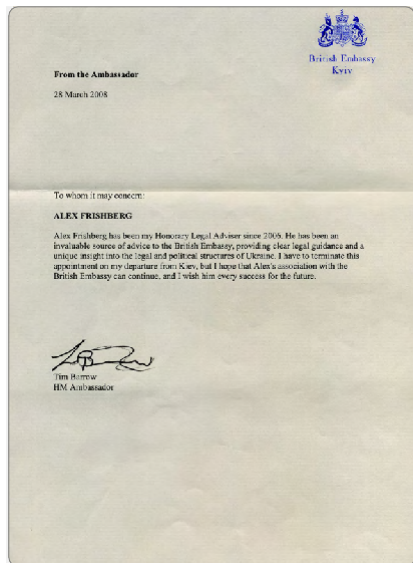
Jens Alsbrink, Consul General of Denmark, Shanghai



Christians Dons Christensen, Ambassador of Denmark to Ukraine, Georgia and Armenia

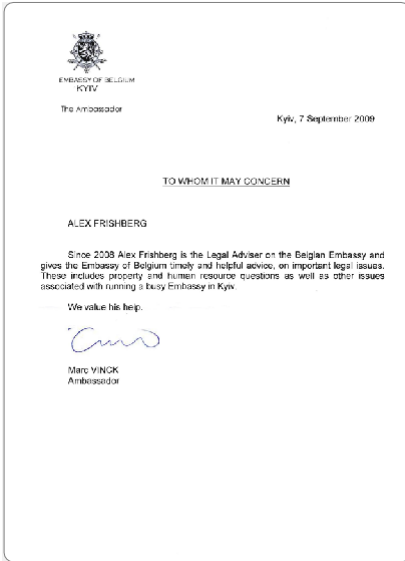


Leigh Turner, Her Majesty's Ambassador, British Embassy in Kyiv



Tim Barrow, Her Majesty's Ambassador, British Embassy in Kyiv

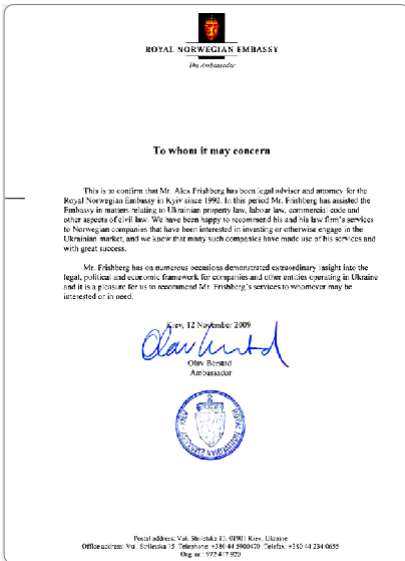




The Embassy  
of Belgium in Kyiv



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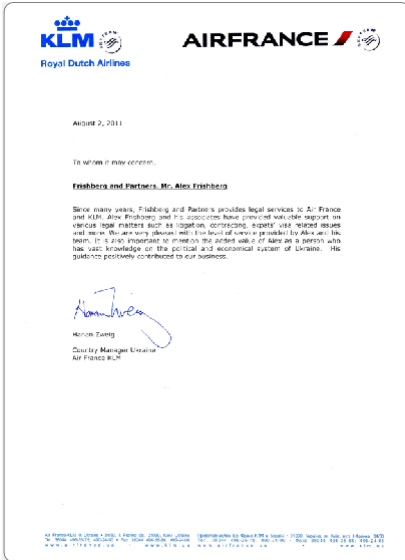


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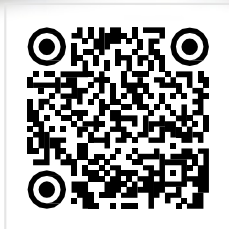
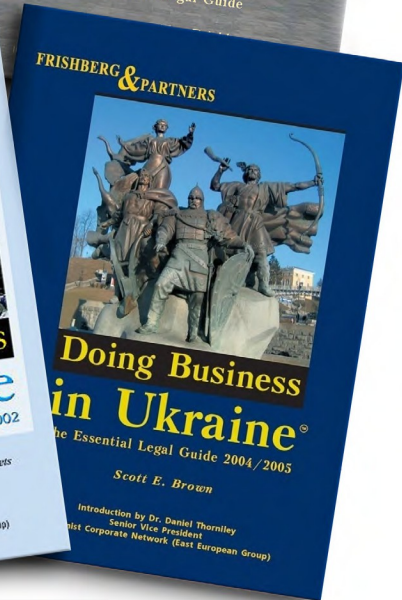
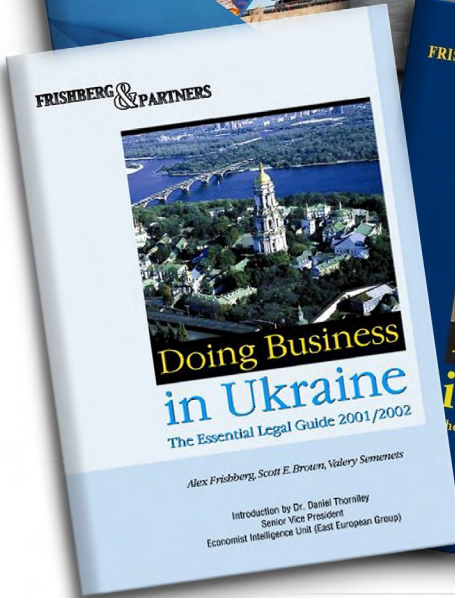
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# PUBLICATIONS







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