

A woman with brown hair, wearing a bright red double-breasted coat over a white turtleneck sweater and dark blue trousers, is walking down a set of concrete stairs. She is smiling and holding a white coffee cup in her right hand and a smartphone in her left. A grey shoulder bag is slung over her left shoulder. The background shows a modern building with glass windows and a metal railing.

# Investor's Guide to Ukraine's Reconstruction

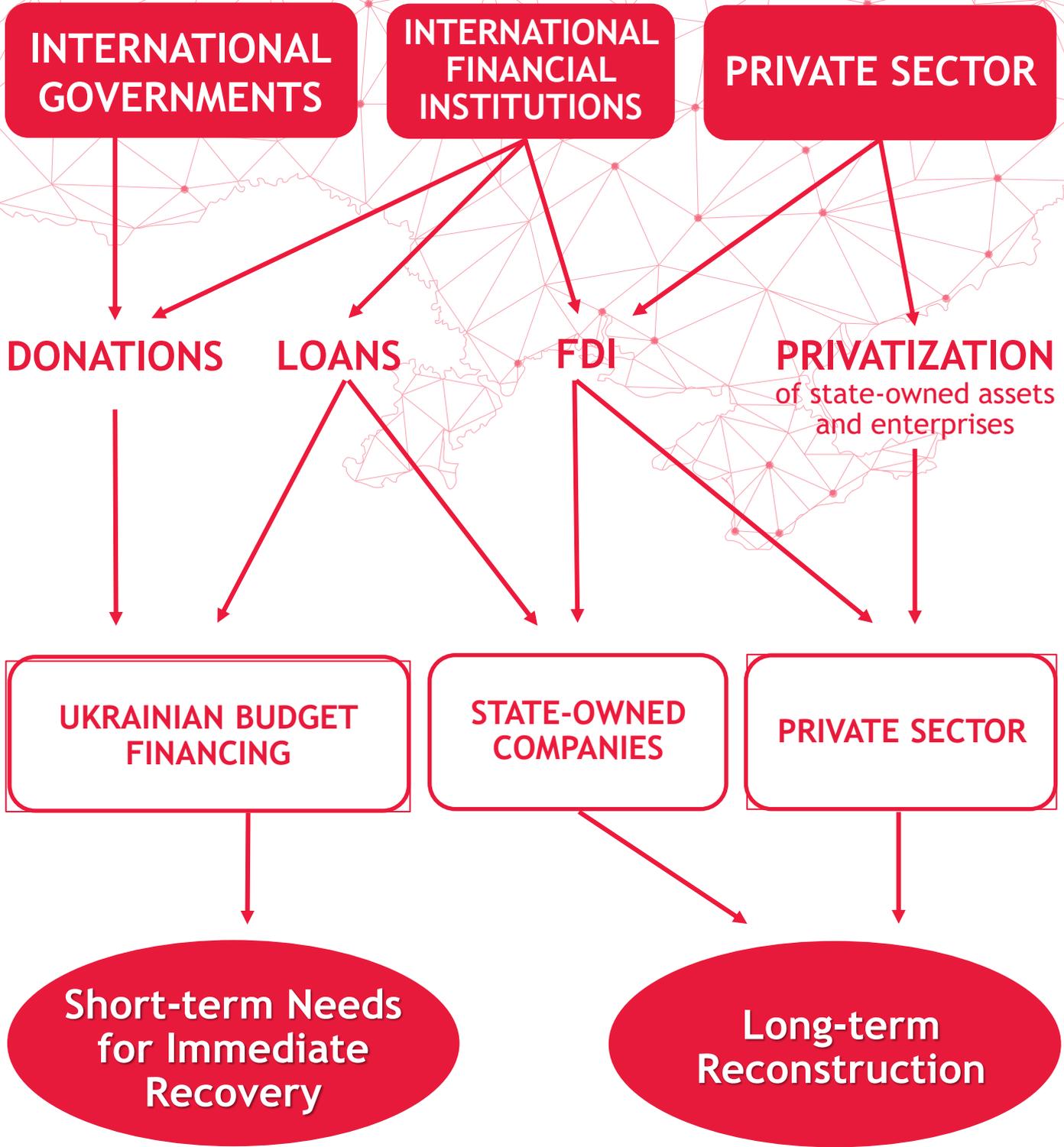
by BDO experts  
5<sup>th</sup> edition

Please note that this information is in effect as of the date of this document (15/09/2023).

This analytical note contains general information taken from public sources and does not constitute professional advice or service.



# Ukraine Preliminary Recovery Scheme



# Steps for investors

## 1. Consider the following valuable resources when identifying potentially interesting projects for investment:

- ▶ [Investment Opportunities Map of Ukraine](#), presented by [European Business Association](#) in Ukraine - [Appendix 1 \(page 4\)](#)
- ▶ Go to government investment promoting agency - [UkraineInvest](#) or [Advantage Ukraine](#)
- ▶ Check [UVCA](#) initiatives Ukraine Redevelopment Platform, 1% Pledge or visit UVCA Investors Club
- ▶ Contact your local investment advisor

## 2. Check your country

- ▶ How political risks are mitigated by IFIs and local Export Credit Agencies (ECA) - [Appendix 2 \(page 5\)](#)
- ▶ Reconstruction priorities stated by different countries - [Appendix 3 \(page 15\)](#)
- ▶ Political Risk Insurance - [Appendix 4 \(page 18\)](#)
- ▶ German Export Credit Guarantees - Simplified procedures for Ukraine - [Appendix 5 \(page 19\)](#)
- ▶ Ukraine Partnership Facility - UPF - [Appendix 6 \(page 20\)](#)
- ▶ International Chambers of Commerce / Business Associations - [Appendix 7 \(page 22\)](#)

## 3. If your investment requires establishing Ukrainian legal entity, check Ukrainian initiatives for investors

- ▶ Taxation in Ukraine - [Appendix 8 \(page 23\)](#)
- ▶ [Diia.City](#) - preferable tax regime for investments in IT Industry in Ukraine - [Appendix 9 \(page 31\)](#)
- ▶ Privatization process in Ukraine - [Appendix 10 \(page 32\)](#)
- ▶ Valuation of war damage - [Appendix 11 \(page 35\)](#)
- ▶ State Programs “Affordable Loans 5-7-9%” and “Investment Nanny” in Ukraine - [Appendix 12 \(page 36\)](#)
- ▶ Key legislative act regulating data protection in Ukraine - [Appendix 13 \(page 37\)](#)
- ▶ Key points on prevention of money laundering in Ukraine - [Appendix 14 \(page 38\)](#)
- ▶ Access to EU Finance - [Appendix 15 \(page 39\)](#)
- ▶ The Law of Ukraine "On Industrial Parks" - [Appendix 16 \(page 42\)](#)
- ▶ Compensation for employers for hiring the unemployed persons and creating new workplaces - [Appendix 17 \(page 44\)](#)
- ▶ Ukrainian E-Residency for Foreign Nationals - [Appendix 18 \(page 45\)](#)

By utilizing these resources, investors can make informed decisions and uncover promising investment prospects in Ukraine.

## Appendix 1

# Investment Opportunities Map of Ukraine

[European Business Association](#) and [Global Business for Ukraine](#), together with Ukraine Invest, launched a [Map of investment and business opportunities in Ukraine](#).

An innovative interactive tool designed to assist potential investors in exploring the vast array of investment opportunities available across different regions of Ukraine. This powerful platform provides comprehensive information on each opportunity, enabling investors to make informed decisions based on their interests and preferences. Additionally, users have the option to express their interest in a particular project by submitting a request through the platform.

The investment map showcases detailed insights into every region of Ukraine, encompassing essential factors such as size, population, taxation regulations, educational institutions, abundant natural resources, and thriving industries.

Projects featured on the map are conveniently categorized based on either region or industry, allowing users to effortlessly navigate through their preferred sectors of interest. Each project description includes vital details such as the initiator, current status, precise location, investment opportunity, required investment amount, as well as specific goals and deadlines.

We are proud to announce that representatives from BDO in Ukraine actively participate in the Advisory Board responsible for meticulously selecting projects for placement on the map. This ensures that only the most promising and high-potential opportunities are showcased, providing investors with a reliable and credible resource.

As a comprehensive and user-friendly starting point for potential investors, this interactive map serves as a gateway to unlocking the vast investment potential in Ukraine.



## Appendix 2

# Political risks mitigation possibilities through IFIs and Export Credit Agencies (ECA)

Political risks are associated with government actions which deny or restrict the right of an investor/owner i) to use or benefit from his/her assets; or ii) which reduce the value of the firm. Political risks include war, revolutions, government seizure of property and actions to restrict the movement of profits or other revenues from within a country.

By purchasing political risk insurance (PRI), investors can successfully strengthen their position in the host state, allocating the burden of political risk to third parties (insurance agencies). PRI is provided by **international organizations**, such as the Multilateral Investment Guarantee Agency (MIGA) and **state-sponsored insurance agencies**, known as export credit agencies (ECAs) or public insurance agencies.

Political risks covered PRI providers cover very similar sets of political risks:

- 1) Currency inconvertibility and transfer restrictions.
- 2) Confiscation, expropriation, nationalization.
- 3) Political violence/war.
- 4) Default on obligations such as loans, arbitral claims, and contracts.

*Most credit agencies have frozen their limits for Ukraine because of the lack of instruments in place. The exceptions are MIGA, DFC (USA), UKEF (UK), KUKE (Poland). Negotiations are also under way with Bpifrance (France). The French agency is considering both insuring through its ECA and joining the MIGA risk reinsurance trust fund. War risk insurance in theory would be needed for the first years but not for the entire project (for example 10 years).*

## 1. INTERNATIONAL ORGANIZATIONS

### MIGA - Multilateral Investment Guarantee Agency

<https://www.miga.org/products>

MIGA is a member of the World Bank Group. MIGA's mandate is to promote cross-border investment in developing countries by providing guarantees (political risk insurance and credit enhancement) to investors and lenders.

MIGA provides political risk insurance guarantees and credit enhancement to private sector investors and lenders. MIGA's guarantees protect investments against non-commercial risks and can help investors obtain access financing on improved terms and conditions. Political Risk Insurance products include:

- ▶ **WAR AND CIVIL DISTURBANCE.** Protection against loss from, damage to, or disappearance of tangible assets caused by political acts of war or civil disturbance.
- ▶ **BREACH OF CONTRACT** coverage provides protection against losses arising from a government's breach or repudiation of a contract with an investor.
- ▶ **CURRENCY INCONVERTIBILITY AND TRANSFER RESTRICTION.** Protection against losses arising from an inability to legally convert local currency into hard currency.
- ▶ **EXPROPRIATION.** Protection against losses arising from certain government actions that may reduce ownership of the insured investment.

MIGA's War and Civil Disturbance coverage provides protection against loss from, damage to, or the destruction or disappearance of, tangible assets or total business interruption (the total inability to conduct operations essential to a project's overall financial viability) caused by politically motivated acts of war or civil disturbance in the country, including revolution, insurrection, coups d'état, sabotage, and terrorism.

For tangible asset losses, MIGA pays the investor's share of the lesser of the replacement cost and the cost of repair of the damaged or lost assets, or the book value of such assets if they are neither being replaced nor repaired. For total business interruption that results from a covered war and civil disturbance event, compensation is based, in the case of equity investments, on the net book value of the insured investment or, in the case of loans, the insured portion of the principal and interest payment in default. This coverage encompasses not only violence in the host country directed against a host country government, but also against foreign governments or foreign investments, including the investor's government or nationality.

Temporary business interruption may also be included upon a request from the investor and would cover a temporary but complete cessation of operations due to loss of assets or unreasonably hazardous conditions in the host country, which result in a temporary abandonment or denial of use. For short-term business interruption, MIGA pays unavoidable continuing expenses and extraordinary expenses associated with the restart of operations and lost business income or, in the case of loans, missed payments.

#### Other MIGA's products:

- ▶ MIGA's CAPITAL OPTIMIZATION product is designed for global retail banks with significant exposures to central banks in emerging markets. MIGA can insure mandatory reserves held by a parent bank's emerging-market subsidiaries, which reduces the counterparty risk and can lead to a reduction in the bank's risk-weighted assets (RWA) on a consolidated basis. The RWA capacity that is freed up can then be used to grow the bank's loan book.
- ▶ MIGA's SMALL INVESTMENT PROGRAM (SIP) is designed to facilitate investments into small and medium-size enterprises involved in the finance, agribusiness, manufacturing, and services sectors. The program offers a streamlined approval process, allowing investors to get MIGA coverage in place quickly.
- ▶ MIGA offers a solution to these issues by providing its GUARANTEE COVERAGE TO PRIVATE EQUITY FUNDS that meet MIGA's eligibility criteria and commit to MIGA's environmental, social, and anti-corruption policies. Those funds are offered a master contract of guarantee that reserves MIGA capacity and provides up-front pricing to the General Partners of the fund for a specific period (two to three years). The fund managers may use this contract to raise funds from institutional investors who are interested in taking the commercial risks (and returns) associated with these investments. MIGA then provide political risk insurance to each underlying investment using MIGA's regular underwriting process.

MIGA covers capital and debt insurance up to 90%.

***October 24, 2022, The Head of the Government of Ukraine has noted that Ukraine is working to minimize military risks for investors. In particular, there has been established cooperation with the MIGA. MIGA has successful cases in countries that were facing terror attacks. The Agency has disbursed \$30 million to Ukraine for the implementation of a pilot project on investment insurance.***

***November 17, 2022, Raiffeisen Bank International AG has applied for MIGA's guarantee of up to €50 million in Expropriation of Funds cover for mandatory cash reserves for a period of up to one year and one day into its subsidiary JSC Raiffeisen Bank in Ukraine.***

***February 23, 2023, MIGA has provided an indicative proposal for a pilot project of political-military risk insurance at the expense of their authorized capital. However, MIGA stopped processing applications due to the lack of reinsurance opportunities.***

***Although MIGA products can cover risks for international investors, this mechanism is not available to Ukrainian companies.***

***March 8, 2023, MIGA has launched a trust fund to Support to Ukraine's Reconstruction and Economy Trust Fund. The fund, SURE, is a new initiative to solve humanitarian problems and support economic activity and recovery in Ukraine. The first \$23 million has been provided by Japan. MIGA expects the fund to grow to \$300 million with contributions from additional donors. This would allow the agency to provide trade finance guarantees and ensure bank reserves during conflict and political risk to support Ukraine's post-war recovery.***

***In the immediate term during the ongoing war, MIGA will (i) provide trade finance guarantees and short-term loan capacity for imports of essential goods, working in partnership with IFC and EBRD; (ii) support liquidity and working capital for small and medium-sized enterprises in agribusiness, fuel, food, health, and logistics through PRI guarantees to international banks with branches in Ukraine; and (iii) provide PRI selectively for real sector projects.***

***Following stabilization of conflict either entirely or in parts of Ukraine, MIGA will provide political risk insurance to international lenders and sponsors for reconstruction efforts in critical sectors including transport, housing, and energy.***

## 2. SOME STATE-SPONSORED INSURANCE AGENCIES

### USA

#### DFC - U.S. International Development Finance Corporation

<https://www.dfc.gov/what-we-offer-our-products/political-risk-insurance>

DFC is a development finance institution and agency of the United States federal government. DFC invests in development projects primarily in lower and middle-income countries. DFC's lending capacity is used to provide Loans, Loan guarantees, Direct equity investments, and Political risk insurance for private-sector led development projects, Feasibility studies, and Technical assistance.

POLITICAL RISK INSURANCE provides coverage of up to \$1 billion against losses due to currency inconvertibility, government interference, and political violence including terrorism. DFC also offers reinsurance to increase underwriting capacity.

#### POLITICAL RISK INSURANCE - TYPES OF COVERAGE:

##### 1) Currency Inconvertibility

Protects conversion and transfer of earnings, returns of capital, principal and interest payments, technical assistance fees, and similar remittances. This product insures against potential host country government acts:

- ▶ New, more restrictive foreign exchange regulations
- ▶ Failure by an exchange control authority to approve of—or simply to act on—an application for hard currency
- ▶ An unlawful effort by the host government to block funds for repatriation
- ▶ Discriminatory host government actions resulting in an inability to convert and transfer local earnings

DFC's inconvertibility coverage does not protect against the devaluation of a country's currency.

##### 2) Government interference (Expropriation)

Protects against acts of expropriation and other forms of unlawful interference by the host government that deprive investors of their fundamental rights in a project. Government interference in a project can take many forms including:

- ▶ Nationalization
- ▶ Confiscation and creeping expropriations
- ▶ Abrogation, repudiation, or impairment of contract, including forced renegotiation of contract terms
- ▶ Imposing of confiscatory taxes
- ▶ Confiscation of funds and/or tangible assets
- ▶ Outright nationalization of a project

DFC can provide arbitral award default and denial of justice coverage for U.S. debt and equity investors, protecting the insured from nonpayment of an arbitral award by a host country government.

##### 3) Bid, Performance, Advance Payment, and Other Guaranty Coverages

Guarantees issued on behalf of a U.S. exporter of goods or services, or a U.S. contractor in favor of a foreign government buyer can be covered against the risk of a wrongful calling. The guarantees usually are in the form of irrevocable, on-demand, standby letters of credit. A wrongful calling is one that is not justified by the terms of the underlying contract, or the invitation for bids.

In the case of a bid guaranty, the insured may file a claim when it believes a wrongful calling has occurred and DFC will make a determination. With performance, advance payment and other guaranties, the insured must invoke the dispute resolution procedure in its contract with the foreign buyer before DFC will pay compensation.

##### 4) Breach of Contract for Capital Markets

DFC political risk insurance supports U.S. capital market financing structures that catalyze private capital in emerging markets.

##### 5) Reinsurance

To increase underwriting capacity and support development in countries where investors have difficulty obtaining political risk insurance, DFC can reinsure licensed U.S. and international insurance companies.

##### 6) Political violence including terrorism

Protects against assets and income losses caused by:

- ▶ Declared or undeclared war.
- ▶ Hostile actions by national or international forces.

- ▶ Revolution, insurrection, and civil strife.
- ▶ Terrorism and sabotage.

Investors may purchase this insurance for Assets, Business Income, or both. In addition, DFC can provide coverage for:

- ▶ Evacuation expenses.
- ▶ Income losses resulting from temporary abandonment of a project caused by political violence.
- ▶ Income losses resulting from damage to specific sites outside the insured facility, such as a critical railway spur, power station, or supplier.

***DFC has announced some steps in Ukraine for private investors. DFC covers capital insurance up to 85%, and 100% debt insurance.***

***DFC is prepared to support both direct lending and credit and political (military) risk coverage. The credit risk insurance product assumes that the borrower, having obtained DFC insurance, will approach a commercial bank or other international financial institution.***

***February 23, 2023 DFC has demonstrated a higher level of interest in insuring Ukrainian business. Unlike MIGA, they are already considering projects initiated by Ukrainian investors, but they are also limited in their capabilities and need refinancing.***

## CHINA

### SINOSURE - China Export and Credit Insurance Corporation

<https://www.sinosure.com.cn/en/Insurance/oii/index.shtml>

SINOSURE is a state-funded and policy-oriented insurance company established and supported by the state to promote China's foreign economic and trade development and cooperation.

#### **SINOSURE's Products & Services include:**

- ▶ M/LT Export Credit Insurance.
- ▶ Overseas Investment Insurance.
- ▶ ST Export Credit Insurance.
- ▶ Bond & Guarantee.

Overseas Investment Insurance protects investors and financial institutions from economic losses resulting from political risks such as expropriation, exchange restrictions, war, political riot and breach of contract in the country where investment is made. The maximum tenor is 20 years.

#### **Covered risks:**

- ▶ **EXPROPRIATION.** The host country deprives the ownership and management of an investment project or the use and control of the funds and assets of an investment project through nationalization, confiscation or compulsory acquisition.
- ▶ **EXCHANGE RESTRICTIONS.** The host country hinders or restricts investors from free exchange of currencies or raises the exchange cost and prevents outward remittance of a currency from the country.
- ▶ **WAR AND POLITICAL RIOT.** A war, revolution, riot, coup, civil war, rebellion, terrorist activity or other warlike operations occur in the host country, which results in the investors' loss of assets or permanent inability to operate.
- ▶ **BREACH OF CONTRACT.** The host government or any other entity approved by the insurer breaches or fails to perform the agreement on the investment project and refuses to pay compensation.

#### **Covered percentage Up to 95%.**

#### **Products:**

1. **OVERSEAS INVESTMENT (EQUITY) INSURANCE.** It is a product SINOSURE offers to encourage Chinese enterprises to invest overseas by assuming the loss of shareholder's equity in overseas investment.
2. **OVERSEAS INVESTMENT (DEBT) INSURANCE.** It is a product SINOSURE offers to companies or financial institutions encouraging Chinese companies to grant shareholder loans for their overseas investment projects or encouraging financial institutions to provide loans or other financing recognized by SINOSURE forms of financing for overseas investment projects of Chinese companies, by assuming the loss of their claims on debts.

## GERMANY

### Investment Guarantees

<https://www.investitions Garantien.de/en>

Investment Guarantees of the Federal Republic of Germany is well-established and proven foreign investment promotion scheme of the Federal Government. They hedge eligible German direct investments abroad against political risks that may occur. The Federal Government has mandated PricewaterhouseCoopers GmbH to manage this investment promotion scheme.

The promotion scheme:

- ▶ **INVESTMENTS.** Investment Guarantees protect direct investments of German companies in emerging markets and developing countries against political risks.
- ▶ **EXPORT.** Export Credit Guarantees (Hermes Cover) protect export transactions, in particular in difficult and high-risk markets, against a payment default for commercial / political reasons.
- ▶ **RAW MATERIALS.** Untied Loan Guarantees support the external financing of raw materials projects abroad which are eligible for cover and secure the supply of the German industry with raw materials.

The subject of the guarantee is primarily the capital invested in cash or in kind (capital cover). Additionally, and depending on the individual project, earnings due can also be included in the guarantee, for example in the form of dividends or interest (earnings cover). The duration of the investment guarantee is generally 15 years.

**The following foreign direct investments may be covered:**

- ▶ **EQUITY PARTICIPATIONS.** Shares in a project company acquired upon its formation, during a capital increase or purchased from a withdrawing shareholder (in return for a capital contribution in cash, in kind or in the form of other benefits - combined with voting and controlling rights and the right to share in liquidation proceeds).
- ▶ **INVESTMENT-LIKE LOANS.** Shareholder or bank loans which in their purpose and conditions resemble equity.
- ▶ **PARTICIPATIONS THROUGH HOLDING COMPANIES**
- ▶ **ENDOWMENT CAPITAL.** For foreign branches or plant locations of German companies.
- ▶ **RIGHTS QUALIFYING AS ASSETS (IN THE FORM OF LONG-TERM INVESTMENTS).** E.g. concessions (production sharing agreements for oil and gas) and bonds.

**Covered risks:**

- ▶ **EXPROPRIATION.** Nationalization, Expropriation, Sovereign acts which in their effects are equivalent to expropriation.
- ▶ **WAR.** War or other armed conflicts, revolutions, breaches of public peace or terrorist acts associated with such events. Isolated terrorist acts (on special request).
- ▶ **CONVERTIBILITY AND TRANSFER RISKS.** Convertibility and transfer risks. Payment embargoes or moratoriums.
- ▶ **BREACH OF CONTRACT** (on special request). Payment commitments. Sub-sovereigns.

**Handling fee:**

- ▶ No fee for investments up to €5 million
- ▶ 0.5 ‰ for the amount exceeding €5 million
- ▶ Total fee for each application may not exceed €10,000

**Premium:**

- ▶ Capital cover: 0.5 % p. a. of the maximum amount of cover.
- ▶ Earnings cover: 0.5 % p. a. of the capital or interest earnings which are at risk during a contract year.

A policy on individual markets varies and can assume 100% cover for some countries.

With regard to applications for investment guarantees for investments in Ukraine, the Federal Government is continuously monitoring the current dynamic situation. It is and remains the aim of the German Government to provide Ukraine with the best possible economic support. Decisions on applications are made on a case-by-case basis based on the respective risk situation. Existing investment guarantees continue to protect investors and financing banks against political risks in Ukraine.

## UK

### UKEF - UK Export Finance

<https://www.gov.uk/guidance/overseas-investment-insurance>

UK's export credit agency and a government department, working alongside the Department for International Trade.

#### UKEF's product include:

- ▶ The attractive financing terms UKEF can offer to overseas buyers of UK goods and services.
- ▶ Guarantee schemes to fulfil a contract.
- ▶ Insurance to manage risks in challenging markets.

When a UK company wants to invest overseas, for example a subscription for shares, building a new factory or opening a branch in another country to help boost sales in a particular market, investors may wish to seek protection for their investment.

**Overseas Investment Insurance policy can protect a UK investor against potential losses on overseas investments due to defined political events that may arise in a non-OECD country:**

- ▶ Cover against losses caused by specified risks, for up to 90% of the loss value.
- ▶ The option for annual renewal, maintaining the same premium and terms for up to a maximum of 15 years.
- ▶ The option to adjust the amount of cover with each renewal, to reflect the invested amount that year (given it does not exceed a specific maximum).
- ▶ Long-term projects, up to 15 years.

*08 June 2023, the UK is drawing up a war-risk insurance scheme that it hopes will convince investment companies as well as tech, energy and defense firms to back Ukraine's reconstruction with billions in aid. The UK wants to demonstrate progress on an insurance scheme this month, the people familiar said. While governments are likely to pledge some new direct financing for Ukraine, private investments underwritten by governments would be a cheaper way to raise additional funds.*

## JAPAN

### NEXI - Nippon Export and Investment Insurance

<https://www.nexi.go.jp/en/products/types/investment.html>

NEXI is a Japanese insurance corporation owned by the Japanese government. NEXI provides Trade and Investment Insurance services to facilitate and enhance Japanese companies' international business. NEXI covers losses incurred from i) the Commercial Risks in which the counterpart of overseas transactions such as trade is responsible, and ii) the Political Risks that arise from overseas transactions such as trade which the party concerned are not responsible.

**COVERED POLITICAL RISKS.** These are for example restriction/prohibition of exchange dealings, raise in tariffs, restriction/prohibition of imports, acts by a third party other than the party concerned such as war or revolution, or natural disasters and extraordinary events. Inability of export due to political risks, inability to collect export proceeds or prepaid money, or when stocks acquired through overseas investment is confiscated due to political risks, the losses will be covered by trade insurance.

#### NEXI's types of insurance include:

- ▶ Export Credit Insurance.
- ▶ Export Credit Insurance for SMEs and AFF Sector.
- ▶ Trade Insurance for Standing Orders from Specific Buyer.
- ▶ Comprehensive Export Insurance with Simplified Procedure.
- ▶ Export Bill Insurance.
- ▶ Prepayment Import Insurance.
- ▶ Buyer's Credit Insurance.
- ▶ Overseas Untied Loan Insurance.
- ▶ Overseas Investment Insurance.
- ▶ Investment and Loan Insurance for Natural Resources and Energy.

**Overseas Investment Insurance:**

- ▶ This insurance covers losses suffered by a Japanese company with a subsidiary or a joint venture in a foreign country. The losses are incurred when the relevant subsidiary or the joint venture is forced to discontinue business due to war, terrorism, or force majeure, such as a natural disaster. The insurance also covers losses incurred when a Japanese company is unable to remit dividends to Japan due to prohibition of foreign currency exchange or suspension of remittance.
- ▶ NEXI can provide cover for premium (goodwill, etc.) paid by an investor to secure a stake in natural resources or to become a shareholder.
- ▶ The other type of Overseas Investment Insurance covers rights and acquired profits (real estate, etc.), while the above insurance covers investment (equity investment, etc.).

**POLAND****KUKE - Export Credit Insurance Corporation**

<https://pfr.pl/en/offer/insurance-of-direct-investments-abroad.html>

KUKE is the official Polish export credit agency that provides solutions in the form of credit insurance, guarantees, factoring, and investment insurance. Solutions for banks, small and large companies.

KUKE can protect the outlays borne by Polish investors against losses caused by risky political events in investment countries. The insurance covers documented pecuniary and tangible expenditures as well as intangible and legal assets (net) invested in a foreign business, which give the right to participate in profits, in the estate in bankruptcy, guarantee the right to vote and to supervise and co-manage.

The insurance covers losses incurred in connection with the execution of a direct investment abroad as a result of events referred to as political risk and force majeure.

- ▶ Decisions in the form of government interventions preventing an investment from going ahead.
- ▶ The announcement of a universal payment moratorium.
- ▶ Decisions concerning trade restrictions consisting of prohibitions on exports.
- ▶ The transfer of receivables being rendered impossible (e.g. dividends).
- ▶ The exercise of rights related to an investment being rendered completely impossible.
- ▶ War, revolution, riots, protracted mass strikes, earthquakes, volcano eruptions, typhoons, flood, and fires of catastrophic dimensions.

***KUKE, with the support of the Polish government and following the positive decision of the Export Insurance Policy Committee, reestablished the possibility of insuring receivables under goods export contracts with Ukrainian buyers starting 13 June 2022. The insurance related to export of services may be under restrictions according to payment moratorium introduced on 24 February 2022 by the National Bank of Ukraine.***

**ITALY****SACE - Servizi Assicurativi del Commercio Estero**

<https://www.sace.it/en/solutions/category-detail/expand-into-target-markets>

SACE is the Italian insurance-financial company specializing in supporting businesses and the national economic fabric through a wide range of tools and solutions to support competitiveness in Italy and around the world. It also supports the banking system to facilitate access to credit for companies with its financial guarantees.

**SACE offers a wide range of products and services:**

- ▶ Medium-long term financing to purchase goods and services from Italy.
- ▶ Recover receivables in case of default.
- ▶ Safely invest abroad with the support of an Institutional partner.
- ▶ Contractual guarantees to participate in tenders and carry out construction works.
- ▶ Contract-tied financing for Italian procurement.

**INVESTMENT PROTECTION.** With SACE investors can safely invest abroad, getting insurance against the risk of loss of invested capital, interests and profits due to political events. SACE covers business from

expropriation, nationalization, war and civil unrest, currency restrictions and breach of contract. In addition, if investors are unable to continue operations abroad due to war or civil unrest, with SACE they can recover loss of profit.

**Italian companies and their subsidiaries abroad planning to make foreign direct investments can get benefits:**

- ▶ Safely invest abroad.
- ▶ Insurance of sums due to investors by way of future dividends, revenues from the sale of the investment and interests on shareholder's loans.
- ▶ Possibility of transferring policy rights to a bank to obtain better terms of financing for then foreign subsidiary.
- ▶ Equity investment supported by SIMEST can be insured against political risks.

SACE takes equity participation in foreign direct investments, providing additional financial resources to safely grow and expand into foreign markets.

SIMEST takes direct participation in up to 49% of the equity of foreign Italian subsidiary for a maximum duration of 8 years. If the company is established in a non-EU country, SACE can also offer interest rate subsidy.

SIMEST's participation can be considered for establishing the company, for capital injection and/or M&A transactions.

***April 26, 2023, the Italian Export Credit Agency SACE is ready to resume work with Ukraine, which is a very important signal for Italian business, and, in addition to the previously announced €500 million, will allocate an additional €1 billion to support trade and financial operations.***

## NORWAY

### EKSFIN - Export Finance Norway

<https://www.eksfin.no/en/country/ukraine/>

EKSFIN is a governmental financial enterprise established to ensure that Norwegian export industries are financially competitive abroad. EKSFIN can provide government loans and guarantees for promoting specific sales contracts abroad, investments in Norway that contribute to exports, or other transactions that help to generate value and employment within Norway.

EKSFIN handles all applications to Ukraine on a case-by-case assessment and price premiums individually. Today (21.01.2023) Ukraine is defined as risk class 6 out of 7, and the risk guarantees probably expected to be prized relatively high.

Right now, Norway does not have a specific war risk guarantee scheme target to the situation in Ukraine. The only arrangement from the government so far, has been a loan guarantee offered to companies who faced liquidity problems because of lost revenue from Ukraine after the war outbreak. Requirement for applying was >40% revenue from Ukraine and EKSFIN was able to totally provide NOK 500 million in loans (\$50 million). As far as is known, public authorities have not yet published any plans to increase the support of war risk insurance or subsidized loans directly to investment activities in Ukraine.

- ▶ The guarantee can be used by investors or financiers of investment loans.
- ▶ A guarantee is eligible for investments and investment loans that promote Swedish interest.
- ▶ EKN offers guarantees for investments in both goods and service production. Examples of investments are share acquisition through capital or in kind, licenses or franchises. EKN can also guarantee the risk that investor cannot take home the return on the investment.
- ▶ The guarantee usually covers 90 percent of your invested amount or claim.
- ▶ The premium is paid annually in advance and is usually in the range of 0.5%-2% per year on invested capital or loan amount disbursed. Premiums for returns are paid separately in case the return is to be guaranteed.

Today (04.04.2023) Ukraine is defined as risk class 7 out of 7 (the lower the number, the better the country's creditworthiness). Indicative Premium rate for corporates with credit period 12 months in Ukraine 3.39%.

## DENMARK

### EIFO - Export and Investment Fund of Denmark

<https://www.eifo.dk/en/>

The Export and Investment Fund of Denmark (EIFO) provides a single point of access for Danish companies in need of risk-tolerant government capital. EIFO finances risks that the market will not take on.

The business model is based on:

- ▶ Loans, guarantees and working capital guarantees in Denmark.
- ▶ Export financing.

**Danish Loan and Guarantee Scheme** in EIFO for Ukraine includes Public (central and local governments) and Private Subschemes.

**Sub scheme for Private counterparties, DKK 500 million / EUR 70 million:**

- ▶ Can be offered with either variable or fixed funding cost and benefit from attractive minimum OECD risk premium.
- ▶ Can include both Ukrainian companies purchasing from Danish suppliers and Danish companies' investments in Ukraine.

No direct grant element, but significantly lower interest rates than needed to cover expected losses. Pricing will reflect the normal funding cost that EIFO can offer and the normal risk premium for Ukraine's country class.

**EIFO can provide financing**, when the Danish Economic Interest (DEI) exceeds 30% of the financing. If the Danish exporter is alone in supplying the goods, this will normally be fulfilled. There are two limitations on the amount that can be covered by an export credit (Private subscheme):

- ▶ The export contracts can be financed up to 85%.
- ▶ The maximum local costs that can be financed corresponds to 50% of the value of the export contracts.

**The expected process from A to Z for Private buyers:**

- 1) Initial contact between private buyer in Ukraine and Danish exporter in order to establish a concrete project.
- 2) EIFO assesses whether the project has potential for financing.
- 3) EIFO is to receive:
  - the buyers audited financial reports including income statement, balance and cash flow statement (only for private buyers);
  - status of the current conditions of key employers, production equipment, infrastructure, suppliers, and buyers.
- 4) EIFO will indicate if the transaction can be financed under the scheme and what next steps will be.
- 5) Environmental and social governance (ESG) evaluation of the project conducted by EIFO in cooperation with the other participants in the transaction.
- 6) Know Your Client (KYC) evaluation of the project and the participants conducted by EIFO.
- 7) Final approval of the financing of the project by EIFO
- 8) Loan and/or guarantee is issued by EIFO.

## EUROPEAN UNION

### Ukraine facility

Pillar II of the Ukraine Facility established by European Union will set the rules for establishing Ukraine Investment Framework under which implementing the Ukraine Guarantee. The Ukraine Guarantee of EUR 8 914 000 000 in current prices shall be established to guarantee operations supporting the objectives of the Facility. The Ukraine Guarantee shall be used to cover the risks for the following types of operations:

- ▶ loans, including local currency loans;
- ▶ guarantees;
- ▶ counter-guarantees;
- ▶ capital market instruments;
- ▶ any other form of funding or credit enhancement, insurance, and equity or quasi-equity participations.

Ukraine Facility will start financing activities set in the Ukraine Plan from 01/01/2024 on the quarterly base and is set up for four years.

## Selected Official Export Credit Agencies

No	Country	ECA	Web
1	Germany	Investment Guarantees (agent PWC)	<a href="https://www.investitions Garantien.de/en">https://www.investitions Garantien.de/en</a>
2	UK	UKEF - UK Export Finance	<a href="https://www.gov.uk/guidance/overseas-investment-insurance">https://www.gov.uk/guidance/overseas-investment-insurance</a>
3	USA	DFC - U.S. International Development Finance Corporation	<a href="https://www.dfc.gov/what-we-offer-our-products/political-risk-insurance">https://www.dfc.gov/what-we-offer-our-products/political-risk-insurance</a>
4	Poland	KUKE - Export Credit Insurance Corporation	<a href="https://pfr.pl/en/offer/insurance-of-direct-investments-abroad.html">https://pfr.pl/en/offer/insurance-of-direct-investments-abroad.html</a>
5	Japan	NEXI - Nippon Export and Investment Insurance	<a href="https://www.nexi.go.jp/en/products/types/investment.html">https://www.nexi.go.jp/en/products/types/investment.html</a>
6	Italy	SACE - Servizi Assicurativi del Commercio Estero	<a href="https://www.sace.it/en/solutions/category-detail/expand-into-target-markets">https://www.sace.it/en/solutions/category-detail/expand-into-target-markets</a>
7	Norway	Export Finance Norway	<a href="https://www.eksfin.no/en/products/political-risk-guarantee/">https://www.eksfin.no/en/products/political-risk-guarantee/</a>
8	Slovakia	Eximbanka SR	<a href="https://www.eximbanka.sk/en/english/products/insurance-products/insurance-of-investments-of-slovak-legal-entities-abroad-product-i.html?page_id=183221">https://www.eximbanka.sk/en/english/products/insurance-products/insurance-of-investments-of-slovak-legal-entities-abroad-product-i.html?page_id=183221</a>
9	Canada	Export Development Corporation	<a href="https://www.edc.ca/">https://www.edc.ca/</a>
10	France	BPIFRANCE - Banque publique d'investissement	<a href="https://www.bpifrance.com/">https://www.bpifrance.com/</a>
11	Bulgaria	Bulgarian Export Insurance Agency	<a href="https://baez.bg/zastrahovki-kam-finansovi-institucii">https://baez.bg/zastrahovki-kam-finansovi-institucii</a>
12	Estonia	KredEx	<a href="https://www.kredex.ee/en/financing-companies/exporting-companies">https://www.kredex.ee/en/financing-companies/exporting-companies</a>
13	Latvia	Development Finance Institution Altum	<a href="https://www.altum.lv/en/services/enterprises/">https://www.altum.lv/en/services/enterprises/</a>
14	Lithuania	INVEGA	<a href="https://invega.lt/en/business/all-services/114">https://invega.lt/en/business/all-services/114</a>
15	Czech Republic	Export Guarantee and Insurance Corporation	<a href="https://www.egap.cz/en/insurance-calculator">https://www.egap.cz/en/insurance-calculator</a>
16	Austria	Oesterreichische Kontrollbank AG	<a href="https://my.oekb.at/">https://my.oekb.at/</a>
17	United Arab Emirates	Etihad Credit Insurance	<a href="https://eci.gov.ae/project-financing">https://eci.gov.ae/project-financing</a>
18	Portugal	Companhia de Seguro de Créditos (COSEC)	<a href="https://www.cosec.pt/en">https://www.cosec.pt/en</a>
19	Spain	Compañía Española de Seguros de Crédito a la Exportación (CESCE)	<a href="https://www.cesce.es/es/w/riesgo-pais/riesgo-pais-ucrania">https://www.cesce.es/es/w/riesgo-pais/riesgo-pais-ucrania</a>
20	Sweden	EKN, Exportkreditnämnden	<a href="https://www.ekn.se/en">https://www.ekn.se/en</a>
21	Denmark	EIFO - Export and Investment Fund of Denmark	<a href="https://www.eifo.dk/en/">https://www.eifo.dk/en/</a>
22	International	MIGA	<a href="https://www.miga.org/products">https://www.miga.org/products</a>

*The information contained in this document is gathered from open sources, and not guaranteed as being accurate and does not purport to be a complete statement or summary of the available data. BDO assumes no responsibility or liability of any kind, as to the accuracy or completeness of any information and opinions contained in the document.*

## Appendix 3

## Reconstruction priorities stated by different countries

Country	Local export agency	Reconstruction Priorities
Australia 	Australia EFIC	<ul style="list-style-type: none"> <li>▶ Reconstruction of Mykolaiv region and Kherson</li> <li>▶ Fund by Andrew Forrest (target - \$20 bln) for green energy development in Ukraine 17.11.2022</li> <li>▶ Andrew Forrest will invest \$ 500 million in the Ukraine Development Fund (UDF) for green strategic metals, green iron, green hydrogen, and green electricity 22.06.2023</li> <li>▶ Potential investments in IT, agriculture, mining (lithium), wine production</li> </ul>
Austria 	Austria Oesterreichische Kontrollbank AG	<ul style="list-style-type: none"> <li>▶ Reconstruction of Kharkiv and Zaporizhzhia region</li> <li>▶ Reconstruction of healthcare infrastructure</li> <li>▶ Localization of Austrian production in Ukraine</li> <li>▶ Finance demining equipment for Ukraine (€2 mln)</li> </ul>
Belgium 	Credendo   Export Credit Agency	<ul style="list-style-type: none"> <li>▶ €3.5 mln worth of humanitarian aid to Ukraine following Kakhovka power plant explosion</li> <li>▶ Reconstruction of Mariupol after its de-occupation</li> <li>▶ Restoring sanitary facilities in school buildings and constructing bomb shelters</li> <li>▶ Rebuild schools and hospitals (Kyiv, Kharkiv and Sumy region)</li> </ul>
Canada 	Canada Export Development Corporation	<ul style="list-style-type: none"> <li>▶ Canadian \$47.5 mln (over \$36 mln) to help residents of Ukrainian regions flooded because of Russia's destruction of the Kakhovka Hydroelectric Power Plant and dam</li> <li>▶ Rebuilding Ukraine's railway system</li> </ul>
Czech Republic 	Czech Republic Export Guarantee and Insurance Corporation	<ul style="list-style-type: none"> <li>▶ Restoration of Dnipropetrovsk region</li> <li>▶ Help with the green post-war restoration of the environment (support natural parks, climate policy, reform of the waste management system, and the fight against industrial pollution)</li> <li>▶ Reconstruction of specific sectors as energy, transport, infrastructure, healthcare, and demining</li> </ul>
Denmark 	Eksport Kredit Fonden (EKF) Danmarks Eksportkredit	<ul style="list-style-type: none"> <li>▶ Reconstruction of Mykolaiv region</li> <li>▶ 1.2 bln Danish crowns towards civilian aid and 0.4 bln towards efforts by Danish companies to rebuild Ukraine</li> </ul>
Finland 	Finnvera Oyj, Finnish Export Credit Ltd (FEC)	<ul style="list-style-type: none"> <li>▶ €5 mln for green reconstruction of municipal infrastructure</li> <li>▶ Assistance in the reform of Ukrainian education</li> <li>▶ Reconstruction of the infrastructure in Chernihiv region</li> <li>▶ Recovery, reconstruction and modernization of Ukraine, including in the green transition, digitalization and telecommunication, education, energy and energy-efficiency, waste and water processing, construction, planning and infrastructure</li> </ul>
France 	France COFACE - Compagnie Française d'Assurance	<ul style="list-style-type: none"> <li>▶ French Neo-Eco working on pilot housing renovation project in Hostomel near Kyiv with budget of €45 mln</li> <li>▶ Restoration of Kyiv and Chernihiv regions</li> <li>▶ Assistance in development of coastal areas of Mariupol after its de-occupation</li> <li>▶ Projects in the field of logistics and transport</li> <li>▶ €40 mln in 2023 to rebuild critical infrastructure, increase Ukraine's resilience, and prepare for next winter</li> </ul>

Country	Local export agency	Reconstruction Priorities
Germany 	Germany Investment Guarantees (agent PWC)	<ul style="list-style-type: none"> <li>▶ Restoring energy infrastructure</li> <li>▶ €5 mln to rebuild schools</li> <li>▶ German Development Ministry invests €111 mln for restoration projects (housing for internally displaced persons, the renovation and equipping of kindergartens, schools and hospitals in various Ukrainian municipalities)</li> <li>▶ Develop climate policy, protect biodiversity and achieve green recovery. Help with the construction of rehabilitation centers for animals affected by war, and the creation of eco products</li> </ul>
Greece 	Export Credit Insurance Organization (E.C.I.O.)	<ul style="list-style-type: none"> <li>▶ Reconstruction of Mariupol and Odesa</li> </ul>
Ireland 		<ul style="list-style-type: none"> <li>▶ €1 mln of aid support to the people of Ukraine following the destruction of the Kakhovka dam</li> <li>▶ Agriculture support</li> </ul>
Italy 	Italy SACE - Servizi Assicurativi del Commercio Estero	<ul style="list-style-type: none"> <li>▶ Grants from EBRD and the government of Italy to support electricity company Ukrenergo</li> <li>▶ Infrastructure and finance</li> <li>▶ Cooperation in the environmental sector</li> <li>▶ 5,700 solar panels for the public sector from the leading Italian company Enel</li> <li>▶ Italian architecture and engineering firm One Works is planning the reconstruction of Mykolaiv</li> </ul>
Netherlands 	Atradius DSB	<ul style="list-style-type: none"> <li>▶ €180 mln announced will help fund humanitarian aid, agricultural support and repair work</li> <li>▶ Repair energy infrastructure</li> <li>▶ € 1 mln via the Association of Netherlands Municipalities for reconstruction plans for Kherson, Odesa, Mykolaiv</li> <li>▶ The Dutch Agency for Entrepreneurship (RVO) has launched the Ukraine Partnership Facility. The Dutch government has earmarked € 25 mln to support Dutch companies looking to invest in the reconstruction of Ukraine (in the water, healthcare and agricultural sectors).</li> </ul>
Norway 	Norway Export Finance Norway	<ul style="list-style-type: none"> <li>▶ The Norwegian government will allocate 1 bln kroner (\$100 mln) to Ukraine to restore destroyed infrastructure</li> </ul>
Portugal 	Portugal Companhia de Seguro de Créditos (COSEC)	<ul style="list-style-type: none"> <li>▶ Reconstruction of educational facilities</li> <li>▶ Rebuild schools in the Ukrainian region of Zhytomyr</li> </ul>
South Korea 	Korea Trade Insurance Corporation (K-SURE)	<ul style="list-style-type: none"> <li>▶ 130 bln KRW (South Korean won) for reconstruction in 2024 year</li> </ul>
Slovak Republic 	Slovakia Eximbanka SR	<ul style="list-style-type: none"> <li>▶ Reconstruction of Kyiv region</li> <li>▶ Kindergartens, schools</li> <li>▶ Slovakia's SEPS provides energy equipment to Ukrainian TSO Ukrenergo that can be used to repair damaged energy infrastructure</li> </ul>

Country	Local export agency	Reconstruction Priorities
Slovenia 	SID Bank	<ul style="list-style-type: none"> <li>▶ Reconstruction of the Rehabilitation Center for children and youth with disabilities in Zarichany (Zhytomyr region)</li> <li>▶ Recovery of Kharkiv province and the city of Izium</li> <li>▶ Rebuilding of hospitals and schools</li> </ul>
Spain 	Spain Compañía Española de Seguros de Crédito a la Exportación (CESCE)	<ul style="list-style-type: none"> <li>▶ Rebuilding Ukraine's infrastructure, culture and heritage</li> <li>▶ €100 mln in guarantees for food security and the municipal sector in Ukraine</li> <li>▶ €4 mln will be allocated through the UN Development Programme to create schools with green and sustainable energy systems</li> <li>▶ €250 mln to equip Ukrainian schools with shelters, support victims of sexual violence and provide mobile clinics for newborns</li> </ul>
Sweden 	Exportkreditnämnden (EKN)	<ul style="list-style-type: none"> <li>▶ SEK 70 mln to help rebuild Ukraine (mine clearance, initiatives to improve energy efficiency and regional decision-making)</li> <li>▶ SEK 600 mln for the reconstruction of destroyed schools, hospitals, infrastructure, and farms</li> <li>▶ SEK 6 bln for recovery projects (rebuilding infrastructure, green development, entrepreneurship, trade, demining, and media)</li> </ul>
Switzerland 	Swiss Export Risk Insurance (SERV)	<ul style="list-style-type: none"> <li>▶ 14 mln Swiss francs for the restore the railway infrastructure</li> <li>▶ \$2 bln in aid to Ukraine for war reconstruction</li> </ul>
UK 	UK UKEF - UK Export Finance	<ul style="list-style-type: none"> <li>▶ Reconstruction of Kyiv region</li> <li>▶ Rebuild infrastructure (airport, runway and port)</li> <li>▶ With the UK funding, Mott MacDonald &amp; Crown Agents are providing the Ukrainian government with needed expertise for the bridge reconstruction and construction of modular houses for those who lost their homes. The project includes 6 bridges in Kyiv Oblast</li> <li>▶ £10 mln to building for the two temporary villages in western and central Ukraine</li> <li>▶ Drawing up a war-risk insurance scheme that it hopes will convince investment companies as well as tech, energy and defense firms to back Ukraine's reconstruction with billions in aid</li> <li>▶ €4 mln will be allocated through the UN Development Programme to create schools with green and sustainable energy systems</li> <li>▶ €250 mln to equip Ukrainian schools with shelters, support victims of sexual violence and provide mobile clinics for newborns</li> </ul>
USA 	USA DFC - U.S. International Development Finance Corporation	<ul style="list-style-type: none"> <li>▶ Investing in the reconstruction of Kharkiv's energy infrastructure</li> <li>▶ Energy recovery, humanitarian demining, housing reconstruction, critical and social infrastructure, private sector development</li> <li>▶ US Congress proposes to freeze over \$300 billion of Russia's Central Bank assets to rebuild Ukraine</li> <li>▶ More than \$1.3B for Ukraine's reconstruction to repair power grids, support energy market reforms, modernise border crossings, railways, and ports, fight corruption, and support entrepreneurs.</li> </ul>

## Appendix 4

# Political Risk Insurance

The War Risk Insurance Entities comparison table serves as a comprehensive guide to various entities offering war risk insurance, specialized coverage for businesses operating in regions facing political unrest or armed conflict. It provides critical details such as the scope of coverage, types of projects insured, duration, risk types, and geographical focus. Additional columns offer information on how claims are settled, premium guidelines, and eligibility criteria. Ratings from trusted financial agencies, as well as illustrative examples of past projects, are also included to offer a more rounded view of each entity's capabilities and track record. The list aims to assist businesses in making informed decisions when selecting an insurance provider for war risk coverage.

Entities	Coverage Scope	Project Types	Duration	Risk Types	Geographic Focus	Settlement	Premiums	Eligibility	Web Address	Rating	Example Projects
DFC	U.S. investors only	Smaller, high-impact	Short term	Expropriation, political violence, currency inconvertibility	Lower and middle-income	Dispute resolution	Case-by-case	Substantial U.S. involvement	<a href="#">DFC</a>	Not Rated	Power plant in Afghanistan
MIGA	Member countries	Broad range	Up to 20 years	Expropriation, political violence, currency inconvertibility, breach of contract	Any member state	World Bank arbitration	Case-by-case	Development impact	<a href="#">MIGA</a>	Not Rated	Infrastructure project in Iraq
Lloyd's of London	Global	Specialty risks	Varies	War, terrorism, political violence	Global	Varies	Market rates	Varies	<a href="#">Lloyd's</a>	A+ (S&P)	Shipping routes in Gulf of Aden
Zurich	Global	Various	Varies	Political risks, war	Global	Varies	Market rates	Varies	<a href="#">Zurich</a>	A+ (A.M. Best)	Oil extraction in Nigeria
AIG	Global	Various	Varies	Political risks, war	Global	Varies	Market rates	Varies	<a href="#">AIG</a>	A (A.M. Best)	Mining operation in Congo
Marsh & McLennan	Global	Various	Varies	Political risks, war	Global	Varies	Market rates	Varies	<a href="#">Marsh &amp; McLennan</a>	Not Rated	Manufacturing in Lebanon
Euler Hermes	Global	Export credit	Varies	Political risks, war	Global	Varies	Market rates	Varies	<a href="#">Euler Hermes</a>	AA- (S&P)	Export deal to Venezuela
Aon	Global	Various	Varies	Political risks, war	Global	Varies	Market rates	Varies	<a href="#">Aon</a>	Not Rated	Tourism industry in Egypt
Aspen Insurance	Global	Specialty risks	Varies	Political risks, war	Global	Varies	Market rates	Varies	<a href="#">Aspen</a>	A- (A.M. Best)	Telecom project in Pakistan
Coface	Global	Trade credit	Varies	Political risks, war	Global	Varies	Market rates	Varies	<a href="#">Coface</a>	Not Rated	Textile exports to Turkey
Control Risks	Global	Risk assessment	Varies	Political risks, war	Global	Varies	Market rates	Varies	<a href="#">Control Risks</a>	Not Rated	Security consultancy in Colombia

## Appendix 5

# German Export Credit Guarantees - Simplified procedures for Ukraine

**German Export Credit Guarantees is a new opportunity for Ukrainian entrepreneurs to obtain the necessary equipment, and for German manufacturers to sell their goods.**

**Hermes cover** is an export credit guarantee (ECG) by the German Federal Government. These guarantees are an important part of German foreign trade policy and protect German exporters and export finance banks from political and commercial risks. Euler Hermes Aktiengesellschaft has been commissioned by the Federal Government to manage the federal financing instruments Export Credit Guarantee and Imposed Loan Guarantee.

Euler Hermes Aktiengesellschaft offers short-term loans for the following goods:

- ▶ 6 months (raw materials, semi-finished products, components, consumer goods, spare parts)
- ▶ 12 months (high-value components, fertilizers and plant protection products, long-lasting goods)

German companies are ready to deliver goods to Ukraine worth more than 24 million euros in July and June. The special conditions offered by the German Government can predict that **100 million euros** will be invested in business in Ukraine this year.

A representative of Geringhoff, an agricultural machinery manufacturer specialising in combine harvesters, noted that the Ukrainian market is very important to them. The agricultural production market is seasonal, making timely payments crucial. If they don't have Hermes cover, they will require advance payment. The company hopes that Hermes cover will allow them to increase the number of customers in Ukraine.

With this coverage, the client will pay for the goods to Geringhoff, and in the case of its bankruptcy, after 12 months, Hermes cover will compensate the Ukrainian company's debt to the manufacturer. The cost of Hermes cover for Ukrainian companies depends on many factors. It can be as low as 0.5% of turnover, and the German importer includes this amount in the product's price.

Regarding the minimum initial payment, there are no specific requirements for short-term contracts. It all depends on the exporters, but they must have a presence in Germany. Shipments from China are not covered by Hermes. Additionally, Hermes cover is not risk insurance in favor of Ukrainian companies, and military risks are not compensated. That is, if a Russian missile destroys equipment or something else, these costs cannot be covered. There are other programmes available, and their terms of cooperation with them can be found on their website. There is currently no maximum number of contracts for Hermes cover, but the details are carefully reviewed before signing contracts for cover.

For Ukrainian companies, the first step should be communication with German partners, and then communication with the office that provides cover.

The Senior Underwriting Manager of the Export Credit Agency (ECA) in Germany emphasized that coverage terms can range from 360 days to 15 years depending on the project size and the shelf life of the goods being supplied, and for some projects, such as renewable energy, even longer.

### **Benefits provided by project financing from the German ECA:**

- ▶ Low financial costs
- ▶ Longer loan terms
- ▶ Flexibility (based on 70 years of experience and an excellent reputation)

The maximum limit for project value is **250 million euros**. If the project amount exceeds **10 million euros**, a more detailed analysis of the project is conducted, all risks are clarified, and an audit is performed. If necessary, the issue of collateral or state guarantees is raised. Cover can also be combined with leasing of German equipment.

## Appendix 6

# Ukraine Partnership Facility - UPF

As a result of the Russian invasion, Ukraine needs a great deal of support. Often, it is not possible to finance reconstruction projects via the commercial sector. To provide support, the Netherlands Ministry of Foreign Affairs has established UPF. This programme supports damage repair and reconstruction projects for the public and private sectors. UPF aims to help the sustainable recovery of Ukraine's economy and society in the water, healthcare and agricultural sectors. Where possible, projects should improve the position of vulnerable groups such as women and young people.

### For whom?

The UPF subsidy scheme supports companies registered in the Netherlands, international companies and civil society organisations that want to work on recovery and reconstruction activities in Ukraine. Partnerships must work with at least one local organisation in Ukraine to establish and implement the project. The main applicant must represent a company or civil society organisation registered in the Netherlands.

### Budget

A total of €25 million is available for the 2023 UPF opening. For now, UPF will open once. We will allocate the grant budget to eligible, complete applications on a first-come, first-served basis.

You can apply for a minimum grant of €500,000 for your project and a maximum of €5 million. You can be reimbursed up to 100 per cent of the total eligible costs for each project.

### Conditions

#### Conditions for applicants

- ▶ A company or civil society organisation registered in the Netherlands must apply for the UPF subsidy on behalf of a partnership. Civil society organisations include NGOs, academic institutes and industry associations.
- ▶ A partnership must consist of at least 2 companies or organisations. The partnership must have been formed before the applicant applies for a subsidy. The applicant should submit the partnership agreement together with their grant application.
- ▶ All members of the partnership must be private legal entities.

### Sectors

Your project must focus on one or more of the following sectors in Ukraine:

- ▶ Water
- ▶ Healthcare
- ▶ Agriculture

The expertise of companies and organisations from the Netherlands can be particularly valuable in these areas. For example, on providing access to drinking water, essential healthcare or improving food quality. UPF does not cover emergency humanitarian aid.

### Mandatory quick scan and advice

Before applying for a UPF subsidy, you must complete the mandatory quick scan. We will discuss its results with you during an advisory meeting.

### Assessment criteria

We will use 7 criteria to assess applications. Certain criteria are more important than others, so each is assigned a so-called 'weighting factor'. The criterion 'impact and innovation' has the highest weighting factor. For a list of the criteria and their respective weighting factors, see [the publication in the Dutch Government Gazette](#).

### Project duration

Project activities must have a minimum duration of 6 months and a maximum of 4 years. The activities must start within 2 months of being awarded the UPF subsidy. Activities can also begin before we have awarded the subsidy.

### Corporate Social Responsibility (CSR)

You must follow the [OECD guidelines](#). We can help you with advice, support from our network, and sometimes funding.

## Preparing your application

The application process has 3 steps:

### Step 1. Mandatory quick scan

Complete the mandatory quick scan on the '[apply for UPF](#)' page. You can send us your quick scan from 4 September 2023 until 19 November 2023.

### Step 2. Mandatory advisory meeting

We will contact you within 6 weeks of receiving your quick scan to arrange an advisory meeting. During this meeting, our advisor will discuss whether your intended project fits within the framework of the UPF scheme. This will allow us to better assess whether your application will be approved.

### Step 3. Subsidy application

After the advisory meeting, you can apply for a subsidy during the UPF opening period. For more information, see our '[apply for UPF](#)' page. We will process applications in order of receipt. So, submit yours in time and make sure that it is complete. Also, ensure that you can log in with *eHerkenning* (eRecognition). You will need [eHerkenning level 2+](#) to apply. Apply for *eHerkenning* on time.

## How to apply

Have you had an advisory meeting and formed your partnership? If so, you can apply for your UPF subsidy during the opening period via our [apply page](#). There you will find all the necessary forms.

The subsidy application period is from 11 September until 31 December 2023, 15:00 CET. To submit your application, you need at least [eHerkenning Level 2+](#). If you do not have this yet, then first apply for *eHerkenning*. It may take a few days before your *eHerkenning* application has been processed.

Once we have received your subsidy application, we will send you a written acknowledgement. We only process complete applications in the order of receipt. If your application is not complete, we will notify you. You can add documents to complete your application until the closing date.

## After your application

Within 13 weeks of receiving your application, we will write to inform you whether we have approved your application. We will also send you our assessment of your application.

## Calendar

- **Monday 4 September 2023**  
Open for quick scan submissions
- **Monday 11 September 2023**  
Open for subsidy applications
- **Sunday 19 November 2023**  
Deadline for quick scan submissions
- **Sunday 31 December 2023**  
Deadline for subsidy applications at 15:00 CET

## Publications

 [Unofficial Translation of Administrative Rules UPF 2023](#)

## More information

The Netherlands Enterprise Agency carries out the Ukraine Partnership Facility on behalf of the Netherlands Ministry of Foreign Affairs.

## Appendix 7

# International Chambers of Commerce / Business Associations

International Chambers of Commerce & Business Associations play a pivotal role in facilitating foreign investment in Ukraine. These organizations serve as a bridge between investors and the local business landscape, offering invaluable insights, networking opportunities, and tailored support services. Whether you are looking to understand market dynamics, regulatory frameworks, or seek potential business partners, these chambers provide a comprehensive suite of resources to ensure a smooth and successful entry into the Ukrainian market.

Contact your local Chamber or Business Association for more information.

Chamber of Commerce		Location	Website
 	American Chamber of Commerce Ukraine (ACC)	Ukraine	<a href="http://www.chamber.ua">www.chamber.ua</a>
	Australia-Ukraine Chamber of Commerce (AUCC)	Ukraine / Australia	<a href="http://www.aucc.biz">www.aucc.biz</a>
 	British Ukrainian Chamber of Commerce (BUCC)	Ukraine / United Kingdom	<a href="http://www.bucc.com.ua">www.bucc.com.ua</a>
 	Canada-Ukraine Chamber of Commerce (CUCC)	Ukraine / Canada	<a href="http://www.cucc.ca">www.cucc.ca</a>
	Chamber of Commerce Switzerland - Ukraine (HSU)	Switzerland	<a href="http://www.hsu.ch">www.hsu.ch</a>
	Danish Business Association	Ukraine	<a href="http://www.dba-ukraine.com">www.dba-ukraine.com</a>
	French-Ukrainian Chamber of Commerce and Industry (CCIFU)	Ukraine	<a href="http://www.ccifu.com.ua">www.ccifu.com.ua</a>
	German-Ukrainian Chamber of Industry and Commerce (AHK Ukraine)	Ukraine	<a href="http://www.ukraine.ahk.de">www.ukraine.ahk.de</a>
	International Turkish Ukrainian Business Association (TUID)	Ukraine	<a href="http://www.tuid.org.ua">www.tuid.org.ua</a>
	Italian Chamber of Commerce in Ukraine (CCIPU)	Ukraine / Italy	<a href="http://www.ccipu.org">www.ccipu.org</a>
	Netherlands-Ukrainian Chamber of Commerce (NUCC)	Netherlands	<a href="http://www.nucc.nl">www.nucc.nl</a>
 	Norwegian-Ukrainian Chamber of Commerce (NUCC)	Norway	<a href="http://nucc.no">nucc.no</a>
 	Polish-Ukrainian Chamber of Commerce	Ukraine / Poland	<a href="http://www.pol-ukr.com">www.pol-ukr.com</a>
	Spanish-Ukrainian Chamber of Commerce (CCIU)	Spain	<a href="http://www.spain-ukraine.com">www.spain-ukraine.com</a>
	Swedish Business Association in Ukraine (SBA)	Ukraine	<a href="http://www.sba.org.ua">www.sba.org.ua</a>
	Swedish-Ukrainian Chamber of Commerce	Sweden	<a href="http://www.svensk-ukrainsk.se">www.svensk-ukrainsk.se</a>
	Ukrainian-Austrian Association	Ukraine	<a href="http://www.ukrainian-austrian-association.com">www.ukrainian-austrian-association.com</a>
 	Ukrainian Business Council in UAE (UBC)	UAE	<a href="http://www.ubcdubai.org">www.ubcdubai.org</a>
	Ukrainian Chamber of Commerce Panama	Panama	<a href="http://www.uccpanama.org">www.uccpanama.org</a>
	Ukrainian-Czech Chamber of Commerce (UKRCHAM)	Czech Republic	<a href="http://www.ukrcham.cz">www.ukrcham.cz</a>
	Ukrainian-Danish Chamber of Commerce	Denmark	<a href="http://www.uadkcc.com">www.uadkcc.com</a>
	Ukrainian-Estonian Chamber of Commerce (UECC)	Estonia	<a href="http://www.uecc.ee">www.uecc.ee</a>
	Ukrainian-Lithuanian Chamber of Commerce	Lithuania	<a href="http://www.ulcc.lt">www.ulcc.lt</a>
	Ukrainian-Swiss Business Association (USBA)	Switzerland	<a href="http://www.ukraine-swiss.ch">www.ukraine-swiss.ch</a>

## Appendix 8

# Taxation in Ukraine

## 1. THE TAX SYSTEM

In Ukraine, taxes and statutory charges are levied in accordance with the Tax Code of Ukraine (effective from 2011). The major taxes and compulsory payments are:

- ▶ Corporate income tax (CIT)
- ▶ Value added tax (VAT)
- ▶ Personal income tax (PIT)
- ▶ Unified social contribution (USC)
- ▶ Temporary "military charge"
- ▶ Excise tax
- ▶ Property tax
- ▶ Duty
- ▶ Land rental fee

All taxpayers are required to register with the State Tax Agency (STA) and to obtain a tax identification (ID) number. Registration is undertaken through the local tax office where the business is located. Without a tax ID number it is not possible to open a bank account in Ukraine.

## 2. TAXES ON BUSINESS

### 2.1. Corporate income tax

#### 2.1.1. Tax rates

Since 2014 the basic CIT rate is 18%.

Agricultural and small businesses may qualify for a simplified tax regime at a low tax rate (3% or 5% of the sales). Special tax treatment also applies to insurance companies and lotteries.

In Ukraine, CIT administration is centralised and no additional corporate income taxes are imposed at regional or local levels. For each reporting period, CIT is calculated on a self-assessed basis.

CIT returns must be filed on a quarterly basis and in some cases - on calendar year basis (for new legal entities, and for entities with annual income less than UAH 40 million that is appr. USD 1.1 million). It is allowed to credit the foreign income tax (up to the amount of the Ukrainian income tax on the same income).

#### 2.1.2. Taxable base

CIT is levied on tax residents of the Ukraine on their gross worldwide income and it is levied on non-residents on their Ukraine-sourced income. A non-resident entity with place of effective management in Ukraine qualifies as a tax resident taxed on Ukraine-sourced income only.

The taxable base for CIT is calculated as Ukraine and foreign-sourced 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 IFRS or the national accounting regulations (standards) (an election available for most businesses except banks, insurance companies etc.), for tax differences according to the Tax Code. Income includes any income from the sale of goods/works/services, capital gains, foreign exchange gains, free-of-charge transfers, and other taxable receipts in cash, in kind, or in the form of intangibles accrued within the reporting period.

Taxpayers with annual income below UAH 40 million (that is appr. USD 1.1 million) may opt to not apply the tax differences.

Ukraine uses an accrual method for tax accounting. Income is realised in the tax period when the transfer of ownership title to goods/services/works occurs, while deductible expenses (forming the cost of production of sales) is recognised on the date when the relevant goods/services/works were supplied.

Dividends received from residents of Ukraine and non-residents under the recipient's control shall not be included into taxable incomes.

#### 2.1.3. Tax loss use

Tax losses can generally be carried forward indefinitely, except for so-called big taxpayers - that are allowed to use in a tax year only 50% of unused tax loss (the remaining 50% can be forward to the next year). It is not allowed to carry back a tax loss.

A taxpayer qualifies as a big one if at least 2 conditions are met (assets value above EUR 20 mln, sales proceeds above EUR 40 mln, average staffcount - above 250).

#### 2.1.4. Allowable deductions

Most business-related expenses are deductible for CIT purposes. However, the deductibility of certain

expenses is specifically limited (for example, interest payable to related non-residents; royalties paid to non-residents).

### 2.1.5. Transfer Pricing

The Ukrainian transfer pricing rules correspond to OECD transfer pricing guidelines. The amount of taxable profit received by a taxpayer from one or more controlled operations is considered to be at "arm's length" if the determination of cost or income is calculated in a manner that is no different from the way it is determined for comparable transactions between unrelated parties.

#### The List of Controlled Operations

For purposes of transfer pricing, controlled operations are defined as the following types of transactions, so long as the total income of the taxpayer and/or its related persons exceeds 150 million UAH per year and the volume of business transactions of the taxpayer with one counterparty exceeds 10 million UAH for the corresponding year:

- ▶ Business transactions conducted between a taxpayer and related parties that are non-residents (including through a non-related intermediary(ies) that does not perform any significant activities);
- ▶ Business transactions amounting to the sale or purchase of goods through a non-resident agent;
- ▶ Business transactions between a non-resident and its PE in Ukraine;
- ▶ Business transactions where one of the parties is a non-resident of legal forms (specific for each country) that do not pay tax on their foreign incomes and/or do not qualify as a tax resident in a country of their incorporation. The list of such forms in the respective countries is published by the Cabinet of Ministers of Ukraine;
- ▶ Business transactions where one of the parties is a non-resident registered in a country that is included in the list of countries published by the Cabinet of Ministers of Ukraine (including the countries with the CIT rate is at least 5% lower than in Ukraine).

Also 30% adjustment applies to income from sales to a resident of low-tax jurisdiction or of a special legal form, or expenses on purchases from them unless a transfer pricing documentation proves an arm's length prices.

#### Annual Reporting and Penalties

For transfer pricing purposes, the reporting period is the calendar year. Taxpayers having transactions with controlled operations during the reporting period with one counterparty in amount exceeding UAH 10 million should submit a report on controlled operations and a notification on participating in a multinational group to the tax office before 1 October of the following year (in a prescribed format) and the transfer pricing documentation on them - within 30 days after the tax office's request.

Also big businesses are required to file a master file and a country-by-country report (if the group revenues exceed EUR 50 mln and EUR 750 mln respectively).

### 2.1.6. Withholding tax

Any income received by (and paid to) a non-resident company is subject to a withholding tax (WHT) in Ukraine at a rate of 15% unless an applicable double tax treaty provides otherwise and the income's beneficial owner is confirmed (also anti-avoidance rules apply to prevent treaty shopping). Such income includes dividends, interest, royalties, capital gains, lease payments, brokerage and agency commission, and so on. Income from a non-resident's sale of a Ukrainian real estate company is also subject 15% WHT.

Income received as consideration for goods/services/works provided to a resident is mostly WHT exempt. Different WHT rates apply to certain types of income paid to non-resident's (for example, freight, insurance premiums paid abroad, and advertising fees). Withholding tax rate may be reduced under an international taxation convention (Appendix 1).

Ukraine started to apply MLI in December 2019.

### 2.1.7. Taxation of non-residents acting via permanent establishment

Foreign entities that conduct commercial or non-commercial activities in Ukraine are required to follow the tax registration procedure and file the CIT returns for commercial activities via their permanent establishment (PE) in Ukraine.

PE is a fixed place of business through which economic activities of non-residents in Ukraine are carried out wholly or partially, in particular: a place of management; branch; office; factory; workshop; installation or structure for the exploration of natural resources; mine, oil/gas well, a quarry or any other place of extraction of natural resources; warehouse or premises used for the delivery of goods, computer servers.

PEs are subject to normal corporate income tax. However, an exemption may be available if the activities of the non-resident do not lead to creation of a PE under the Tax Code or the relevant tax treaty. With regard to corporate income tax, taxable profits of a PE can be determined based on direct method where

profits are determined as gross income (received offshore or onshore) less allowable expenses incurred by the PE.

### 2.1.8. Thin capitalisation

For a debtor whose debt obligations from transactions with non-resident related parties exceed the amount of equity by more than 3.5 times (or by more than 10 times for financial institutions and companies involved exclusively in leasing activities),

the debtor's financial result before tax is additionally increased by the excess amount of interest on loans, borrowings, and other debt obligations over 30% of the financial result before tax, interest and depreciation (EBITDA).

Interest that exceeds this limit is added back (i.e., increases the financial results before tax). Annually the taxpayer may carry forward 95% of the remaining excessive interest (non-deducted during a year) until it is fully utilized.

### 2.1.9. Controlled Foreign Companies (CFC)

CFC's profits are taxed at 18% for legal entities and 5% or 9% for an individual. The first CFC reports shall be filed by a controlling shareholder in 2023 for 2022.

## 2.2. Value added tax

### 2.2.1. Tax rates

In general terms, Ukraine uses input/output VAT system similar to the EU. VAT applies at the following rates:

- ▶ 20% is levied on the supply of goods and services in the customs territory of Ukraine and on the importation of goods and services to Ukraine.
- ▶ 7% - for medical drugs and products.
- ▶ 14% - import and local sales of some agricultural products.

Supplies of certain goods and services (for example, charitable aid, financial services, and so on) and export of software development, consulting and some other services, are exempt from, or not subject to, VAT. (That is, they are exempt without a right to a VAT credit).

Export supplies of goods are zero-rated. (That is, they are exempt with a right to a VAT credit).

Since 2022 e-supplies of services to individuals in Ukraine are subject to 20% VAT and the foreign providers must VAT register in Ukraine (if their sales in Ukraine exceed UAH 1 million for any preceding 12 month period), add 20% VAT to the price and file the monthly VAT returns.

### 3.2.2. Registration for VAT purposes

Registration as a VAT payer is compulsory for all Ukrainian companies, individuals, and permanent establishments of non-resident companies that qualify as VAT payers (in other words, those whose volume of transactions subject to VAT exceeds UAH 1 million (approximately USD 27 thousand) for any preceding 12 months of operation.

Taxpayers whose volumes of transactions do not reach the mandatory threshold can voluntarily register as VAT payers.

### 2.2.3. VAT mechanism

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

VAT on import of goods (payable to the customs) and services is collected through a reverse charge mechanism (sometimes referred to as "import VAT"). This mechanism requires self-assessment and payment of the 20% VAT by a Ukrainian importer for the tax period (which is a month under the VAT system) when goods/services are imported to Ukraine. The paid VAT can usually 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 for transactions outside the business activity of the Ukrainian importer, the import VAT cannot be recovered, and it becomes a cost to the Ukrainian importer.

The reverse charge mechanism does not apply if a non-resident service provider has a PE registered as a VAT payer in Ukraine. In such a case, the VAT registered PE is in charge of assessing VAT liabilities, offsetting them against the input VAT, and paying the difference to the government.

### 2.2.4. System of electronic VAT administration

VAT payers are automatically assigned with accounts in the system of electronic VAT administration. The system of electronic VAT administration ensures automated VAT accounting in respect of each taxpayer.

Upon sale VAT payers must register all VAT invoices in the system that is a pre-condition for recognition of VAT credit by a customer/buyer.

### 2.2.5. VAT reporting

For VAT purposes, the reporting period is a calendar month (though in rare cases of low volume activities it can be a quarterly reporting period). VAT payers are required to file VAT returns within 20 days after the end of the reporting month. VAT payable, if any, should be remitted to the government within 30 days after the end of the reporting month.

## 2.3. Unified tax

Legal entities and individual entrepreneurs may choose to pay taxes pursuant to so-called “simplified taxation system”, if they meet certain thresholds. In such cases, they can be registered as unified taxpayers (UT). Unified taxpayers are exempt from some taxes. For example, depending on the UT taxpayer group, UT is a substitute for corporate income tax, personal income tax regarding the business activity of an individual, VAT (unless the taxpayer chooses to pay Unified Tax at a reduced rate plus VAT), land tax (on land used for business purposes), and so on.

If a taxpayer engages in certain, specifically excluded types of business activities or is owned by a non-resident, they cannot qualify as unified taxpayers. The types of activities listed include, for example, currency exchange, export, import of excisable goods, gambling, financial services, and so on. Non-resident individuals of Ukraine are also not allowed to be registered as unified taxpayers. UT taxpayers are also subject to simplified tax reporting requirements.

The unified tax system consists of 4 groups. The reporting period for Groups 1, 2, and 4 is the calendar year, for Group 3 it is quarterly.

Details about Unified Tax Groups, as well as the income thresholds, types of activities UT taxpayers may engage in, and the UT rates are provided in Appendix 2.

## 3. TAXATION OF INDIVIDUALS

### 3.1. Personal income tax

In Ukraine, individuals are subject to PIT depending on whether they are tax residents or not. Individuals who are tax residents of Ukraine are taxed on their worldwide income and non-residents are taxed on their Ukraine-sourced income only. Under Ukrainian law, Ukraine-sourced income is income derived by an individual as a result of any labour or business activity performed in Ukraine, including remuneration for the work performed in Ukraine, whether paid by a Ukrainian or a foreign company.

Under Ukrainian law, an individual can be considered a tax resident of Ukraine if he/she meets the Ukrainian tax residency criteria, which are as follows:

- ▶ An individual is considered a Ukrainian tax resident if he/she has a domicile in Ukraine.
- ▶ If the individual also has a domicile in another country, the individual is deemed to be resident of Ukraine provided he/she has a permanent place of residence in Ukraine.
- ▶ If the permanent place of residence is also available in another country, the individual is deemed to be resident of Ukraine provided his/her centre of vital interests is situated 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 he/she stays in Ukraine at least 183 days during a calendar year.

In Ukraine, both resident and non-resident individuals are taxable at the tax rate of 18%.

Dividends income is taxed that the rate of 5% if the dividends payer is a corporate income taxpayer and 18% in other cases.

Interest on bank deposits and current accounts is taxed at the rate of 18%.

Generally, any benefit provided by the individual's employer is subject to tax in Ukraine, unless such benefit and/or reimbursement of expenses is provided by the Ukrainian employer and is connected with the employment duties of the employees according to the employment agreement or in a collective agreement.

Under Ukrainian law, income received from foreign sources, or income from Ukrainian sources that was not taxed at source, is subject to taxation in Ukraine based on an annual tax return. The obligation to report this income in Ukraine and to pay the tax rests with the individual. The tax return is filed with the district/city tax authorities' office at the place of the individual's domicile in Ukraine.

The annual tax return is due by 30 April of the year after the end of the calendar year. The self-assessed tax is due by 31 July of the year after the end of the calendar year. The tax can be paid in UAH only.

If a remuneration to an individual (whether the individual is a tax resident or non-resident) is paid

through the payroll of a Ukrainian entity, the income tax is withheld at source. In such cases the individual is not required to submit any tax return in Ukraine.

Where Ukraine has an international treaty (that is, a double taxation treaty) that provides for tax treatment other than that provided under Ukrainian law, the rules of the international treaty prevail over domestic legislation.

### 3.2. Military charge

In addition, a temporary "military charge" has been introduced from 2014. The military charge is 1.5% of employment income (withheld by the employer, or self-assessed on the PIT return together with PIT self-assessment) and is applied in respect of all other types of income that is subject to personal income tax.

## 4. UNIFIED SOCIAL CONTRIBUTION

In addition to personal income tax (PIT), remuneration, allowances, and similar payments made to employees (whether Ukrainian or foreign nationals) through a Ukrainian payroll are subject to the unified social security contribution (USC), which is paid by an employer at its expense. Only foreign individuals working in a foreign company's representative office are not subject to USC.

The monthly taxable base for USC is capped at 15 times the minimum subsistence allowances (in 2023 the cap equals to UAH 100,500/month or approximately USD 2,750/month).

USC due from the employer is payable when the remuneration is paid. Employers' contribution is 22% of the gross income, up to the monthly cap.

## 5. OTHER TAXES

### 5.1. Customs duty

Importation of equipment, machinery, materials, and other goods is usually subject to Ukrainian import duties. No import (customs) duties apply if 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.

In-kind capital contributions are, however, subject to Ukraine's 20% VAT under the reverse charge regime.

Import (customs) duties are levied on the customs value of imported goods and are calculated in a variety of ways:

- ▶ as an ad valorem tax (that is, 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.

Regular Ukrainian customs duty rates on import of specific goods are set out in the Law of Ukraine "On the Customs Tariff of Ukraine".

Reduced rates of customs duties apply to goods originating from most favoured nation countries (subject to providing certificate of origin). Full rates apply to goods from other countries.

The import of goods is subject to 20% VAT that is paid using the reverse charge mechanism. The amount of VAT is assessed based on the customs value of the imported goods plus import customs duties and excise duties. Also, if excisable goods are imported in Ukraine (for example, cigarettes, alcohol products, and so on), the importer is required to pay excise duty before customs clearance. Export of goods from Ukraine is generally subject to 0% Ukrainian VAT and is typically exempt from customs duties.

### 5.2. Excise tax

Excise tax rates on imports are assessed at rates on the sum of the declared customs value and customs duties, without VAT. Payment should be made in Ukrainian currency at the Ukrainian National Bank exchange rate effective on the date of payment. Excise tax is also paid by Ukrainian manufacturers of excisable goods.

Excise tax is paid on cars, tobacco, alcoholic beverages, fuel, and electric energy.

As well, a 5% excise tax was introduced on retail sales of excisable goods such as tobacco, beer and alcoholic beverages. This tax is charged by the retail sales companies.

### 5.3. Property Tax

For property tax purposes, residential and non-residential property owned by individuals and legal entities are considered taxable objects. The tax base is the total area of residential and non-residential property. The tax rate is up to 1.5% of the minimum wage per 1 sq.m. of the taxable base (in 2023 the minimum wage is UAH 6 700 or USD 183).

The tax period for property tax purpose is the calendar year.

## Chart of withholding tax rates

The following chart presents a list of withholding tax rates that may be applicable to certain types of income derived from the Ukraine by non-residents of Ukraine.

DOUBLE TAX TREATIES/ RECIPIENT RESIDENT IN	WITHHOLDING TAX RATES (WHT)			
	DIVIDENDS %	INTEREST %	ROYALTY FOR LITERARY WORKS %	ROYALTY FOR INDUSTRIAL PROPERTY %
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
BELARUS (terminated)	15	10	15	15
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

DOUBLE TAX TREATIES/ RECIPIENT RESIDENT IN	WITHHOLDING TAX RATES (WHT)			
	DIVIDENDS %	INTEREST %	ROYALTY FOR LITERARY WORKS %	ROYALTY FOR INDUSTRIAL PROPERTY %
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	5(20)/15	10	15	10
RUSSIA (terminated)	5/15	10	10	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 the brackets in the "Dividends" column indicate the minimum percentage share ownership a foreign shareholder in a Ukrainian company must own in order for the reduced WHT rate to apply (provided such shareholder is the beneficial owner of such dividends).

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

## Unified tax groups information

GROUP	NUMBER OF EMPLOYEES	INCOME FOR CALENDAR YEAR	TYPES OF ACTIVITIES	UT RATE: FIXED (% OF MINIMUM WAGE DATED AS AT 1ST OF JANUARY) OR % OF INCOME/ VALUE
1. Individuals - entrepreneurs	None	No more than UAH 1,118,900 (USD 30,570)	Retail sales of goods at markets, rendering of consumer services to individuals	Up to 10% of minimum wage (UAH 670 per month in 2023)
2. Individuals - entrepreneurs	No more than 10 employees (simultaneously)	No more than UAH 5,587,800 (USD 152,670)	Rendering services (including consumer services) to the unified taxpayers and individuals; goods manufacturing and sale; catering	Up to 20% of minimum wage (UAH 1,340 per month in 2023)
3. Individuals - entrepreneurs & legal entities	Not limited	No more than UAH 7,818,900 (USD 213,630)	All type of business activities (except excluded activities)	a) 3% of income + VAT b) 5% of income without VAT c) 2% until 30.06.2023 (this rate was introduced temporary during marital time)
4. Agricultural producers	Not limited	Agricultural production for the previous year not less than 75%	Agriculture	0.19%-6.33% of the agricultural land value

*Please note that this information is in effect as of the date of this document (09/05/2023). This publication contains general information taken from public sources and does not constitute professional advice or service. You should consult a qualified professional advisor before making any decision or taking any action that may affect your finances or business.*

## Appendix 9

## Diia.City - preferable tax regime for IT industry in Ukraine



provides unique tax and legal space for IT business, making it easier and less expensive to manage and operate your business.

### Labor Taxes:

- ▶ Personal income tax – **5%** vs 18% on general taxation
- ▶ Social Security fee – **22%** of the min wage (apx. **45 EUR** person / month) vs 22% on full gross salary on general taxation
- ▶ Military tax – **1.5%** (same on general taxation)

### Corporate Tax:

- ▶ **9%** exit capital tax or **18%** income tax

### Diia.City conditions fixed for 25 years

The state guarantees residents of the Diia.City the stability of conditions for 25 years, as well as observance of the rights and legitimate interests of residents and the specialists.

If your company has such financial indicators (example):

- Revenue – €200,000
- Founders' dividends /NI – €20,000
- Staff – 10 people
- Average salary – €1,200/month (€144,000 gross per annum)



Such a company and its employees are going to pay **€16.6K** in taxes within the Diia.City annually:

- Income tax: €0 (vs €3,600)
- Exit Capital Tax: €1,800
- **Personal Income Tax + Military Tax: €9,360 (vs €28,080)**
- Social security: €5,400 (vs €31,680)
- Total taxes: €16,560 (vs €63,360), including:
  - Company – €7,200 (vs €35,280)
  - Employees – €9,360 (vs €28,080)

*For comparison, the calculation of taxes in other countries with special frameworks*

–	€5 500	–	€2 175	–	–	Income tax
€1 800	–	–	–	€1 000	–	Exit capital tax
€9 360	€7 200	€14 400	€4 976	€28 800	€7 200	PIT (+Military)
€5 400	€5 760	€9 360	€22 032	€2 880	€30 925	Social security tax
<b>€16 560</b>	<b>€18 460</b>	<b>€23 760</b>	<b>€29 183</b>	<b>€32 680</b>	<b>€38 125</b>	<b>Total taxes (€ per year)</b>
	India	Kazakhstan Astana Hub	the U.S. Delaware	Georgia IT virtual zone	Poland	

## Appendix 10

# Privatization process in Ukraine

## I. Classification of privatization objects

### 1. The objects of small-scale privatization shall include:

- ▶ single property complexes of state and municipal enterprises and their structural subdivisions, including single property complexes and their structural subdivisions leased out, except for single property complexes of state and municipal enterprises that are objects of large-scale privatization;
- ▶ individual property;
- ▶ objects of unfinished construction (buildings, structures, transmission devices that have not been put into operation), conserved objects;
- ▶ objects of social and cultural purpose.
- ▶ blocks of shares of a joint-stock company formed in the process of privatization or corporatization, shares (stakes) owned by the state in the authorized capital of business entities, other business organizations and enterprises based on the combination of property of different forms of ownership and located in Ukraine or abroad, except for blocks of shares of joint-stock companies that are objects of large-scale privatization;
- ▶ pools and other objects that do not belong to the objects of large-scale privatization.

### 2. Large-scale privatization objects

**include** objects of state or municipal ownership (single property complexes of state-owned enterprises and blocks of shares (stakes) in business entities in the authorized capital of which more than 50 percent of the shares (stakes) are owned by the state) and pools whose asset value (for a pool - the total value of the assets of privatization objects from which the pool is formed), according to the financial statements for the last reporting year, exceeds UAH 250 million.

### Who may not be buyers within the framework of privatization:

- ▶ state authorities;
- ▶ state-owned enterprises owned by the state of Ukraine;
- ▶ state economic associations, state holding companies, state joint stock companies (companies), their subsidiaries and enterprises;
- ▶ employees of state privatization bodies;
- ▶ buyers registered in offshore zones (according to the list determined by the Cabinet of Ministers of Ukraine) with a non-transparent ownership structure (whose beneficial owners are not disclosed by 100 percent), as well as buyers originating from the aggressor state;
- ▶ the state recognized by the Verkhovna Rada of Ukraine as the aggressor state, as well as legal entities in which such state has participation and persons controlled by such legal entities;
- ▶ legal entities whose beneficial owners of 10 percent or more of the shares (stakes) are residents of a state recognized by the Verkhovna Rada of Ukraine as an aggressor state. This provision does not apply to legal entities whose shares are admitted to trading on foreign stock exchanges according to the list of the Cabinet of Ministers of Ukraine, except for legal entities that are residents of the aggressor state;
- ▶ individuals - citizens and/or residents of the state recognized by the Verkhovna Rada of Ukraine as the aggressor state;
- ▶ legal entities registered in accordance with the laws of the countries included by the FATF in the list of countries that do not cooperate in the field of combating money laundering, as well as legal entities with 50 percent or more of the authorized capital owned directly or indirectly by such persons;
- ▶ legal entities whose information on beneficial owners has not been disclosed in violation of the Law of Ukraine "On State Registration of Legal Entities, Individual Entrepreneurs and Public Organizations";
- ▶ individuals and legal entities subject to special economic and other restrictive measures (sanctions) in accordance with the Law of Ukraine "On Sanctions", as well as their related parties;
- ▶ persons who were a party to the sale of a privatization object in Ukraine and with whom the sale and purchase agreement for the privatization object was terminated due to a breach by such persons, as well as persons related to them;
- ▶ persons included in the Register of persons having significant economic and political influence in public life (oligarchs) in accordance with the Law of Ukraine "On Prevention of Threats to National Security Related to Excessive Influence of Persons Having Significant Economic and Political Influence in Public Life (Oligarchs)".

## II. Submission of an application for participation in privatization

The application for participation in the privatization of a large-scale privatization object shall be accompanied by:

### 1. For potential buyers - legal entities:

- ▶ an extract from the Unified State Register of Legal Entities, Individual Entrepreneurs and Public Organizations of Ukraine - for resident legal entities
- ▶ a document on registration in the state of its location (extract from the trade, banking or court register, etc.), certified in accordance with the laws of the state of its issuance, translated into Ukrainian, for non-resident legal entities;
- ▶ information about the ultimate beneficial owner. If the person does not have a final beneficial owner, information on the absence of the final beneficial owner and the reason for its absence shall be indicated;
- ▶ the latest annual or quarterly financial statements.

### 2. For potential buyers who are natural persons and citizens of Ukraine - information on the sources of funds for the acquisition of the large-scale privatization object, a copy of the passport.

### 3. For foreign citizens - a document on property status and income issued by an authorized body of the state of citizenship or tax residence, a copy of the passport.

### 4. A document confirming the payment of a guaranteed fee (from a potential buyer's account opened with a Ukrainian or foreign bank (except for banks of states included in the FATF list of states that do not cooperate in combating money laundering) in the amount of five percent of the starting price of the large-scale privatization object or a bank guarantee, as well as a document confirming the payment of the registration fee.

### 5. A written consent of the potential buyer to assume the obligations specified in the terms of sale.

The application for participation in the privatization of a small-scale privatization object shall be accompanied by:

### 1. For potential buyers - natural persons - citizens of Ukraine - a copy of the passport of a citizen of Ukraine.

### 2. For foreign citizens - a copy of an identity document.

### 3. For potential buyers - legal entities:

- ▶ an extract from the Unified State Register of Legal Entities, Individual Entrepreneurs and Public Organizations of Ukraine - for resident legal entities;
- ▶ a document on registration in the state of its location (extract from the trade, banking or court register, etc.), certified in accordance with the laws of the state of its issuance, translated into Ukrainian, for non-resident legal entities;
- ▶ information about the ultimate beneficial owner. If the person does not have a final beneficial owner, information on the absence of the final beneficial owner and the reason for its absence shall be indicated;
- ▶ the latest annual or quarterly financial statements.

### 4. A document confirming the payment of the registration fee, as well as a document confirming the payment of a guaranteed fee of 20 percent of the starting price from the potential buyer's account opened in a Ukrainian or foreign bank (except for banks of states included by the FATF in the list of states that do not cooperate in the field of combating money laundering) to the account specified in part eleven of this article.

### 5. A written consent of the potential buyer to assume the obligations specified in the terms of sale.

The object of privatization may be acquired at the expense of borrowed (credit) funds. In case of acquisition of the privatization object at the expense of borrowed (credit) funds, the successful bidder shall also submit information about the respective creditor and documentary evidence that such creditor is willing to consider providing the respective amount of financing. The creditor may not be a person who cannot be a buyer.

The privatization object, which is a block of securities, may be purchased by a professional participant of the capital markets acting in the interests of his client. In this case, the buyer must also submit information about the client in whose interests it acts to the extent provided for by this Law for the buyer, as well as a copy of the agreement with the client.

**1. Sale of small-scale privatization objects:**

- ▶ Small-scale privatization objects are sold exclusively at electronic auctions.
- ▶ An electronic auction shall be held in accordance with an agreement concluded between the auction organizer and the operators of electronic platforms.
- ▶ The standard agreement between the auction organizer and operators of electronic platforms shall be approved by the State Property Fund of Ukraine.
- ▶ Information about the auction participants and information about potential buyers shall be treated as confidential information and shall not be disclosed until the auction is completed.

**2. Sale of large-scale privatization objects:**

- ▶ The terms of sale and starting prices of large-scale privatization objects of state ownership at auctions shall be approved by the Cabinet of Ministers of Ukraine.
- ▶ Prior to the first auction for the sale of a large-scale privatization object, the Cabinet of Ministers of Ukraine simultaneously approves the starting prices and conditions for the sale of a large-scale privatization object at auctions.
- ▶ The procedure for conducting electronic auctions for the sale of large-scale privatization objects, the amount and procedure for payment of the fee for participation in an electronic auction, and determination of the winner based on the results of an electronic auction shall be approved by the Cabinet of Ministers of Ukraine.
- ▶ The specifics of the sale of large-scale privatization objects in municipal ownership may be established by a decision of the relevant representative body of local self-government.

**Completion of the auction**

The winner of the auction who refuses to sign the auction protocol or the sale and purchase agreement or fails to pay the sale price of the privatization object within the established time limit, is deprived of the right to participate in subsequent auctions for the sale of the same object.

Upon completion of the auction, the guaranteed deposit paid by potential buyers shall be refunded to potential buyers who did not win the auction within a period not exceeding 10 business days from the date of approval of the auction protocol by the privatization body.

In case the winner of the auction refuses to sign the auction protocol or to conclude the sale and purchase agreement, or in case he fails to pay the sale price of the privatization object within the established time limit, the guaranteed fee shall not be refunded and shall be transferred to the relevant budget.

The winner of the auction shall be credited with the guaranteed fee, minus the fee for participation in the electronic auction, when paying for the privatization object.

**Execution of privatization transactions**

The contract of sale of the privatization object shall be concluded between the privatization body and the winner of the electronic auction after payment in full of the sale price of the privatization object and within 25 working days - for small-scale privatization objects, 35 working days - for large-scale privatization objects from the date of formation of the protocol on the results of the electronic auction.

If it is necessary to prepare documents for the notarization of the sale and purchase agreement for a privatization object by decision of the state privatization body, the state privatization body and the winner of the electronic auction shall conclude a preliminary sale and purchase agreement for the privatization object.

The costs associated with the preparation of documents for notarization of the sale and purchase agreement for the privatization object shall be borne by the winner of the electronic auction. In this case, the sale and purchase agreement for the privatization object shall be concluded within 60 business days from the date of conclusion of the preliminary agreement.

The ownership of the privatization object is transferred to the buyer after the conclusion of the contract for the sale and purchase of the privatization object and the signing of the act of acceptance and transfer of the privatization object, except in cases of transfer of ownership of a block of shares.

The ownership of the acquired block of shares is transferred to the buyer after the conclusion of the contract of sale of the privatization object and from the moment the block of shares is credited to the buyer's securities account in a depository institution.

## Appendix 11

# Valuation of war damage

Businesses in Ukraine have experienced substantial and ongoing financial losses due to Russia's military aggression. This has led to severe damages, disruptions in production processes and supply chains, and human casualties.

According to **estimations by Kyiv School of Economics**, as of February 2023 the total amount of damage caused by Russia to Ukraine's infrastructure exceeded \$143 billion (at replacement cost).

**Agricultural war damages**, losses, and needs amount \$40 billion, including direct and indirect losses.

To get reimbursement for the damage caused, the first step is to record and assess the damage from the war.

### Damage valuation methodology

Valuation of damage and lost profits due to Russian aggression is carried out in accordance with the **Methodology** approved on 18.10.2022 by the Ministry of Economy of Ukraine and the State Property Fund of Ukraine.

	Property type	Damage assessment, \$ billion
	Housing	53,6
	Infrastructure	36,2
	Assets of enterprises, industry	11,3
	Education	8,9
	Agriculture and land resources	8,7
	Energy	8,1
	Forests	4,5
	Transport	3,1
	Trade	2,6
	Culture, sport, tourism	2,2
	Healthcare	1,8
	Utilities	1,4
	Electronic communications	0,6
	Administrative buildings	0,5
	Social sphere	0,2
	Financial sector	0,04
	<b>Total</b>	<b>143,8</b>

Data by Kyiv School of Economics (KSE)

The assessment of damages accordance with this Methodology serves to determine:

- ▶ Damages caused by armed aggression within the scope of criminal proceedings in accordance with the legislation of Ukraine.
- ▶ Damages caused by armed aggression for the purpose of victims' claims for compensation.
- ▶ Damages caused by armed aggression for the purpose of filing lawsuits by victims to judicial authorities, including international ones.

According to this Methodology the types of damages are as follows:

- ▶ Real damages.
- ▶ Lost profit/benefits.
- ▶ Expenses necessary to restore property and property rights impacted due to aggression.

The valuation is carried out by independent valuers or court experts.

The damage valuation report is valid until the date of compensation (inclusive).

## Appendix 12

# State Programs “Affordable Loans 5-7-9%” and “Investment Nanny” in Ukraine

The programs facilitates easier access for businesses to bank loans by offering the possibility to obtain loans at a discounted interest rate through state-funded interest rate compensation. The compensation is provided at rates ranging from 0% to 9% per year for loans in the national currency.

### The State Program “Affordable Loans 5-7-9%” provides for:

- ▶ setting the compensation rate for loans for investment purposes for medium and large enterprises at 9% per annum with the possibility of reducing it to 7% per annum if new jobs are created;
- ▶ setting the compensation rate for loans for investment purposes for micro and small enterprises at 7% per annum with the possibility of reducing it to 5% for investment loans;
- ▶ setting a compensation rate of 9% per annum for working capital loans for all enterprises;
- ▶ Within the framework of the State Program "Affordable Financial Leasing 5-7-9%":
- ▶ setting the compensation rate for medium and large enterprises at 11% per annum with the possibility of reducing it to 9% per annum if new jobs are created;
- ▶ setting the compensation fee for micro and small enterprises at 9% per annum with the possibility of reducing it to 7% per annum if new jobs are created.

These programs are mainly regulated by the Rules for Providing Financial State Support to Business Entities and the Rules for Providing Financial State Support to Business Entities under Financial Leasing Agreements, approved by the Resolution of the Cabinet of Ministers of Ukraine No. 28 dated 24.01.2020.

### Investment Nanny Program

This program provides for:

- ▶ CIT exemption (for 5 years by choice)
- ▶ Exemption from VAT for importing new equipment and components to it and Exemption from import duties for new equipment and components to it (the list and volumes of equipment are approved by the Cabinet of Ministers for each project)
- ▶ Lease of state or communal land plots without land auctions
- ▶ Land tax exemption or reduced land tax rates, etc.

This program is mainly regulated by the Law of Ukraine “On State Support of Investment Projects with Significant Investments in Ukraine” No. 1116-IX dated 17.12.2020 and the Law of Ukraine “On Amendments to the Tax Code of Ukraine Concerning Peculiarities of Taxation of Business Entities Implementing Investment Projects with Significant Investments in Ukraine” No. 1293-IX dated 02.03.2021.

**Requirements for an investment project with significant investments for which state support may be provided** (according to the expected changes provided for by the draft law No. 8138 of 19.10.2022):

- ▶ An investment project is implemented on the territory of Ukraine in the areas of processing industry (with some exceptions), extraction for further processing and/or enrichment of minerals (with some exceptions), waste management, transport, warehousing, postal and courier activities, logistics, education, scientific and scientific and technical activities, healthcare, art, culture, sports, tourism and resort and recreational activities, information and electronic communications, real estate transactions, production of energy-efficient building materials, climate control equipment and equipment for heating, ventilation, air conditioning, and hot water supply systems.
- ▶ An investment project involves the construction, modernization, technical and/or technological re-equipment of investment objects, purchase of necessary equipment and components thereto, and may also involve the construction of adjacent infrastructure facilities necessary for the implementation of an investment project at the expense of an investor.
- ▶ Creation of at least 50 new jobs with an average salary of employees that is at least 15 % higher than the average salary for the relevant type of activity in the region.
- ▶ The amount of significant investments in the investment objects during the term of implementation of the investment project exceeds the amount equivalent to EUR 12 million.
- ▶ The term of implementation of an investment project does not exceed 5 years.

## Appendix 13

# Key legislative act regulating data protection in Ukraine

*The key legislative act regulating data protection in Ukraine is the Law of Ukraine "On Personal Data Protection" No. 2297-VI, dated June 1, 2010 (the "Law")*

The Law applies to individuals and legal entities that perform any actions or a set of actions, such as collection, registration, accumulation, storage, adaptation, modification, updating, use and dissemination (distribution, sale, transfer), depersonalization, destruction of personal data, including with the use of information (automated) systems.

### **The Law may not apply if the data is processed:**

- ▶ by an individual solely for personal or household needs;
- ▶ exclusively for journalistic and creative purposes, provided that a balance is struck between the right to respect for privacy and the right to freedom of expression.

### **Data controllers must comply with the following obligations:**

- ▶ Personal data must be processed openly and transparently.
- ▶ The means of processing personal data must correspond to the purpose of the processing.
- ▶ Personal data must be protected from accidental loss, destruction, or unauthorised processing and access.

The Law also sets out certain requirements for securing protection measures during the processing of data.

### **The law provides the subject of personal data with a wide range of rights regarding the processing of his or her personal data, including:**

- ▶ to know about the sources of collection, location of his/her personal data, purpose of their processing, location or place of residence (stay) of the owner or manager of personal data or to give a corresponding order to obtain this information to the persons authorized by him/her, except in cases established by law;
- ▶ to receive information on the conditions of granting access to personal data, in particular information about third parties to whom his/her personal data is transferred;
- ▶ to have access to their personal data;
- ▶ to protect their personal data from unlawful processing and accidental loss, destruction, damage due to intentional concealment, failure to provide or untimely provision thereof, as well as to protect against provision of information that is inaccurate or discrediting to the honor, dignity and business reputation of an individual, etc.

Personal data may be transferred to foreign parties to relations related to personal data only if the relevant state ensures proper protection of personal data in cases established by law or an international agreement of Ukraine.

### **It is assumed that the following countries provide such level of protection:**

- ▶ European Economic Area (EEA) member states;
- ▶ Countries ratifying the Convention for the Protection of Individuals with regard to Automatic Processing of Personal Data.

The Cabinet of Ministers of Ukraine determines the list of states that ensure adequate protection of personal data.

### **Personal data may be transferred to foreign subjects of relations related to personal data also in the case of:**

- ▶ the personal data subject provides express consent to such transfer;
- ▶ the data controller and the data subject need to enter into or perform an agreement for the benefit of the data subject;
- ▶ the data transfer is needed to protect the vital interests of personal data subjects;
- ▶ the data transfer is needed to protect the public interest, establish, fulfill and enforce a legal claim;
- ▶ provision by the personal data owner of appropriate guarantees of non-interference in the personal and family life of the personal data subject.

## Appendix 14

# Key points on prevention of money laundering in Ukraine

The prevention of money laundering in Ukraine is mainly regulated by financial monitoring.

Financial monitoring is a set of measures taken by financial monitoring bodies in the field of prevention and counteraction, including state financial monitoring and primary financial monitoring.

Financial monitoring in Ukraine is regulated by the Law of Ukraine "On Prevention and Counteraction to Legalization (Laundering) of the Proceeds of Crime, Terrorist Financing and Financing of the Proliferation of Weapons of Mass Destruction" dated December 6, 2019 (the "Law") and a number of regulations.

In accordance with the Law, threshold financial transactions (in particular, in the amount approx. EURO 10 000 and above) and suspicious financial transactions (if there are grounds to believe that they are the result of criminal activity or are related to or relate to terrorist financing or financing of the proliferation of weapons of mass destruction) are subject to financial monitoring.

**The national financial monitoring system consists of the following elements:**

1. Subjects of primary financial monitoring (banks, financial institutions and others);
2. Subjects of state financial monitoring (NBU, NSSMC, Ministry of Digital Transformation, Ministry of Finance, Ministry of Justice, State Financial Monitoring);
3. Law enforcement, intelligence and judicial authorities (SBI, BES, SSU, PGO, NABU, National Police and others).

**The State Financial Monitoring Service is the coordinator of the national financial monitoring system.**

The Order of the Ministry of Finance of Ukraine No. 465 dated December 28, 2022, approved the updated Risk Criteria for Legalization (Laundering) of Proceeds of Crime, Terrorist Financing and Financing of the Proliferation of Weapons of Mass Destruction.

Currently, according to the Law, a high risk of business relations (financial transaction without establishing business relations) is established, in particular, in relation to the following clients:

- ▶ customers whose place of residence (location, registration) is a state (jurisdiction) that does not implement or improperly implements the recommendations of international and intergovernmental organizations involved in combating money laundering or terrorist financing or the financing of the proliferation of weapons of mass destruction.
- ▶ clients included in the list of persons, clients who are representatives of persons included in the list of persons, clients that are directly or indirectly owned or ultimate beneficially owned by persons included in the list of persons;
- ▶ foreign financial institutions (except for financial institutions registered in the member states of the European Union, member states of the Financial Action Task Force on Money Laundering (FATF), except for states that carry out armed aggression against Ukraine in the meaning given in Article 1 of the Law of Ukraine "On Defense of Ukraine") with which correspondent relations are established;
- ▶ foreign public figures, members of their families and persons related to such politically exposed persons, as well as clients whose ultimate beneficial owners are the said persons;
- ▶ customers whose place of residence (location, registration) is a state included in the list of offshore zones by the Cabinet of Ministers of Ukraine;
- ▶ clients in respect of whom information on the ultimate beneficial owner of the legal entity is excluded from the Unified State Register of Legal Entities, Individual Entrepreneurs and Public Organizations or a note is made that the ownership structure of the legal entity is recognized by the National Bank of Ukraine as non-transparent;
- ▶ customers who are citizens of a state that carries out armed aggression against Ukraine (except for citizens of such a state who were granted the status of a combatant after April 14, 2014) and/or persons whose place of permanent residence (location, registration) is a state that carries out armed aggression against Ukraine;
- ▶ clients whose ultimate beneficial owners are citizens of a state that carries out armed aggression against Ukraine (except for citizens of such a state who were granted the status of a combatant after April 14, 2014), and/or persons whose place of permanent residence (location, registration) is a state that carries out armed aggression against Ukraine, etc.

## Appendix 15

# Access to EU Finance - How it works?

### Who is eligible for EU funding?

EU Funding is available for all types of companies of any size and sector.

A wide range of financing is available: loans, microfinance and venture capital. Every year the EU supports more than 200 000 businesses. The EU also supports businesses with grants and contracts.

### How it works

The **decision** to provide EU financing will be **made by the local financial institutions** such as banks, venture capitalists or angel investors.

Thanks to the EU support the local financial institutions can provide additional financing to businesses.

The exact financing conditions - the amount, duration, interest rates and fees - are determined by these financial institutions.

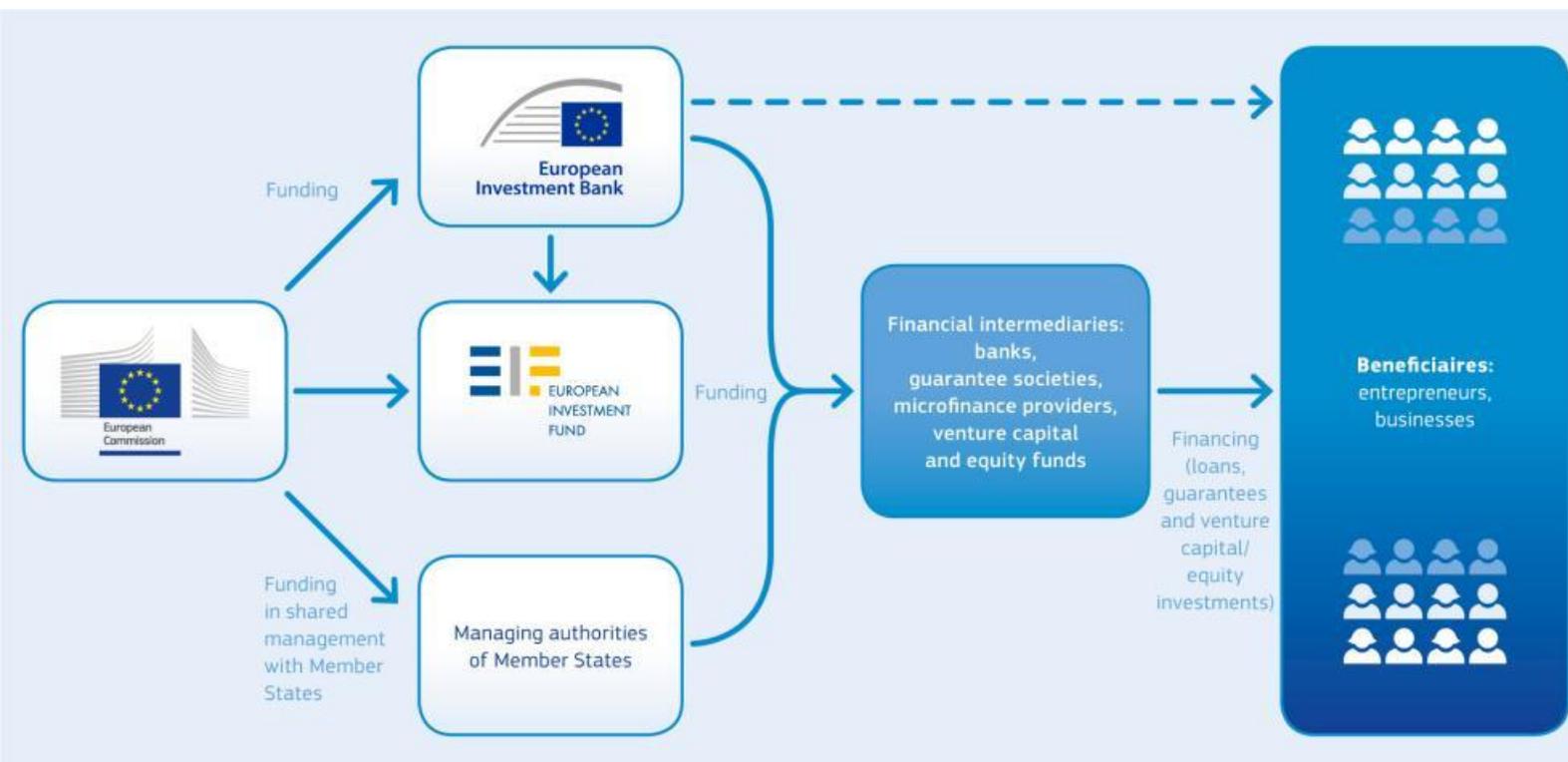
You can **contact one of over 20 banks in Ukraine** to find out more.

### Your right for credit feedback

You have a right to get feedback from credit institutions on their credit decision.

This can help you understand your financial position and improve your chances to obtain financing in the future.

Use your right and refer to Article 431 of the EU Capital Requirements Regulation.



Source - [Access to EU Finance - Access to EU Finance - European Commission \(europa.eu\)](https://ec.europa.eu/eu_finance_access/)

## Selected Banks in Ukraine

Financial intermediaries	Type of finance	Investment focus	Amounts of Finance	Additional information	Sources of finance
<u>JSC Agroprosperis Bank</u> 	Loan/ Guarantee	All sectors/ general	Min: 0 EUR Max: 9,999,999,999 EUR	Focus: Agriculture sector	EFSE
<u>JSC Bank Lviv</u> 	Loan/ Guarantee	All sectors/ general	Min: 0 EUR Max: 9,999,999,999 EUR	Focus: Agriculture sector	EFSE
<u>JSC 'Tascombank'</u> 	Loan/ Guarantee	All sectors/ general	Min: 0 EUR Max: 25,000,000 EUR	EIB loans can be used to finance all tangible and intangible investments. Support of internationalisation	EIB
<u>JSC Raiffeisen Bank</u> <u>Aval</u> 	Loan/ Guarantee	All sectors/ general	Min: 0 EUR Max: 25,000,000 EUR	EIB loans can be used to finance all tangible and intangible investments. Support of internationalisation	EIB
<u>JSC Agroprosperis Bank</u> 	Loan/ Guarantee	All sectors/ general	Min: 0 EUR Max: 25,000,000 EUR	EIB loans can be used to finance all tangible and intangible investments. Support of internationalisation	EIB
<u>JSC Bank Alliance</u> 	Loan/ Guarantee	All sectors/ general	Min: 0 EUR Max: 25,000,000 EUR	EIB loans can be used to finance all tangible and intangible investments. Support of internationalisation	EIB
<u>JSC Bank Lviv</u> 	Loan/ Guarantee	All sectors/ general	Min: 0 EUR Max: 25,000,000 EUR	EIB loans can be used to finance all tangible and intangible investments. Support of internationalisation	EIB
<u>JSC Piraeus Bank ICB</u> 	Loan/ Guarantee	All sectors/ general	Min: 0 EUR Max: 25,000,000 EUR	EIB loans can be used to finance all tangible and intangible investments. Support of internationalisation	EIB
<u>Kredobank</u> 	Loan/ Guarantee	All sectors/ general	Min: 0 EUR Max: 9,999,999,999 EUR		EFSE, Other
<u>OTP Leasing UA</u> 	Loan/ Guarantee	All sectors/ general, Leasing	Min: 0 EUR Max: 9,999,999,999 EUR		EFSE
<u>PJSC Bank Vostok</u> 	Loan/ Guarantee	All sectors/ general	Min: 0 EUR Max: 25,000,000 EUR	EIB loans can be used to finance all tangible and intangible investments. Support of internationalisation	EIB
<u>PJSC MTB Bank</u> 	Loan/ Guarantee	All sectors/ general	Min: 0 EUR Max: 25,000,000 EUR	EIB loans can be used to finance all tangible and intangible investments. Support of internationalisation	EIB

Financial intermediaries	Type of finance	Investment focus	Amounts of Finance	Additional information	Sources of finance
<u>Pravex Bank</u> 	Loan/ Guarantee	All sectors/ general	Min: 0 EUR Max: 25,000,000 EUR	EIB loans can be used to finance all tangible and intangible investments. Support of internationalisation	EIB
<u>ProCredit Bank JSC</u> 	Loan/ Guarantee	All sectors/ general, Research, Development, Innovation	Min: 25,000 EUR Max: 7,500,000 EUR	EIB loans can be used to finance all tangible and intangible investments. Support of internationalisation	EIB
<u>ProCredit Bank Ukraine</u> 	Loan/ Guarantee	All sectors/ general	Min: 0 EUR Max: 9,999,999,999 EUR		EFSE
<u>ProCredit Bank Ukraine JSC</u> 	Loan/ Guarantee	All sectors/ general, Digitalisation, Research, Development, Innovation	Min: 25,000 EUR Max: 7,500,000 EUR		InnovFin
<u>Piraeus Bank UA</u> 	Loan/ Guarantee	All sectors/ general	Min: 0 EUR Max: 9,999,999,999 EUR		EFSE, Other
<u>PJSC "UkrGasbank" (APEX Loan)</u> 	Loan/ Guarantee	All sectors/ general, Research, Development, Innovation	Min: 25,000 EUR Max: 7,500,000 EUR	EIB loans can be used to finance all tangible and intangible investments. Support of internationalisation	EIB
<u>PJSC "West Finance and Credit Bank" (APEX Loan)</u> 	Loan/ Guarantee	All sectors/ general, Research, Development, Innovation	Min: 25,000 EUR Max: 7,500,000 EUR	EIB loans can be used to finance all tangible and intangible investments. Support of internationalisation	EIB
<u>State Export-Import Bank of Ukraine (JSC Ukreximbank)</u> 	Loan/ Guarantee	All sectors/ general, Research, Development, Innovation	Min: 25,000 EUR Max: 7,500,000 EUR	EIB loans can be used to finance all tangible and intangible investments. Support of internationalisation	EIB
<u>State Savings Bank of Ukraine JSC (Oschadbank)</u> 	Loan/ Guarantee	All sectors/ general, Research, Development, Innovation	Min: 25,000 EUR Max: 7,500,000 EUR	EIB loans can be used to finance all tangible and intangible investments. Support of internationalisation	EIB
<u>IEU4Business</u> 	Loan/ Guarantee, Equity/ Venture capital, Other	All sectors/ general	Min: 0 EUR Max: 9,999,999,999 EUR	EU is supporting small and medium enterprises (SMEs) in Ukraine through its initiative EU4Business. At this platform, you may learn how to get a credit or a grant, improve your business development skills and get access to new markets	Other

## Appendix 16

# The Law of Ukraine "On Industrial Parks"

The Law of Ukraine "On Industrial Parks" (Law) defines the legal and organizational grounds for establishing and operating the industrial parks within the territory of Ukraine to ensure economic development and increase the competitiveness of regions, activate investment activities, create new jobs, develop modern industrial and market infrastructure.

### Legislation on Industrial Parks:

The Constitution of Ukraine, the Civil Code of Ukraine, The Economic Code of Ukraine, The Land Code of Ukraine, the Tax Code of Ukraine, the Customs Code of Ukraine, this Law, the Law of Ukraine "On Regulation of City Planning Activity," other legislative acts of Ukraine, as well as international treaties of Ukraine ratified by the Verkhovna Rada of Ukraine.

### State support for industrial parks

The Law of Ukraine's "On Industrial Parks" and respective changes to the Tax Code and the Customs Code provide state incentives for investment parks. The following incentives are available for initiators of the creation of industrial parks, their management companies, and participants:

- ▶ exemption from income tax for ten years, subject to reinvestment in the development of the investment project;
- ▶ exemption from VAT on the import of new equipment for own use;
- ▶ the possibility of granting benefits for real estate taxation on the territory of industrial parks by decision of the local authority;
- ▶ exemption from import duty taxation of new equipment imported by participants of industrial parks for their use;
- ▶ non-refundable financing to arrange an industrial park and/or construction of related infrastructure facilities (highways, communication lines, heat, gas, water and electricity, utilities, etc.);
- ▶ compensation for connecting to engineering grids (incl. compensation for connecting to the electric grid, national railway system, gas-, heat- and water supply networks).

### Initiators of industrial parks

Land of state or communal property	Private property lands
State authorities, local self-government bodies, which are empowered to dispose of land plots, as well as tenants	Owners or tenants (legal or natural persons)

### Terms of use

The land plot to be used for the creation and operation of the industrial park may be located within or outside settlements and must meet the following requirements:

- ▶ belong to industry lands;
- ▶ be suitable for industrial use, taking into account the conditions and restrictions established by the relevant urban-planning documentation
- ▶ have an area of 10 to 1000 ha.

**The use of land plots on lands of state or municipal property is carried out in compliance with the following conditions:**

- ▶ the period of use of a land plot within the scope of an industrial park must be liable at least 30 years from the date of deciding to create an industrial park;
- ▶ the use of land plots must respond to sanitary, epidemiological, and environmental requirements.

### Facilities that may be located in the industrial park include:

- ▶ offices of the management company, participants and other entities of the industrial park, financial institutions, objects of marketing and advertising;
- ▶ preschool education institutions, general secondary education institutions, institutions of higher, professional higher, and professional (vocational and technical) education;
- ▶ science parks, accelerators, and laboratories for the development of innovative technologies;
- ▶ multi-purpose halls for scientific conferences and other events;
- ▶ fire brigades;
- ▶ green areas;
- ▶ industrial, warehouse buildings and structures, logistics infrastructure facilities;
- ▶ engineering buildings and structures;
- ▶ waste management facilities (except waste disposal);
- ▶ other objects not prohibited by Law.

### Sources of provision of finance for the development of an industrial park

The sources of provision of finance for the development of an industrial park may be funds from the state and local budgets allocated following the procedure and amounts provided for by Law, funds from private investors, including funds attracted under the model of state-private partnership, attracted funds, including loans from banks and other financial and credit institutions, funds from other sources not prohibited by Law.

### Creation of the IP

The initiator makes the decision to create an industrial park of the creation based on the concept of an industrial park approved following the requirements of this Law.

The initiator of the creation, within **five working days** from the date of the decision to create an industrial park, is obliged to submit to the competent government authority a copy of the decision to develop an industrial park and the concept of the industrial park.

The decision to create an industrial park is the reason for the agreement concluding on the creation and operation of an industrial park between the initiator and the management company of an industrial park.

### List of documents for inclusion of an IP in the Register of Industrial Parks

To decide on the inclusion of the industrial park in the Register of Industrial Parks, the initiator of the creation shall submit the following documents to the authorized state body:

1. The application for inclusion of the industrial park into the Register of Industrial Parks;
2. The decision of the initiator on the creation of the industrial park;
3. The concept of the industrial park;
4. An extract from the State Land Cadastre regarding the land plot and title documents for the real estate objects located thereon;
5. Name of the management company and participants (if any).

The industrial park is included in the Register of Industrial Parks **within 45 business days** from the date of receipt of the application from the initiator of the industrial park by the authorized state body.

The authorized state body, following the procedure approved by the Cabinet of Ministers of Ukraine, shall review the documents **within 21 business days** from the date of receipt of the papers from the initiator of the establishment.

## Appendix 17

# Compensation for employers for hiring the unemployed persons and creating new workplaces

In 2023 the Ukrainian government has adopted significant regulations in employment that provide for compensation for employers for hiring the unemployed persons and creating new workplaces:

- ▶ CMU Resolution No. 124 dated 10.02.2023, which approved the Procedure for Providing Employers with Compensation for Employment of Registered Unemployed Persons.
- ▶ Resolution of the Cabinet of Ministers of Ukraine No. 338 dated 18.04.2023 "Some Issues of Providing Compensation to Employers of the Single Contribution to the Compulsory State Social Insurance for Employment in New workplaces", which approved two procedures:
  - The Procedure for Compensation to Employers of a Part of Actual Expenses Related to Payment of the Unified Social Tax for Employment to New Jobs (hereinafter - Procedure No. 338/1);
  - The Procedure for Compensation to Small Businesses for Actual Expenses in the Amount of a Single Contribution to Compulsory State Social Insurance for Employment of Registered Unemployed Persons for New Jobs (hereinafter - Procedure No. 338/2).

Together with the Law of Ukraine "On Employment of the Population", these resolutions provide for such types of compensations:

### 1. Compensation of the single contribution

- ▶ In the amount of a single contribution (not more than double the minimum insurance contribution) for employment for at least two years of persons who:
  - have additional guarantees in facilitating employment and have been in the status of registered unemployed for more than one month (effective from 29.01.2023);
  - have been in the status of registered unemployed for more than six months (effective from April 29, 2023).
- ▶ Small business entities in the amount of a single contribution for the employment of registered unemployed persons for new jobs for at least two years (effective from January 29, 2023).

The total duration of compensation is **12 months**.

### 2. Compensation of 50% of actual labor costs (effective from 29.01.2023)

Compensation of 50 percent of the actual labor costs incurred by the employer (but not exceeding the minimum wage) for the employment of persons who have been registered as unemployed for more than one month:

- ▶ persons with disabilities
- ▶ participants of military operations,
- ▶ who are no more than five years away from the age of eligibility for retirement pension.

The total duration of compensation is **6 months**.

### 3. Compensation of 50% of the single contribution (effective from 29.01.2023)

If employees are hired for new jobs with a salary of at least three minimum wages over the next **12 calendar months**, the employer is reimbursed for actual expenses in the amount of 50 percent of the amount of the accrued unified social contribution.

### 4. Compensation of 50 percent of the minimum wage (effective from 29.04.2023)

Compensation of 50 percent of the minimum wage for the employment of unemployed youth.

The total duration of compensation is no more than **6 months**.

### 5. Compensation for Labor Costs for Employment of Internally Displaced Persons (updated - 09.06.2023)

Also, remains in force the Resolution of the Cabinet of Ministers of Ukraine No. 331 dated March 20, 2022, which approved the Procedure for Providing Employers with Compensation for Labor Costs for Employment of Internally Displaced Persons as a Result of Hostilities during Martial Law in Ukraine.

According to this Procedure, the expenses are reimbursed in the amount of UAH 6,700/month for each employed person for whom the employer pays a single contribution for the period of martial law and within 30 calendar days after its cancellation or termination.

The total duration of reimbursement of expenses may not exceed **two months**.

## Appendix 18

# Ukrainian E-Residency for Foreign Nationals

### Introduction

Ukrainian e-residency offers a convenient and accessible online solution for foreign individuals, particularly IT professionals and consultants, who wish to benefit from Ukraine's favorable tax rates without physically residing in the country. This article provides an overview of the requirements and benefits of e-residency, as defined by the Tax Code of Ukraine.

### Requirements for E-Residency

To qualify as an e-resident, a foreigner must meet the following criteria:

- ▶ Age: The individual must be at least 18 years old.
- ▶ Tax Residency: The person should not be a tax resident of Ukraine.
- ▶ Qualified Electronic Trust Services: The applicant must have obtained appropriate qualified electronic trust services.
- ▶ Registration: The individual needs to be registered in the E-Resident information system.

### Application Process

Foreigners seeking e-residency should submit an application for acquisition of e-resident status, along with their identification documents, through the E-Resident information system known as the "Dia" application. Once approved, the individual becomes an e-resident, gaining the status of an electronic single taxpayer without VAT, as well as receiving an electronic digital signature.

### Taxation and Banking

E-residents are subject to a tax rate of 5% on their income, including VAT, up to a certain limit. The limit is calculated based on the equivalent of 1,167 minimum wages established by law as of January 1 of the tax year, which currently amounts to UAH 7,850,500 (approximately EUR 199,820). Any income exceeding this limit is taxed at a rate of 15%. It is important to note that the resident's bank serves as the tax agent.

### Communication and Limitations

All correspondence between e-residents and the tax authorities takes place exclusively through electronic communication in electronic form. Certain individuals are not eligible for e-residency, including Ukrainian citizens, foreigners with permanent residence rights or tax residency in Ukraine, stateless persons, and those receiving income from Ukraine for goods, works, and services (excluding passive income). Additionally, residents or citizens of countries/jurisdictions not included in the List of states whose citizens or residents can obtain e-resident status are also ineligible.

### Additional Regulations for E-Residents

E-residents are only permitted to receive passive income originating in Ukraine, such as interest, dividends, and royalties. They are also restricted to providing services, producing, and selling goods exclusively to non-residents of Ukraine. Furthermore, e-residents are prohibited from employing Ukrainian citizens or residents.

### Important Note

Please be aware that the information provided in this document is current as of its publication date (03/07/2023). The content has been gathered from reliable public sources and should not be considered as professional advice or service. We strongly recommend consulting a qualified professional advisor before making any financial or business decisions that could impact your personal situation.

**Disclaimer: Please note that this information is in effect as of the date of this document (15/09/2023). This publication is for informational purposes only and should not be construed as legal, tax, or financial advice. Please consult with a professional advisor for personalized guidance.**

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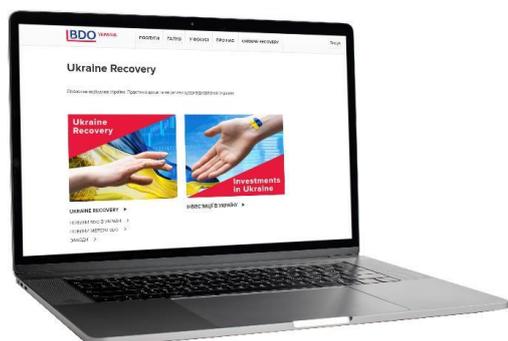


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