

UKRAINE

As per 1 January 2014

EXPATRIATE AND EMPLOYER TAX COMPLIANCE AND ADVISORY

Tax rate	Progressive tax rates: 15/17% of an employee`s salary. Tax rates for dividend income: 5%, 15/17%. Progressive tax rates for royalties: 15/17% or 15/20/25% depending on the period during the year. Tax rates for interest income: 0%, 5%, 15/17%, 15/20/25% – depending on the period during the year.
Tax period	Calendar year
Tax residency / Domicile according to domestic law	Tie-breaker rules that include tests on: a) domicile, b) “centre of vital interests”, c) presence for more than 183 days during the calendar year, d) citizenship.
Tax registration	Foreign individual should obtain a Ukrainian tax ID code from the tax authorities.
Employment income definition	Remuneration in cash or in-kind, including various types of taxable benefits (e.g. cost of living allowance, housing).
Examples of tax exemption	Reimbursement of properly documented business expenses (including business trip expenses, per diems, etc.) is not taxable.
Specific expatriate concession	Not applicable.
Income of board members	Treated as ordinary taxable income.
Tax returns	Local employment agreement: the employer is responsible for the monthly tax compliance. Foreign employment agreement: the employee is responsible for the annual individual income tax return to be submitted not later than the 1st of May of the following year.
Tax payments	In case of local employment agreement the employer is responsible for withholding of the personal income tax and its payment to the state. Foreign employment agreement: the employee is responsible for the payment based on the annual individual income tax return before the 1st of August of the following calendar year.

TAX TREATIES

Employment income / income from board members	Art 15/16 Model OECD Tax Convention
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INTERNATIONAL SOCIAL SECURITY

Cross border employments	If a foreign individual is employed by the Ukrainian company, the social security contributions are paid in respect of his/her employment income according to the standard rules (similar to Ukrainian nationals). If a foreign individual is employed by a representative office of a foreign company, his/her employment income is not subject to social security contributions.
Exception under Art 16 of Reg. 883/2004 and Art 17 of Reg. 1408/71	Not applicable

Social Security Cost as % from gross salary and absolute amounts

Due by the employee: social security contributions at rates of 2.6%, 3.6% are withheld by the employer and remitted to the state.
Due by the employer: social security contributions at rates of 36.76-49.7% are paid at the expense of the employer. The rate depends on the level of professional risk.
Taxable base for employee's and employer's contributions is capped by the amount of app. EUR 1,035.

IMMIGRATION

Work permit

Foreign nationals (except for those having the permanent residence certificate) require the work permit for working in Ukraine and temporary residence certificate if they intend to stay in Ukraine for more than 90 days within 180-days period. The work permit may be granted for maximum 1 (one) year and may be extended after its expiry for the same period. Also to be employed in Ukraine the foreign nationals shall obtain Ukrainian tax ID numbers.

Visa

The EU and US national (and the nationals of some other countries having a visa-free regime with Ukraine) do not require a visa to enter Ukraine, unless they intend to stay for more than 90 days within 180-days period. The citizens of other countries may require obtaining a visa before their arrival to Ukraine. Visas are granted by the Ukrainian consulates in their respective country of residency and/or nationality. The EU and US nationals are required to obtain the visa of type D, if they wish to apply for the temporary residence permit in Ukraine.

Residency permits / registration certificate

The foreign nationals may obtain a temporary residence certificate for the term of the work permit. For obtaining the residence certificate the foreigner needs to have a registered address in Ukraine.

Driving license

The driving licenses (international driving licenses or corresponding to the International Convention on Road Traffic 1968) issued in the foreign countries are valid in Ukraine. The foreign nationals may also obtain the Ukrainian driving license according to the procedure provided by the Ukrainian laws.

STOCK OPTION PLAN

There are no special provisions regarding the taxation of the Stock Option Plans in Ukraine. The tax treatment depends upon the conditions of the Stock Option Plan.



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