

# UKRAINE

As per 1 January 2017

Click to download PDF: As per 1 January 2014 (<http://publicationsdrafts.ro/expat-tax-2014/wp-content/uploads/2015/01/As-per-1-January-20143.pdf>), 2015 ([http://publicationsdrafts.ro/expat-tax-2014/wp-content/uploads/2015/01/Mazars\\_Ukraine-copy.pdf](http://publicationsdrafts.ro/expat-tax-2014/wp-content/uploads/2015/01/Mazars_Ukraine-copy.pdf)), 2016 (<http://publicationsdrafts.ro/expat-tax-2014/wp-content/uploads/2017/01/Global-Mobility-Services-Mazars-Ukraine.pdf>)

## EXPATRIATE AND EMPLOYER TAX COMPLIANCE AND ADVISORY

<b>Tax rate</b>	Progressive tax rates: 15/20% of an employee`s salary. Tax rates for dividend income: 5%, 15/20%. Flat tax rates for royalties and interests: 20%.
<b>Tax period</b>	Calendar year
<b>Tax residency / Domicile according to domestic law</b>	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.
<b>Tax registration</b>	Foreign individual should obtain a Ukrainian tax ID code from the tax authorities.
<b>Employment income definition</b>	Remuneration in cash or in-kind, including various types of taxable benefits (e.g. cost of living allowance, housing).
<b>Examples of tax exemption</b>	Reimbursement of properly documented business expenses (including business trip expenses, per diems, etc.) is not taxable.
<b>Specific expatriate concession</b>	Not applicable.
<b>Income of board members</b>	Treated as ordinary taxable income.
<b>Tax returns</b>	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.
<b>Tax payments</b>	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

<b>Employment income / income from board members</b>	Art 15/16 Model OECD Tax Convention
--	-------------------------------------

## INTERNATIONAL SOCIAL SECURITY

<b>Cross border employments</b>	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.
<b>Exception under Art 16 of Reg. 883/2004 and Art 17 of Reg. 1408/71</b>	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.  
In 2015 year, companies are allowed to decrease their rates up to 2.5 times provided a number of conditions are met. The main requirements relate to increase of salaries.  
Taxable base for employee's and employer's contributions is capped. For January-November 2015, the cap equals app. EUR 1,035 and for December 2015 – app. EUR 1,170.

**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.



(<http://www.mazars.ro/Users/Our-team/Gregoire-Dattee>)

**Grégoire Dattée**

Managing partner – Kiev, Ukraine

Send Email (<http://www.mazars.ro/Users/Our-team/Gregoire-Dattee>)

Direct line: +38 044 390 71 07

Address: Business Center Illynsky 8, Illynska street, entry № 1, 6th floor, 04070 Kiev

[www.mazars.ua](http://www.mazars.ua) (<http://www.mazars.ua/>)



(<http://www.mazars.ua/Users/Our-team/Anna-Yakubenko>)

**Anna Yakubenko**

Director, Tax and Law Leader – Kiev, Ukraine

Send Email (<http://www.mazars.ua/Users/Our-team/Anna-Yakubenko>)

Direct line: +38 044 390 71 07

Address: Business Center Illynsky 8, Illynska street, entry No 1, 6th floor, 04070 Kiev

[www.mazars.ua](http://www.mazars.ua) (<http://www.mazars.ua/>)