

**UKRAINE**

As per 1 January 2019

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**EXPATRIATE AND EMPLOYER TAX COMPLIANCE AND ADVISORY**

<b>Personal Income Tax Rates – Employment Income</b>	Flat personal income tax rate: 18% Tax rates for dividend income: 9% / 5% (for dividends distributed by Ukrainian corporate profit taxpayers) Flat temporary military tax rate: 1.5%
<b>Tax period</b>	Calendar year
<b>Tax residency / Domicile according to domestic law</b>	Ukrainian residence test includes the following criteria: <ul style="list-style-type: none"> <li>• Permanent residence (home).</li> <li>• Centre of vital interests (closer personal and economic ties).</li> <li>• Presence for more than 183 days during a calendar year in Ukraine.</li> <li>• Citizenship.</li> </ul>
<b>Tax registration</b>	Foreign individual should obtain Ukrainian tax ID.
<b>Employment income definition</b>	Employment income includes any remuneration and benefits in cash or in kind.
<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>	The income of statutory directors is taxed in the same way as employees.
<b>Tax returns</b>	Local employment agreement: the employer is responsible for the monthly tax compliance. Foreign employment agreement: individual is responsible to submit annual tax return by 1st of May of the following year.
<b>Tax payments</b>	Local employment agreement: the employer is responsible for withholding of personal income tax and military tax and paying them to the budget. Foreign employment agreement: individual is responsible for paying personal income tax and military tax based on the annual tax return by 1st of August of the following year.

**TAX TREATIES**

<b>Employment income / income from board members</b>	Art 15/16 Model OECD Tax treaties.
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**INTERNATIONAL SOCIAL SECURITY**

<b>Cross border employments</b>	Ukrainian companies and representative offices of foreign companies pay social security contribution in respect of their Ukrainian and foreign employees.
<b>Exception under Art 16 of Reg. 883/2004 and Art 17 of Reg. 1408/71</b>	Not applicable.
<b>Social Security Cost as % from gross salary and absolute amounts</b>	Due by employers, self-employed individuals and private entrepreneurs: 22%. Due by employees: 0%. Monthly tax base is capped at the value of UAH 62 595 (app. EUR 2 100).

**IMMIGRATION**

Mazars	Foreign nationals (except for those having the permanent residence certificate) require work permit for working in Ukraine. Work permit is usually granted for 1 year and may be extended on the regular basis. As well, to be employed in Ukraine the foreign nationals should obtain Ukrainian tax ID.
<b>Work permit</b>	
<b>Visa</b>	EU and US nationals (as well as nationals of other countries having a visa-free regime with Ukraine) do not require visa to enter Ukraine, unless they intend to stay for more than 90 days within 180-days period. Nationals of other countries require visa to enter Ukraine. Visas are granted by Ukrainian consulates in respective countries.
<b>Residency permits / registration certificate</b>	Foreign nationals require temporary residence permit if they intend to stay in Ukraine for more than 90 days within 180-days period. To receive it, foreign national needs to have a registered address in Ukraine.
<b>Driving license</b>	Driving licenses issued in foreign countries are valid in Ukraine. Foreign nationals may obtain Ukrainian driving license.
<b>STOCK OPTION PLAN</b>	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.

## ARTICLE 15 OF THE OECD MODEL

<b>183 days</b>	Total number of calendar days is calculated cumulatively during the calendar year (days of arrival and departure are both calculated).
<b>Notion of employer</b>	Employer is a legal entity (its branch, affiliate, other separated subdivision or its representation) or a self-employed person using hired labour of individuals on the basis of concluded labour agreements. Employer is responsible for payment of employee's salary, as well as accrual, withholding and payment of social insurance contribution, personal income tax and military tax.
<b>Existence of a permanent establishment</b>	<p>If tax treaty is signed, respective criteria from such tax treaty should be considered. If there is no tax treaty signed, certain permanent establishment criteria are set by Ukrainian legislation:</p> <ul style="list-style-type: none"> <li>• permanent place, through which the business activity of non-resident is carried out in Ukraine (including management site, affiliate, office, factory, workshop);</li> <li>• installation or construction for exploration of natural resources;</li> <li>• mine, oil / gas well, quarry or any other place of extraction of natural resources;</li> <li>• warehouse or premises used for delivery of goods;</li> <li>• server;</li> <li>• construction site, building, assembly or assembly facility or related supervisory activity, if the duration of work associated with such object exceeds six months;</li> <li>• provision of services by a non-resident (other than the provision of personnel), including consulting, through employees or other personnel hired by them for such purposes, when such activity is carried out (within one project or project related to it) in Ukraine for a period or periods of a total duration of more than six months in any twelve-month period;</li> <li>• residents who have the authority: to act on behalf of such a non-resident only (holding negotiations on essential conditions and / or concluding contracts on behalf of this non-resident), which leads to the emergence of civil rights and obligations for this non-resident;</li> <li>• holding (storing) the stocks of goods belonging to a non-resident, of which the supply of goods is carried out on behalf of a non-resident, except for residents having the status of temporary storage warehouses or customs licensed warehouses.</li> </ul>



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