

Doing business in Ukraine

A brief legal guide for investors

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Section 1

Ukraine at a Glance

	Ukraine	Kyiv	share, %
Capital	Kyiv	-	-
Inhabitants	almost 42,7 Mio	above 2,9 Mio	6,8%
Square	603 549 km ²	836 km ²	0,1%
The form of government	Parliament - president	-	-
Legal system	legislative, executive and judicial authorities	-	-
Currency	Hryvnia	Hryvnia	-
GDP*	\$ 93 270,48 Mio	\$ 20 525,97 Mio	22,0%
GDP per capita*	\$ 2 183,4	\$ 7036,8	322,3%
GAV**	Agriculture – 11,6%; industry – 17,5%; services – 53,6%; construction – 2,1%; taxes for products – 15,2%	Industry – 7,0%; services – 89,7%; construction – 3,3% (preliminary data for 2016 year)	-
Inflation	112,4% (December 2016 to December 2015) 113,9 (average annual)	114,0% (December 2016 to December 2015) 112,4% (average annual, assessment)	-
Other	Discount rate of NBU – 14% (starting 08.12.2016);	-	-
Export of goods	\$ 36361,7 Mio, of which: - Nonprecious metals and articles thereof – 22,9%; - Products of plant origin – 22,3%; - Fats and oils of animal of animal or vegetable origin – 10,9%; - Machines, equipment and mechanisms; electrical equipment – 10,0%; - Mineral products – 7,5%	\$ 8568,8 Mio, of which: - Products of plant origin - 44,2%; - Fats and oils of animal of animal or vegetable origin – 22,3%; - Finished food products – 8,6%; - Machines, equipment and mechanisms; electrical equipment – 4,8%	23,6%
Biggest exporters	1. Russian Federation – 9,9%; 2. Poland – 6,1%; 3. Egypt – 6,2%; 4. Turkey – 5,6%; 5. Italy – 5,3%; 6. India – 5,2%; 7. China – 5,0%	India – 9,4%; 2. China – 7,7%; 3. Egypt – 6,4%; 4. Netherlands – 5,6%; 5. Іспанія – 4,6%; 6. Iran, Muslim republic – 4,4%; 7. Russian Federation – 4,2%	-

Import of goods	\$ 39249,8 Mio, of which: - Mineral products – 21,6%; - Machines, equipment and mechanisms; electrical equipment – 20,1%; - Chemical and related products – 14,3%; - Means of land transport, aircraft, floating means – 7,5%; - Polymer materials, plastics and articles thereof – 7,3%	\$ 16137,0 Mio, of which: - Machines, equipment and mechanisms; electrical equipment – 23,8%; - Chemical and related products – 22,2%; - Mineral products – 13,6%; - Means of land transport, aircraft, floating means – 9,2%	41,1%
Biggest importers	1. Russian Federation – 13,1%; 2. China – 11,9%; 3. Germany – 11,0%; 4. Belorussia – 7,1%; 5. Poland – 6,9%; 6. USA – 4,3%; 7. France – 3,9%	China – 15,2%; 2. Russian Federation – 12,9%; 3. Belorussia – 9,8%; 4. Germany – 9,0%; 5. Poland – 4,8%; 6. France – 4,2%; 7. USA – 3,9%	-
Foreign Direct Investments (per year)	\$ 4405,8 Mio	\$ 3672,4 Mio	83,35%
Foreign Direct Investments cumulated	\$ 37 655,5 Mio (as of 31.12.2016)	\$ 21 471,8 (as of 31.12.2016)	53,4% 57,0%



Section 2

Setting up a Business

2. Setting up a business

2.1. Main Rules

2.1.1. Types of companies: The two most widely used types of companies in Ukraine are limited liability companies (LLCs) and joint-stock companies (JSCs). JSCs are further subdivided into public and private with the major difference being that a public JSC may offer its shares either through public or private offering while a private JSC, in contrast, is permitted to allocate its shares solely through a private offering. Other types of companies (additional liability companies, full liability companies (general partnerships); differentiated liability companies (limited partnerships), private enterprises, cooperatives, etc.) are available, although in practice these are

infrequently used and are therefore not specifically addressed here.

2.1.2. Differences between LLC and JSC: An LLC, which is roughly the equivalent of a private limited company (in the UK) or a GmbH (in Germany), is more common. You would use a public JSC (a public JSC is the equivalent of a public limited company in the UK or an Aktiengesellschaft in Germany) if required by law (such as for a bank) or if you intend to list your company on a stock exchange or to meet requirements for a specific type of business. The advantages of an LLC include: (1) it is cheaper and there are fewer formalities, (2) it is flexible and (3) it can conduct almost any kind of



business with a few exceptions where a JSC or other type of company is expressly required.

2.1.3. Permits/licenses required in limited cases:

You will not need administrative consent to set up and run a company. For certain types of business activities, a permit/license is required

2.1.4. You can have Chinese officers and executives:

For most types of businesses, you will be able to appoint Chinese officers and executives. In order to work in Ukraine, officers need to obtain an employment permit (renewable on a yearly basis) and, if they plan on staying in Ukraine for more than 90 days within any 180-days period, be granted a temporary residence certificate. Also, to be employed in Ukraine,

Chinese officers and executives are required to obtain Ukrainian tax ID numbers.

2.1.5. Ways of starting up a business: If you wish to buy a business, you can generally (1) (i) acquire shares (participation interests) under share purchase agreements; (ii) acquire assets under asset purchase agreements; (iii) merge or adjoin two or more companies into a new one; (iv) issue additional shares via capital increase with a new shareholder (purchaser) acquiring them; and (v) set up a new company.

2.1.6. Closing a business: Liquidating a company is complicated and time-consuming due to the need to follow the onerous procedures and deal with governmental authorities involved in the liquidation process.

2.2. EU access

2.2.1. Ukraine is not a member of the EU:

and EU-Ukraine relations are governed by the Association Agreement signed on the 27th of June 2014 and ratified on the 16th of September 2014. As of the 1st of September 2014 relevant parts of the Association Agreement came into effect under conditions of provisional application until its full entry into force upon finalization of the ratification process by all EU Member States. Implementation of the Association Agreement is being held on the basis of respective Action Plan for 2014-2017 as approved by Ukraine's Government on the 17th of September 2014. Ukraine is also a partner country within the Eastern Partnership and the European Neighbourhood Policy.

2.2.2. Access to EU markets: Ukraine's access to EU markets is governed by Chapter 6 "Establishment, Trade in Services and Electronic Commerce" of Title IV "Trade and Trade-Related Matters" of the Association Agreement, which provides, among other things, for the Deep and Comprehensive Free Trade Area (DCFTA) between Ukraine and the EU. In particular, its Article 88 "Market access" provides that, subject



to certain reservations listed in Annex XVI-A to the Association Agreement, EU Party shall grant, upon entry into force of the Association Agreement:

- as regards the establishment of subsidiaries, branches and representative offices of legal persons of Ukraine, treatment no less favourable than that accorded by the EU Party to its own legal persons, branches and representative offices or to any third-country legal persons, branches and representative offices, whichever is the better, and
- as regards the operation of subsidiaries, branches and representative offices of legal persons of Ukraine in the EU Party, once established, treatment no less favourable than that accorded to its own legal persons, branches and representative offices; or to any third-country legal persons, branches and representative offices, whichever is the better.

Additionally, subject to reservations listed in Annexes XVI-A and XVI-D to the Association Agreement, the Parties shall not adopt any new regulations or measures which introduce discrimination as regards the establishment of legal persons of the EU Party or of Ukraine on their territory or in respect of their operation, once established, by comparison with their own legal persons.

2.3. Recommendations

2.3.1. When setting up a company: Consider (i) setting up your own company to acquire the enterprise or part of it or selected assets or (ii) buying a relatively new company with a shortest possible corporate history. Registration of an LLC

would generally range from four to six weeks and would cost approx. USD2,500–3,500 (VAT exclusive) (approx. CNY 16,980–23,770) while the registration of a JSC takes up to three months with the cost of USD8,000–12,000 (approx. CNY 54,330–81,500). Buying an existing company would require due diligence to ensure that such existing company is validly existing and is not overburdened with liabilities.

In some cases, prior approvals may be needed before the company is set-up (e.g., the approval of the National Bank of Romania for incorporating a bank).

2.3.2. Take legal advice at the outset: If you are planning on doing business in Ukraine, you should select your business partners with utmost care. You should be mindful of “informal practices” abundant in Ukraine, which oftentimes may qualify as “corruption” under the US FCPA, the UK Bribery Act or other similar legislation. Therefore, relevant provisions should be always inserted in your contracts with Ukrainian business partners to safeguard you against any accusations of being involved in corrupt practices.

2.4. Things to watch out for

2.4.1. Few Ukrainian sellers have cross-border experience: Dealing with the State of Ukraine, State-owned enterprises or local individual entrepreneurs can oftentimes be challenging. Same applies to dealing with authorities. State managers or officials or individual entrepreneurs are, as a general rule, not familiar with the international business environment. This can add to the time and cost of doing business. Your advisors should be familiar with the local business

culture and capable of ensuring compliance with ever evolving and, thus, highly volatile, Ukrainian anti-corruption law.

2.4.2. Take care when participating in privatization of state-owned property:

Buying a state-owned enterprise or assets can be challenging. The state may impose tough terms, including maintaining the current level of employment or forbid re-selling the shares and assets for a specified period. The price you bid should reflect this.





Section 3

Incentives for Foreign Direct Investment (FDI)

3. Incentives for Foreign Direct Investment (FDI)

3.1. Main Rules

3.1.1. Laws defining FDI: The fundamental Ukrainian statute in this area of law is the Law of Ukraine “On Foreign Investment Treatment” (hereinafter the “Law on Foreign Investment Treatment”) passed on March 19, 1996 by the Verkhovna Rada of Ukraine (the “Parliament”). The Law on Foreign Investment Treatment defines the specifics of foreign investment treatment in the territory of Ukraine, arising from the goals, principles and provisions of Ukrainian legislation.

3.1.2. Defining foreign investors: The Law on Foreign Investment Treatment determines that foreign investors are subjects who carry on investment activity in Ukraine, namely:

- legal entities established in accordance with legislation other than that of Ukraine;
- physical persons – foreigners who do not have a permanent place of residence in Ukraine and are not restricted in capacity;
- foreign governments, international governmental and non-governmental organizations; and
- other foreign subjects of investment activity, which are defined as such according to the legislation of Ukraine.

3.2. Recommendations

3.2.1. FDI guarantees: The Law on Foreign Investment Treatment stipulates state guarantees for the protection of foreign investments. If, at a future date, by special legislation relating to foreign investments the guarantees protecting foreign investment as set out in the Law on Foreign Investment Treatment are amended, the state guarantees protecting foreign investment as set out in this Law at the request of the foreign

investor apply for a period of ten years from the date upon which such special legislation comes into force.

3.2.2. Foreign investments in Ukraine are not subject to nationalization. State bodies do not have the right to requisition foreign investments, except in the case of life-saving measures such as in the event of natural disasters, fires, epidemics and epizootic events. Such requisitions may be carried out on the basis of decisions of bodies authorized for such purposes by the Cabinet of Ministers of Ukraine. Decisions relating to the requisition of foreign investments and the conditions for compensation may be appealed in courts.

- 3.2.3. Foreign investors are guaranteed compensation for losses:** This includes moral damage and lost profit, caused by the fault or omission of the governmental bodies, based on the following conditions:
- such losses must be compensated on the basis of market prices prevailing at that time and/or the loss assessment confirmed by an auditors' firm;
 - the compensation must be prompt, adequate and effective;
 - the amount of compensation for the nationalization of the investor's property is defined as at the moment of the termination of his ownership title to the property;
 - the amount of the compensation for the damage incurred by the foreign investor as a result of illegal actions committed by the governmental bodies is defined as at the moment of the enforcement of such illegal decision;

- the compensation must be in the currency in which the investment was made, or any other currency acceptable for the foreign investor and consistent with Ukrainian laws then in force; and
- for the period from when the right to compensation arises and until the compensation is actually paid the interest shall accrue on the sum of the compensation at a LIBOR rate.

3.2.4. Terminating investments: If a foreign investor wishes to terminate his investment activity in Ukraine, the State of Ukraine ensures the investor's right to expatriate his investment, and all proceeds thereof, in full amount within six months. However, other laws of Ukraine and international agreements which Ukraine is a party to may establish different rules for the termination of investment activities.

3.2.5. Transferring profits abroad: Foreign investors are guaranteed an unhindered and immediate transfer abroad of all their profits, revenues and other proceeds they may extract from their investment. The procedure for the transfer abroad of profits, income and other funds received as a result of the realization of foreign investments is defined by the National Bank of Ukraine.

3.3. Things to watch out for

3.3.1. Treaties with China: Ukraine also has concluded a number of treaties with the People's Republic of China, which are considered to be conducive to investment.

- The most important among them is the "Treaty for Promotion and Mutual Protection of Investments between the Government of Ukraine and the Government of the People's Republic of China", dated 31 October 1992 and effective as from 30 May 1993 (Investment Treaty). Specifically, the Investment Treaty further formalizes the rights of foreign investors against the nationalization of investments,

provides guarantees as to repatriation of profits and termination of investments, and specifies forums and procedures for dispute resolution.

- Further, mutual investments may benefit from (i) Treaty for Friendship and Cooperation between the Government of Ukraine and the Government of the People's Republic of China", dated 05 December 2013 and effective as from 15 May 2014, (ii) Treaty for Trade and Economic Cooperation between the Government of Ukraine and the Government of the People's Republic of China", dated 08 August 1992 and effective as from 08 August 1992 and (iii) Treaty for Scientific and Technical Cooperation between the Government of Ukraine and the Government of the People's Republic of China", dated 27 April 1992 and effective as from 27 April 1992 as well as (iv) the Treaty for Mutual Assistance in Customs Matters between the Government of Ukraine and the Government of the People's Republic of China", dated 22 December 1997 and effective as from 18 June 1998.

3.3.2. International Agreements: All aforementioned treaties qualify as effective international agreements with Ukraine. Under Ukrainian law, if an international agreement with Ukraine, which was entered into force in accordance with the established procedure, provides for rules that differ from those established in the relevant act of Ukrainian legislation, then the rules of the international agreement shall apply.

3.4. Anti-Crisis Measures in Place

Unfortunately, as an interim measure to prevent the outflow of foreign currency caused by the financial crisis in Ukraine, the National Bank of Ukraine, by its Resolution "On Regulating the Situation on Monetary and Currency Market of Ukraine" No. 410, dated 13 December 2016, imposed strict currency controls and effectively prohibited the sale of foreign currency for a multitude of purposes. While it is currently possible to purchase foreign currency with the

purpose of paying dividends, with Resolution No. 410 in effect it may be problematic for foreign investors to repatriate in a straightforward manner income generated in Ukraine.

3.5. Additional protections for minority shareholders

3.5.1. Minority Shareholders: Ukrainian corporate law does not offer any truly effective protection for minority shareholder in an LLC. The quorum requirements could, in theory, be set higher to ensure that without the presence of the minority shareholder, a General Participants Meeting (GPM) could not be held. In addition, the eligibility of the GPM could be “stacked” to include all issues of concern to the minority shareholder (in addition to the eligibility of the GPM provided by law). Even under such circumstances, however, a minority shareholder with less than 50% would, not have much ability to influence the majority, given that the voting requirements are set at a simple majority (and it is questionable that any higher voting majority would be enforceable as a matter of Ukrainian law), and a shareholder with 50% faces the possibility of a deadlock, as noted above.

3.5.2. Shareholder Agreements: Ukrainian law is still under development. For example, Ukrainian law does not specifically provide for shareholder agreements, and those agreements would effectively be subjected to Ukrainian law and dispute resolution in Ukrainian courts. While the Parliament has enacted a law that would specifically permit shareholder agreements (governing for example voting agreements, put and call options, etc.), this law is awaiting the signature of the President and has yet to be enacted. It is also not entirely clear from the law whether such shareholder agreements would need to be governed by Ukrainian law only, or whether disputes between shareholders under such agreements would only be subject to resolution by Ukrainian courts. Although this law, if enacted, would certainly be a positive step in the further development of Ukrainian corporate law, given that this would be a new law without any

practical history of application or enforcement, on balance, it would need to be time tested.

3.6. Investor–state arbitration

3.6.1. Resolving Disputes: Both Ukraine and China are signatories to the Convention on the Settlement of Investment Disputes between the States and Nationals of Other States of 1965 (ICSID Convention). Therefore, they may seek to have disputes between Chinese investors and the State of Ukraine resolved by the International Centre for Settlement of Investment Disputes (ICSID) as established under ICSID Convention.



Section 4

Taxes

4. Taxes

4.1. Rates and other important information

Corporate Income Tax (CIT)	18% (3% and 0% apply to insurance premiums, 10% and 18% to gambling activities).
Value Added Tax (VAT)	20%, 7% and 0%, depending on the type of transaction.
Personal Income Tax (PIT)	18%
Temporary military tax (applies to individuals' income)	1.5%
Tax penalty interest	25-50%
Statutory limit on tax arrears	Generally three years
Tax depreciation of real estate	15-20 years
Withholding tax on dividends (subject to reductions/ exemptions under international tax treaties and domestic regulations)	15% (5% or 10% under tax treaty)
Withholding tax on interest (subject to reductions/ exemptions under international tax treaties and domestic regulations)	15% (10% under tax treaty)
Withholding tax on royalties (subject to reductions/ exemptions under international tax treaties and domestic regulations)	15% (10% under tax treaty)
Withholding tax (other)	15%, 0%-20%

4.2. Compliance

Tax registration	State Fiscal Service
VAT returns	Monthly (to be filed within 20 calendar days following the end of the respective reporting month).
CIT advance payments	Quarterly
CIT returns	Quarterly (must be filed within 40 calendar days following the last day of the reporting quarter). Annual CIT returns are due within 60 calendar days following the last day of the reporting year.
Updated transfer pricing documentation	Annually. New transfer pricing (TP) rules apply as of 2017. New rules extend the list of the controlled transactions and increase a threshold for controlled transactions.
Payroll reporting	Quarterly
Average tax disputes	six months to two years (more in complex cases)



4.3. Main rules

4.3.1. Different ways of buying a business have different tax consequences:

If you acquire an existing business, you may do so by buying (i) shares, or (ii) assets. Each has different tax impacts that require careful consideration.

4.3.2. Repatriating revenue: At the outset, you should decide on how to repatriate revenue from your business in Ukraine. Depending on the type of business, you may do so by dividend distributions, interest payments, royalties or services fees or a combination of some or all of them. The restriction on dividends distribution is partially removed (for 2014 – 2016), However, in practice the payment of dividends is subject to strict regulatory restrictions and currency control of the National Bank of Ukraine and the payment bank.

4.3.3. Real Estate and VAT: Generally, when planning real estate, operations you should consider that undertakings relating to the sale and purchase or leasing of real estate are subject to 20% Ukrainian VAT. However the sale of land plots or sale of residential property (except for the first sale), are exempt from VAT.

4.3.4. Transactions with Land: When planning transactions related to land plots, you should consider, along with other legislation requirements

related to transactions with land, the special tax regime for the transactions with land plots

4.3.5. Basic checklist: You will need to consider the tax aspects of the financing you intend to use for your Ukrainian investment, such as withholding taxes, deductibility of interest, deductibility of royalty, transfer pricing, purchases of consulting and advertising services from a foreign company, thin capitalization. The operations on the sale of assets may be subject to notary certification. Thus, stamp duty/notary fees may apply. You also need to consider the foreign exchange effects as a result of investment.

4.4. Recommendations

4.4.1. Your financing options: When considering financing of the Ukrainian company, there are two major options of financing: equity financing and debt financing.

4.4.2. Equity financing: When planning the equity financing, which is carried out as capital contribution (cash or tangible assets) in exchange for shares, you should consider that the cash financing does not create Ukrainian tax implications, while assets financing will trigger Ukrainian CIT and VAT consequences.

4.4.3. Debt financing: When planning debt financing, with related foreign entity, you should carefully consider the thin capitalisation rules requirements and the maximum interest rate limitations requirements.

4.4.4. Settlements: In case of settlements and repatriating revenue with foreign counterparties you should pay attention to the offshore deductibility limitations, among other things.

4.4.5. Consider your investment structure at the outset: You may take advantage of a number of legitimate investment structures that are tax efficient, such as establishing of operational and holding companies, financing options, transfer of shares, charter capital contribution and others. But you should do your planning before you make your investment and pay attention to the protection of shareholders rights, tax residency issues, tax rates and restrictions and currency control issues, as well as anti-avoidance rules: transfer pricing, thin capitalization.

4.5. Things to watch out for

4.5.1. Assets deals (unlike share deals) are subject to Ukrainian VAT: When buying assets subject to VAT, please consider the requirement of financing VAT and make sure that the correct amount of VAT is charged and can be recovered. If necessary, apply for a tax ruling

4.5.2. Restructuring: When planning the restructuring of Ukrainian companies, please consider acquisition methods: mergers, joining, split-offs and spin-offs which are exempt from corporate income tax and VAT.

4.5.3. Assuming debt: Be careful with the financing of Ukrainian operational company with the debt from the related party. If a company assumes the debt from a related creditor, it may not be able to deduct interest on that debt at full amount, and thin capitalization rules would apply.

4.5.4. Using holding companies: In cases where the investment is structured through a holding company in a jurisdiction which may enjoy benefits under double tax treaty provisions (DTTs), make sure that changes related to base erosion and profit shifting rules (BEPS) as well as requirements on disclosing of ultimate beneficiary owners (UBOs) are taken into account.

4.5.5. Holding companies and tax treaties: In case of structuring the investment through a holding company, pay attention to substance requirements of the holding company in order to enjoy benefits of tax treaty.

4.5.6. Be careful with partnerships: Avoid investment in Ukrainian subsidiaries through foreign partnerships if you intend to distribute profits as dividends. Also, be careful with intra-group loans Ukrainian partnerships.

4.6. Exemptions and beneficial tax regime

4.6.1. Examine Tax Treaties: If properly placed in your corporate structure, your Ukrainian subsidiary may incur little or no withholding tax.

4.6.2. Tax relief: Foreign taxes paid outside Ukraine may be credited against Ukrainian taxes or deducted from the taxable income by virtue of DTTs. The relief is limited to the amount of Ukrainian taxes paid on foreign income.

4.6.3. To benefit from tax treaties: A tax residency certificate issued by state authorities of the foreign state should be provided in Ukraine.

4.7. Start-up and Merger & Acquisition (M&A) rules

4.7.1. M&A transactions – tax implications:

- On a sale of shares:
 - From the vendor's perspective
 - **Individual vendor:** PIT implications for capital gains from disposal of shares/corporate rights at standard

18% rates as well as military tax at the rate of 1.5%.

- **Corporate vendor:** CIT implications for capital gains on disposal of shares/corporate rights at a standard 18% rate. The non-resident seller of the shares or equity interest should consider the WHT of 15%, subject to double tax treaty provisions.
- From the purchaser's perspective:
 - **Individual purchaser:** deductibility of the acquisition costs for PIT purposes. Income from sale of investment assets is subject to PIT at standard 18% rate as well as military tax at the rate of 1.5%.
 - **Corporate purchaser:** Capital gains are subject to CIT at a standard 18% rate.
- On a sale of assets:
 - From the vendor's perspective:
 - **Individual vendor:** Gross revenue from the sale of real estate and movable assets is subject to PIT. For foreign individuals, the standard rates of 18% are applicable to the disposal of all above mentioned types of property as well as military tax at the rate of 1.5%.

- **Corporate vendor:** The Ukrainian seller should consider the CIT implications for realised gains on disposition of assets at a standard 18% rate. The non-resident seller – WHT at the rate of 15%, subject to double tax treaty provisions.
- From the purchaser's perspective:
 - **Individual purchaser:** Both for real estate and movable assets, cost of property cannot be deducted for PIT purposes by the individual.
 - **Corporate purchaser:** The Ukrainian purchaser should consider a possibility of tax deduction/depreciation/amortisation of the costs of purchased assets.

Where the purchaser is a Ukrainian company, indirect expenses incurred in connection with the acquisition (such as legal or accounting fees) will generally be deductible.



Section 5

Employment

5. Employment

5.1. Rates and other important information

Personal Income Tax (PIT)	flat rate 18%.
Military Tax	flat rate of 1.5%
Unified Social Contribution	22% (the maximum taxable base, which constitutes 25 times the minimum statutory monthly salary, is UAH 85,000 (approx. USD 3,000 or approx. CNY 20,375). Any amount in excess of the minimum taxable base is exempt from the Unified Social Contribution. Unified Social Contribution is paid by the employer at its expense)
The minimum monthly salary	UAH 3,200 (approx. USD 120 or approx. CNY 815) in 2017

The same taxes apply to foreigners employed in Ukraine.

5.2. Your basic obligations as an employer

Obligation to hire disabled individuals. 4% of the total employees of the employer (where the employer hires between 8 and 25 employees, at least one disabled individual must be hired). Failure to comply with this requirement may result in penalties which are calculated as an average annual salary of the employees multiplied by the number of disabled individuals that should have been hired.

Sign a hiring order and/or a written employment agreement or employment contract. Employment agreements must reiterate the provisions of Ukrainian labour law. Employment contracts may deviate from the mandatory provisions of Ukrainian labour law, but their application is statutory limited. In general, an employment contract can only be entered into with the CEO (director) of the company.

Recording and reporting. Report newly hired employees to state social security authority. You must also maintain labour book of each employee

Discrimination: Equal job opportunities, no discrimination

Permits: Obtain work permits for foreign employees

Organize a committee for labour health and safety if the working conditions are difficult, harming or dangerous or in case you have more than 50 employees

5.3. Main Rules

5.3.1. Labour Code: the Labour Code is the principle act governing labour relations. It was adopted in early 1970s and is heavily biased in favour of the employee. Employment terms and conditions cannot be less beneficial for the employee than the provisions of the Labour Code, except when an employment contract is entered into.

5.3.2. Employment agreements: as a rule, employment is for an indefinite term. Fixed term employment must be justified.

5.3.3. Trade unions are not mandatory: They are very rare in the private sector but are always present in entities which were privatized.

5.3.4. Collective agreements: Also not mandatory, but employers cannot refuse entering into a collective agreement if so required by their employees. Trade unions are not required in order to enter into a collective agreement.

5.3.5. Internal rules (employee handbook): once adopted, internal rules must be complied with. The adoption of some internal rules requires the involvement of employees.

5.3.6. Pensions: private pension plans are not applicable. Pension insurance is covered by the Unified Social Contribution.

5.3.7. Change of ownership: a change of owner of the employer does not affect the employees.

5.3.8. Dismissals: employees can only be dismissed on the grounds stipulated by the Labour Code. Mutual termination and termination at employee's request are permitted.

5.3.9. Severance pay: statutory severance pay varies from one to three months, but may be higher in certain cases. Dismissal of a CEO (director) without cause triggers six months severance pay.

5.3.10. Health and drugs tests: health, drugs and similar tests can only be conducted in cases expressly provided by law.

5.3.11. Personal data: consent must be provided for the processing of personal data.

5.4. Recommendations

5.4.1. Adopting Internal rules (employee handbook): the internal rules must be adopted as required by law; otherwise the document may be viewed as non-binding to employees.

5.4.2. Background screening: Conducting background screening of candidates is not permitted, unless the candidate has provided their consent.

5.4.3. Outsourcing services: Payroll, accounting and IT services may be outsourced, especially if the business is not big.

5.4.4. Benefits: Non-monetary benefits are taxable.

5.5. Things to watch out for

5.5.1. Language: Employment related documents must be in Ukrainian. Bilingual versions of documents are allowed.

5.5.2. Signatures: Internal rules (employee handbook) should be countersigned by both the employer and the employee

5.5.3. Termination: Indefinite term employment may be terminated only on the grounds stipulated by the Labour Code.

5.5.4. Protected employees: In cases of acquisition, you should check "protected" employees. There is a group of employees who cannot be dismissed on the employer's initiative

5.5.5. Methods of payment: In cases of acquisition, you should also check whether all or certain employees are paid “in envelopes”. It is not unusual (despite the fact that it constitutes a violation of Ukrainian law) that a certain portion of the salary of employees of local companies may be paid outside of the official payroll. Thus it is crucial that, during the process of acquisition, the potential employer needs to take into account the actual rather than only the official salaries of the employees; otherwise the potential employer may face a risk of losing employees if their envelop portion would not be taken into account in their monthly salaries. In order to comply with Ukrainian law potential employers should pay the entire salary through official payroll only.

5.5.6. Collective agreements: If a collective agreement is in place, you should check its provisions before taking certain employee related actions (dismissal, severance, benefits etc.).

5.5.7. Trade unions: If a trade union is in place, again it is best to check legislation to see which actions will require consent of the trade union (dismissal, change of employment conditions etc.).

5.6. Exemptions and beneficial regimes

5.6.1. CEOs: Employment relations with CEO (director) may be in the form of an employment contract which is more flexible.

5.6.2. Self-employed: While employers may “hire” self-employed individuals who are registered as private entrepreneurs in order to save on taxes, such arrangements are carefully monitored by the fiscal authority.







Section 6

Immigration

6. Immigration

6.1. Main Rules

6.1.1. Visa requirements Nationals of the EU, USA, Canada and certain other countries do not require visa in order to enter Ukraine for a short period of time. Such foreign nationals can stay in Ukraine without visa up to 90 calendar days in any 180-day period.

6.1.2. Work permits: Non-Ukrainian nationals, unless they hold a permanent residence certificate, require work permits. Work permits are obtained by the employer.

6.1.3. Residence certificates: If a non-Ukrainian national, who works in Ukraine, wants to stay more than 90 calendar days in any 180-day period, he must obtain a temporary residence certificate in addition to the work permit.

6.1.4. Penalties: The penalties for hiring a foreign national without the work permit are 20 times the minimum salary (UAH 64,000, approx. USD 2,500 or approx. CNY 16,980), for each foreign national so hired.

6.2. Recommendations

6.2.1. Timing: Make sure to obtain the work permit in good time.

6.2.2. Hiring CEOs: Non-Ukrainian national hired as CEO (director) can commence his office only after the work permit is obtained. Newly established company is not recommended to have a non-Ukrainian national as its CEO (director) at the stage of establishment.

6.2.3. Residence certificates: Make sure that non-Ukrainian national employees obtain temporary residence certificate if they stay more than 90 calendar days in any 180-days period.

6.3. Things to watch out for

6.3.1. CEOs: Employment relations with the CEO (director) may be in the form of an employment contract which is more flexible.

6.3.2. Self-employed: While employers may "hire" self-employed individuals who are registered as private entrepreneurs in order to save on taxes, such arrangements are carefully monitored by the fiscal authority.





Section 7

Environmental Protection

7. Environmental protection

7.1. Permits you might need

Emission permit (<i>dozvil na vykydy</i> in Ukrainian)	The emission permit is issued by the Ministry of Environmental Protection (for hazardous substances of the 1st group), for other substances the permits are issued by the State Oblast Administrations.
Building permit (<i>dozvil na budivnytstvo</i> in Ukrainian)	Required if you intend to construct or modify some types of structures. The building permit is issued by the State Architectural–Construction Inspection.
Permit for construction/reconstruction of highly dangerous objects (<i>dozvil na budivnytstvo/rekonstruktsiyu ob'ektyve pidvyschenoi nebezpeky</i> in Ukrainian)	The permit for construction/ reconstruction of highly dangerous objects is required for construction or reconstruction of highly dangerous objects. The permit for construction/ reconstruction is issued by the State Agency for the Safety at Work.
Permit for starting highly dangerous works (<i>dozvil na pochatok vikonannya robot pidvyschenoi nebezpeky</i> in Ukrainian)	The permit for starting of highly dangerous works is required for the works which are listed by Ukrainian law as highly dangerous works. The permit is issued by the State Agency for the Safety at Work.
Permit for saving/use of operation of hazard substances (<i>dozvil na zberigannya/vikoristannya nebezpachnykh rechovin</i> in Ukrainian)	The permit for saving/use of hazardous substances is needed when you perform activity with hazardous substances. The permit is issued by the State Agency for Safety at Work.
Permit for special water use (<i>dozvil na specialne vodokorystuvania</i> in Ukrainian)	The permit for special water use is required when you use underground water for commercial purposes. The permit is issued by the State Water Agency.
Special permit (mining license) (<i>spetsyalnyi dozvil</i> in Ukrainian)	Special permit is required if you intend to perform mining activity (e.g. exploration, recognition and mining (production) of deposits. Special permit is issued by the Public Service of Geology and Mineral Resources of Ukraine.

7.2. Main rules

7.2.1. “Polluter Pays” Principle: The “polluter pays” principle applies to contaminated land and water.

7.2.2. Operating Permits: Make sure you identify all required operating permits, expertise and obligatory insurances.

7.2.3. Categories of activity: Certain categories of activity, defined as having a higher level of ecological hazard, require the state ecological expertise (examination) to review project documents to determine whether applicable environmental requirements and standards will

be met. Examples include nuclear, oil, biochemical and pharmaceutical projects, manufacture of food products and construction of transportation facilities (metro, rail stations, etc.)

7.3. Recommendations

7.3.1. Consider environmental risks: Consider whether you should do an environmental due diligence (audit) relating to your investment project.

7.3.2. Environmental permits:

- Produce a high quality environmental impact report.

- Help the authorities ensure that all interested parties receive all the documents produced during the procedure.
- Be mindful of public opinion and public hearings on the issue.

7.3.3. Consider the type and level of operations:

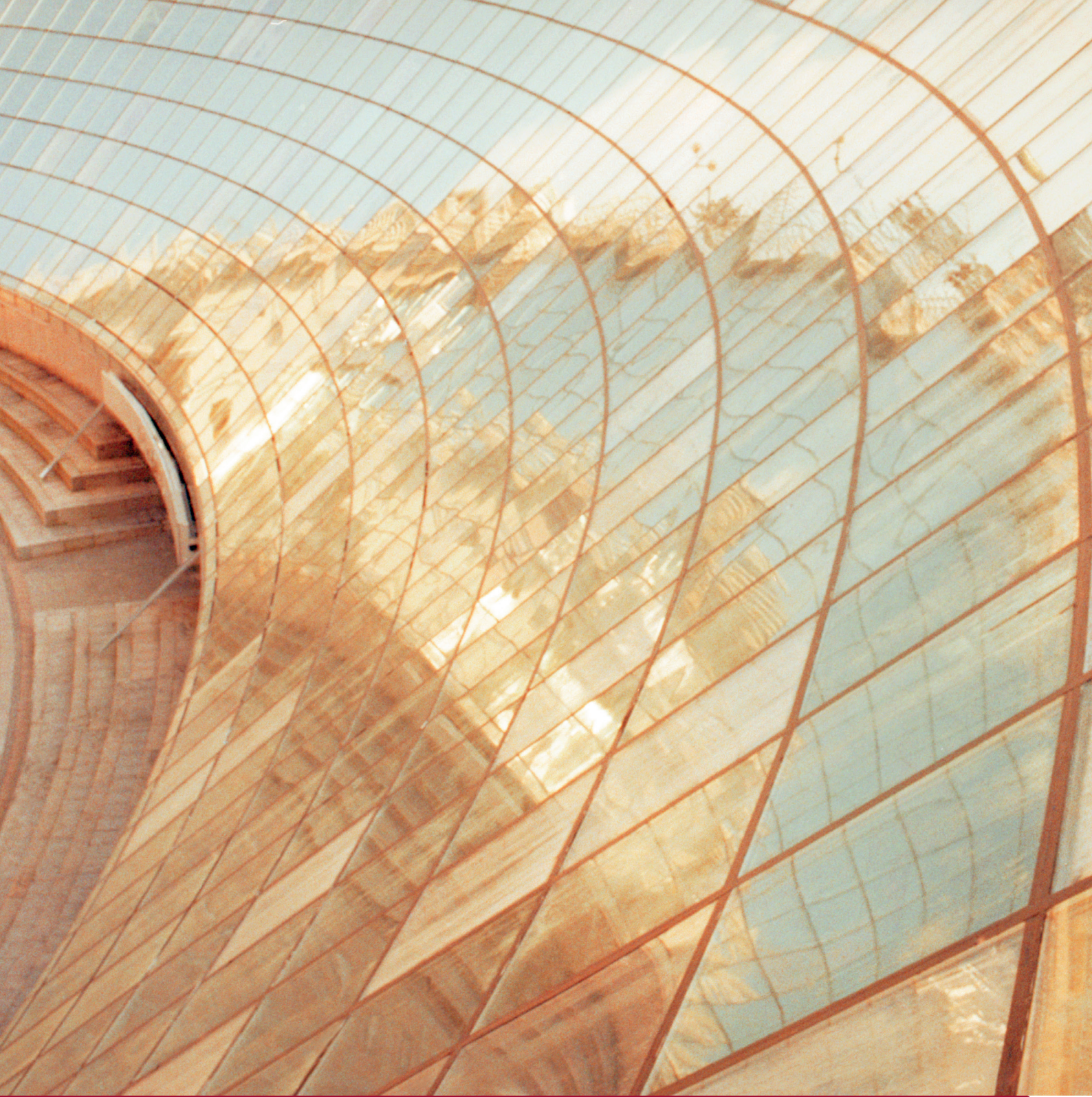
Certain types and levels of activities require different operations permits. The operation permits will set forth specific requirements in areas including personnel, equipment, control systems, technology, insurance, quotas and reporting obligations. Additional requirements will also apply to activities such as trans-boundary transportation of hazardous wastes, use of pesticides, transportation of animals.

7.4. Things to watch out for

7.4.1. Allow sufficient time to obtain permits:

Due to complexity of environmental permits, obtaining them takes significant time and effort.

7.4.2. Environmental insurance: For certain types of activities, obligatory environmental insurance is required



Section 8

Real Estate

8. REAL ESTATE

8.1. Main rules

8.1.1. Foreigners generally do not need consent to buy real estate. Foreign citizens or commercial entities do not need a permit to buy real estate in Ukraine. (There are special restrictions for agricultural land and forests – see 8.1.3) although commonly acquisition is made through local subsidiaries. Ukrainian courts ensure protection of property rights in accordance with the applicable Ukrainian laws

8.1.2. Types of rights to real estate: Ukrainian legislation defines the following types of rights to real estate: (i) ownership (private, state and municipal); (ii) temporary use based on a lease agreement (lease); (iii) right of permanent use of land (for state-owned entities only); (iv) emphyteusis; (v) superficies; (vi) land servitude (easements) – for land, and (i) ownership (private, state and municipal); (ii) right of operational management (for state-owned entities only); (iii) right of full economic use (for state-owned entities); (iv) lease; and (v) easements – for other real estate objects.

8.1.3. Types of land:

- **Agricultural land:** Foreign citizens and foreign entities are not allowed to directly acquire agricultural land. Properly structured subsidiaries may acquire such land.
- **Non-agricultural land:** Foreign citizens and legal entities are allowed to own, use and dispose of the following non-agricultural land in Ukraine: (i) within city limits, if they purchase buildings or structures, or land plots for construction purposes; and (ii) beyond city limits, if they purchase buildings or structures.
- **Forests:** only citizens and legal entities of Ukraine may own forests in Ukraine.



- **Recreational land:** alienation is subject to approval from the Cabinet of Ministers.

8.1.4. State or municipal lands: State or municipal land may be sold directly to a foreign entity if it establishes and registers its permanent establishment in the form of a commercial representative office in Ukraine, subject to preliminary approval of such sale from Ukrainian authorities (the Cabinet of Ministers of Ukraine or the Parliament of Ukraine). Generally, foreign investors simply establish local subsidiaries.

8.1.5. State registration of property rights: Property rights to real estate (ownership, lease rights, servitudes, etc.) are subject to state registration in the State Register of Property

Rights to Real Estate. The said State Register contains unified information on the property rights to land plots, buildings and also the existing encumbrances, mortgages and lease rights thereto. The Register is public and on-line.

8.2. Recommendations

8.2.1. Title and zoning due diligence is vital:

You should ensure that your advisors carry out due diligence of the title to the real estate and of the zoning and other permits. In terms of land plots, boundaries of such land plots should be carefully verified in order not to have conflicts with adjacent land plot(s).

8.2.2. Structuring real estate transactions:

In Ukraine, real estate transactions can be mostly structured in two ways: (i) a share deal (the shares of a company owning the real estate are sold); (ii) an asset deal (real estate is sold). VAT applies to asset deals. Most foreign investors operate pursuant to share deals.

8.2.3. Basic checklist when buying real estate for development:

Another insurance product that became available before buying real estate for development, check: (i) the land and mortgage register kept for the real estate; (ii) the agreement under which your seller bought (or otherwise acquired the real estate); (iii) easement, mortgages and other encumbrances of the real estate; (iv) land plot status/zoning; (v) prohibitions/communications/engineering networks and/or historical/cultural protection of the real estate.

8.3. Things to watch out for

8.3.1. Lease of state and municipal land:

State or municipal land can be leased pursuant to a decision of the respective local state administration or local council and exclusively on a competitive basis (auction), with some exemptions. Appropriate mandatory lease agreement forms are then signed and notarized.

8.3.2. Notarization: The lease of a building (or other capital structure) or part thereof must be concluded in writing and must be notarized and registered by the state if entered into for a period of three years or longer.

8.3.3. Essential term and conditions of the real estate agreements:

When entering into real estate transactions, real estate agreement(s) must contain certain essential terms and conditions set by law. A valuation (appraisal) also is required prior to any sale.

8.3.4. Possible change of Ukrainian legislation related to land:

As per discussion with, and the requirements of, the International Monetary Fund, Ukraine may open its agricultural land market for sale. However, there are no definite plans on this front yet.



Section 9

Construction

9. CONSTRUCTION

9.1. Main rules

9.1.1. Zoning : The zoning of land can be checked in the public State Land Cadastre and title documents. Planning documentation kept by local authorities, as well as documentation pertaining to a particular property, should be verified. Such documents include, in particular, the master plan, the detailed plan of the locality, the local zoning plan, land and building title and construction documents.

9.1.2. The major stages of the construction process: (i) acquisition of land rights for construction; (ii) obtaining planning input data; (iii) development of planning documentation and its review by authorities; (iv) obtaining a construction permit; (v) carrying out construction works; (vi) technical inventory of property; (vii) commissioning of a constructed property; (viii) registration of title to a newly constructed property.

9.1.3. Development of planning documentation: The general design requirements for the construction of a new building are set out in the local town documentation to be developed in line with higher level town planning documentation. The development of planning documentation is performed pursuant to a contract with an architect on the basis of city-planning terms and restrictions.

9.1.4. Commencement of construction works: Construction works may be commenced (depending on the entity developing the site) pursuant to one of the following documents: (i) a notification on the commencement of construction works; (ii) a registered declaration on commencement of construction works; (iii) a permit for performance of construction works.

9.1.5. Category of complexity: Depending on complexity, Ukrainian law establishes five categories (I – V) of property under construction. The lower the category of complexity, the fewer procedures

and approvals for construction are required by law. The planning documentation for complex buildings should be approved by independent expert organizations which are licensed for such works.

9.1.6. Construction contracts: There are standard terms and conditions for a general contractor agreement which are usually followed by the parties for construction. A contractor is entitled to sub-contract works, unless otherwise provided by the main contractor's general contract. The contractor remains fully responsible to the client for works carried out by its sub-contractors. FIDIC and other international model construction contracts have been adopted for Ukrainian use, but are the exception. Construction bonds are not market practice.

9.2. Recommendations

9.2.1. Due diligence is vital: Before buying real estate that you intend to develop, you should check its title, designated purpose/zoning status and applicable restrictions, if any.

9.2.2. Permits required for construction: A permit for construction works must be obtained for a property with assigned IV – V categories of complexity. The permit is issued by the local (municipal) authority of the State Inspectorate of Architectural and Construction Control.

9.2.3. Commissioning of property: Property may be used and operated only upon its successful inspection and commissioning. Commissioning of property confirms that it has been constructed in accordance with planning documentation as well as with applicable construction norms and standards.

9.3. Things to watch out for

9.3.1. Cost of construction: Developers are obliged to enter into agreements with

local authorities under which payments for “development of the city’s engineering, transport and social infrastructure” must be made. Such payments must be made before the new building is commissioned. The amount of the payment is set by the local authorities but cannot exceed 10% of the estimated value of construction for non-residential buildings and 4% for residential buildings. As this may be prohibitively expensive for large infrastructure projects, draft legislation to abolish the payment for development of the city’s engineering, transport and social infrastructure is currently being actively discussed. However, as of the time of writing there are no specific plans when such payments may be abolished.

9.3.2. Terms and conditions in contracts for carrying out construction works: A contract for carrying out construction works should contain the mandatory terms and conditions as prescribed by applicable law, in particular: names and details of the parties, the place and the date of the execution of the contract, the contractual price, terms for commencement and completion of works and rights and responsibilities of the parties as well as other provisions. Any contract which lacks mandatory provisions envisaged by law may be declared invalid by a court.

9.3.3. Public-private partnership: There is a Ukrainian Public-Private Partnership Law as well as a Law on Concessions and these shall apply, among other things, to construction and/or maintenance of motorways, railroads, runways, bridges, tunnels, sea- and river-ports and their infrastructure. However, legislation in this area is underdeveloped and its reform is currently being debated. This being said, large infrastructure projects (particularly as to rail, river and road transport) could be of potential interest for construction.



Section 10

Resolving Disputes

10. RESOLVING DISPUTES

10.1. Main Rules

10.1.1. Litigation and arbitration: If a dispute cannot be settled amicably, litigation is the usual dispute resolution method. A foreign or Ukrainian legal entity or individual entrepreneur may apply to an appropriate Ukrainian court, or to an appropriate arbitration tribunal or institution within or outside Ukraine, for the resolution of disputes. In Ukraine, legal proceedings are performed by the commercial courts, administrative courts and courts of general jurisdiction. The courts of general jurisdiction resolve civil, criminal, commercial, administrative disputes and cases related to administrative offences.

10.1.2. Court instances: The courts of general jurisdiction can be divided by hierarchy, specialization and territory. There are four different hierarchic levels of courts of general jurisdiction: local courts (first instance), courts of appeal (second instances), highest specialized courts (third instance) and the Supreme Court of Ukraine. The latter has the status of the highest court in Ukraine among courts of general jurisdiction. In terms of specialization, Ukrainian courts can be divided into common courts, commercial courts and administrative courts.

10.1.3. How long does it take: According to legal requirements, the courts at each stage must consider the case within a reasonable time, but not more than two months after opening proceedings. It is more common than not that courts extend this time, if the circumstances of the case so require. Generally, it takes between nine and 12 months to obtain the final resolution on the case, taking into account all the appeals through court instances but in some instances it can take much longer.

10.1.4. The role of the parties and the judges:

In civil/commercial court proceedings the claimant and the defendant have equal rights and the court (a single judge at the lower level; a panel upon appeal) must adjudicate their interest during the trial. The general rule is that the claimant has to prove its claim, while the defendant has a right to state its defence and present counter-arguments. Ukrainian does not have jury trials.

10.2. Recommendations

10.2.1. Use an injunction: In civil/commercial dispute, before or during an action, a party may ask the court to grant injunctive relief. The party which request injunctive relief must provide sufficient grounds for applying injunctive relief.

10.2.2. Prepare the documentation well: It is vital to prove all relevant facts on which the claim or defence is based. You should carefully collect and keep any piece of evidence you may use during the trial. The Ukrainian court system is document driven. Do not rely on oral testimony.

10.2.3. Plan the enforcement of the court decision: It quite often happens that the defendant has insufficient funds or assets at the enforcement stage. Public records may demonstrate what would be the prospects to enforce a decision and collect real money.

10.3. Things to watch out for

10.3.1. Be careful about the statute of limitations: The general statute of limitations is three years with certain exceptions to decrease this period. Timing can be an important factor when analysing your strategy in a dispute.



10.3.2. Court fees and proper preparation of the documents: The amount of court fees is defined by the law (usually, a certain amount of the claim with ceiling limits) but needs to be properly paid prior to the submission. The original document proving such payment must be filed with the court.

10.3.3. Court reform: It is expected that the specialized courts (currently, third instance courts) may be liquidated which would make the litigation easier and faster. There is no definite date(s) when it would occur.

10.3.4. Barristers and Solicitors: Ukrainian law distinguishes between solicitors and "advocates" (barristers). Only licensed barristers may engage

in criminal and family law disputes. Only barristers have attorney-client privilege. This being said, it is common practice for solicitor's to appear in court representing clients pursuant to powers of attorney.



Section 11

Intellectual property

11. INTELLECTUAL PROPERTY

11.1. Main rules

11.1.1. Types of IP: Ukrainian IP legislation is harmonized with the most relevant international treaties and complies with WTO requirements. The principal forms of intellectual property protection as governed by law are as follows:

- copyright (including databases and computer programs);
- related rights;
- inventions/utility models/industrial designs;
- commercial (firm) names, trademarks, indications of origin of goods;
- trade secrets;
- topographies of integrated circuits;
- plant varieties, animal breeds.

11.1.2. Terms of legal protection:

the overwhelming majority of IP objects are protected upon condition that they are registered in Ukraine; such objects include inventions, utility models, industrial designs, trademarks, geographic signs, assembling (topography) of microelectronic circuits, plant species and animal breeds. Other IP objects, for instance, commercial names and commercial secrets are protected without registration; copyright objects may be registered subject to their owner's discretion.

11.1.3. Holders of IP proprietary rights imply legal entities and individuals. Individual entrepreneurs may not act as holders of IP rights.

11.1.4. Terms of legal protection for IP:

non-proprietary IP rights are protected for an unlimited period of time. A period of time set for protection of proprietary IP rights depends upon an object that requires protection.

- 70 years for copyright starting from the last surviving author's death;
- 50 years for related rights;
- 20 years for inventions (the term may be extended for no more than five years);
- 15 years for industrial design;
- 10 years for utility models;
- 10 years for trademark (the term may be extended every 10 years).

11.1.5. Licensing/sublicensing of IP proprietary rights: Holders of IP rights may issue license(s) for utilization of such object. In its turn, holder of the license(s) may issue sublicense(s), provided that such right is stipulated by respective licensing agreement.

11.1.6. Termination of title documents and protection of IP rights: title documents may be terminated by a judicial procedure. IP rights are also protected by a judicial procedure, though a possibility of out-court resolution of disputes should not be excluded.

11.2. Recommendations

11.2.1. Apply for IP protection before starting usage of IP: Ukraine is a country where the "first to file system" applies. In Ukraine, the right to legal protection is granted to the application with earlier filing date or with the higher priority. It means that you should consider applying for IP protection utilizing of any of the above IP before selling your product or services in the Ukrainian market.

11.2.2. Broader protection envisaged for well-known trademarks: In Ukraine, well-known marks are protected based on the decision of the Appellate Chamber of the Ukrainian Patent and Trademark Office or decision of the court. Under the law, well-known marks enjoy broader

protection then non-famous marks. In particular, well-known marks are protected in Ukraine not only in respect of goods and services which are the same or similar to those for which they have gained their reputation but also, for the dissimilar ones. In the latter case, it has to be proved that the use of such mark by another person in respect of dissimilar goods and services would indicate a connection between those goods or services and the owner of the well-known mark and therefore his/her interests are likely to be damaged by such use.

11.2.3. License as a reason for use of third party IP: Generally, IP should be used in Ukraine on the basis of a license agreement/sublicense agreement.

11.2.4. Do use trademarks: Under the Ukrainian trademark law, if a trademark has not been in use for three consecutive years after its registration such trademark becomes vulnerable to revocation unless there are proper reasons for such non-use. The revocation procedure in Ukraine involves seeking earlier termination of a trademark in court by an interested party. In order to defend successfully against such claims, a trademark holder must be ready to provide sufficient evidence of the trademark use (e.g., production or sale of goods or provisions of services) in Ukraine.

11.3. Things to watch out for

11.3.1. License is not needed if you have ‘the right of prior use’: the effective laws provide for “right of prior user” with respect to inventions, utility models, industrial designs and trademarks. The right of prior user enables its holder to continue, on a free-of-charge basis, to use invention, utility model, industrial design, or trademark, provided that such use commenced prior to filing date of application or, in the instances of declaration of priority, prior to priority date. The right of prior user may be assigned or transferred to another legal entity/individual only along with a company or business practice.

11.3.2. Ensure that proprietary rights in “work created in the course of the employment” belong to employer: proprietary IP rights to an object created in course of the employment are jointly held by an employee who created such object and legal entity/individual, where such employee is employed, unless otherwise determined by such employee’s employment contract. Thus, employer is a sole holder of proprietary IP rights to “work created in the course of the employment”, provided that it is expressly stipulated by agreement concluded with an employee (employment contract or a civil-law agreement).

11.3.3. Ensure that the proprietary rights in “work made for hire” belong to a customer: according to a general rule, proprietary IP rights to “work made for hire” are vested jointly with the creator of such object and its ordering party, unless otherwise determined by agreement. Thus, similarly to the instances related to employer in connection with “work created in the course of the employment”, ordering party is a sole holder of rights to “work made for hire”, provided that it is expressly stipulated by agreement. “Work made for hire” is created pursuant to Agreement for Custom Development and Use of Intellectual Property, and only an individual may act as a creator party under such agreement.

11.3.4. Proprietary rights in IP must exist at the moment of their transfer: Ukrainian law prohibits transferring the proprietary rights prior to creation of the relevant intellectual property and associated proprietary rights, i.e. proprietary rights must exist at the moment of their transfer.

11.3.5. Parallel imports are no longer illegal in Ukraine: pursuant to the existing court practice, the international principle of the exhaustion of rights is applied in Ukraine; it is allowed to make parallel imports according to such principle. In other words, bringing original goods even in the absence of their owner’s permit will not be deemed to be a violation of IP rights in Ukraine.

11.3.6. Filing and prosecution for foreigners

in Ukraine: Foreigners must be represented before the Ukrainian Patent and Trademark Office by a registered patent attorney.





Section 12

Dentons in Ukraine

Our lawyers have been active in Ukraine since 1988 when they were involved in one of the first multinational joint venture projects, and our Kyiv office has been established for almost 25 years.

Many of our team are fluent in Ukrainian, Russian, English and German.

30 professionals

8 partners

22 other lawyers



Dentons was named among Ukraine’s top law firms by Ukrainian Law Firms 2015: A Handbook for Foreign Clients

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 - Employment
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 - Dispute Resolution



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