



2017 Company Formation Ukraine



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Legal forms of business



Join-Stock Company (Акціонерне товариство)

The Join-Stock Company is a business entity with a charter capital divided into a certain number of shares of the same value. The joint stock company not later than after six months since an emission of shares had been registered must provide Shareholders with shares (certificate of the shares) .

The Join-Stock Company is not liable for the obligations of the shareholders.

The company may be created by establishment, merger, division, separation or transformation of the business (business) companies, public (state), municipal (public) and other companies in the corporation.

Full name of the company in the Ukrainian language must contain the business type (public or private) and legal form (joint stock company).

Joint stock companies are divided into:

- Public Joint Stock Companies (Публічне акціонерне товариство | ПАТ)
- Private Joint Stock Companies (Приватне акціонерне товариство | ПрАТ)

Limited Liability Company (Товариство з обмеженою відповідальністю | ТОВ)

The Limited Liability Company is the company which has the capital divided into shares, as determined by the constituent documents.

The maximum number of participants in a Limited Liability Company is 100.



Additional Liability Company (Товариство з додатковою відповідальністю)

An **Additional Liability Company** is the company with an authorized (share) capital divided into shares, as determined by the constituent documents. The members of the company are liable for its obligations by their contributions to the charter (share) capital, and at the failure of these amount additionally by their property. This amount is the same for all participants and it is relevant to the contributions of each participant.

The maximum liability of members is detailed in the constituent documents.

The General Meeting is the supreme governing body of the **Joint Stock Companies, Limited Liability and Additional Liability Companies**.

The executive bodies of the company, which provides management of its current activity, are board or other bodies, defined by statute. In a **Limited and Additional Liability** created by the executive body: Collegial (management) or sole (Director). Directorate headed by General Director. Members of the executive body may also be persons who are not members of the partnership.

General Partnership (Повне товариство | ПТ)

The **General Partnership** is a company, whose members are engaged in joint business activities and liable for the partnership's obligations with all their property.

The name of the company must contain the names (names) of all its participants, the words "full partnership" or contain the name (title) of one or more members with the addition of the words "and company" and the words "full partnership".

Limited Partnership (Командитне товариство)

A **Limited Partnership** is a company, where one or more members do business on behalf of the partnership and is/are responsible for the company's obligations with all their assets. There are one or more members whose liability is limited by contribution in property companies (investors) and who do not participate in the activities of the company.

If the Limited Partnership involves two or more participants with full responsibility, they are jointly liable for the debts of the company.

Administration of the **Limited Partnership** can be made only by participants with full responsibility.

Administration of the **General Partnership** must be agreed with all participants.

Individual/ entrepreneur (Фізична особа-підприємець)

A citizen recognized as an entity if it exercises the entrepreneurial activity with the state registration as an entrepreneur without legal entity status.

Representative office (Представництво іноземного суб'єкта господарювання)

Foreign business entities that want to do business in Ukraine can open a branch of a foreign entity. For this, the foreign entity must fill in an application and submit it to the Ministry of Economy of Ukraine, together with a request for registration of the representation composed in any form, where should be noted:

- the name of the foreign entity
- country of origin of the foreign entity
- location of the foreign entity
- telephone number and fax number
- the city in which the representation will be established, indicating its future location (address)
- location of branches (if they exist)
- the number of foreign nationals who will work in the representation
- date of establishment of the foreign entity
- the legal form of the foreign entity
- number of employees of the foreign entity
- the name of the bank and account number
- scope of the foreign entity
- the purpose of opening and scope of representation, information about business relations with Ukrainian partners and prospects development cooperation

Minimum capital, contribution



The form of business		Minimum capital (approx. in EUR)	Number of shareholders
English	Ukrainian		
Public joint-stock company	Публічне акціонерне товариство (ПАТ)	UAH 4,000,000. (approx. EUR 140,350.87)	1, 2 or more
Private joint-stock company	Приватне акціонерне товариство (ПрАТ)	UAH 4,000,000. (approx. EUR 140,350.87)	1, 2 or more
Limited Liability Company	Товариство з обмеженою відповідальністю (ТОВ)	NS	1-100
Additional Liability Company	Товариство з додатковою відповідальністю	NS	ND
General Partnership	Повне товариство (ПТ)	NS	NS
Limited Partnership	Командитне товариство	NS	ND
Individual / entrepreneur	Фізична особа-підприємець	N/A	ND
Representative office	Представництво іноземного суб'єкта господарювання	NS	ND

NS= not stated
ND=not declared

Minimum documentation



A Joint-Stock, Limited and Additional Liability Company are established and are operating under the constituent documents, while the General and the Limited Partnership are operating under the foundation agreement.

Constituent documents

The documents must contain at least the following information:

- company type, subject and purpose of its activities
- founders and members
- company name
- the size and procedure of formation of the authorized (share) capital
- procedure for distribution of profits and losses
- the composition and competence of the company and decision-making rules, including a list of issues which require a qualified majority
- procedure of signing the constituent documents
- the procedure for amending the founding documents and the procedure of liquidation and reorganization of the company

Foundation agreement

The founding contract of a General Partnership must include in addition to the conditions specified above also the following:

- the size of the share of each participant
- the size, composition and procedure of making contributions
- the form of their participation in the affairs of the company

The founding contract of a Limited Partnership, in addition to the above conditions, must include:

- the size of each member's part with full responsibility
- the size, composition and procedure of making contributions, the form of participation in the affairs of the company



Company registration



General aspects

The company acquires legal personality from the date of its registration. Under normal conditions, the incorporation time (registration procedure time) lasts 24 hours.

The state registration is conducted in the order prescribed by law for state registration of legal entities.

The company may open current and deposit accounts in banks and enter into contracts and other agreements only after its registration. Agreements concluded before the company registration deemed to be concluded with this company, only if it is approved after registration.

Registration documentation

For registration of the legal entity the following documents are needed:

- application for state registration of a legal entity (for legal entities formed as a result of division, it is required to add also the information about the separate units in terms of their membership of a legal entity – successor)
- application about choosing the legal entity
- the simplified tax system and / or registration application for voluntary registration as a payer of value added tax and / or application for inclusion in the Register of non-profit institutions and organizations in the form approved under the law – if the applicant requests
- original copy (certified copy) of the founders' decision, and in the cases stipulated by law - decision of the public body about creation of a legal entity
- founding document of the legal entity (in case of legal entity has its own founding document)
- document confirming the registration of the foreign entity (extract from trade, bank, court register, etc.) - in case of a legal entity, the founder(s) representing the foreign legal entity
- original copy (notarized copy) of transfer act - in the case of a legal entity it is created as a result of transformation or merger
- original copy (notarized copy) of a distribution balance - in the case of a legal entity is created as a result of division or separation



General overview of corporate taxes



Corporate income tax (CIT)

For residents

Ukraine's standard CIT rate is 18%. Special rates apply to insurance and gambling activities.

For non-residents

Rates for legal **non-resident entities** vary from 0% to 20% based on income type. Tax rates and taxable profit for **permanent establishments** are the same as for residence in Ukraine.

Personal income tax (PIT)

The standard PIT rate is 18%. This rate also applies to the taxable income received from abroad.

Value added tax (VAT)

Standard VAT rate in Ukraine is 20% and is imposed on domestic sales of goods and/or services, imported goods or services.

A reduced rate of 7% is applied to supply and import of registered medicines and specific medical goods. For export of goods and other services defined by law, 0% rate applies under special conditions.

Provision of services to a non-resident are subject to 20% VAT or it can be considered as an outside the scope of VAT, depending on the place of supply.

The complete list of taxes and the related deadlines for taxpayers you may find in our "[2017 Tax Guideline for Ukraine](#)" and "[2017 Tax calendar for Ukraine](#)"!



Investment incentives



IT industry

Starting January 1st, 2013 until January 1st, 2023, IT companies that perform activities in Ukraine are exempted from VAT payments on operations of software products supply.

Software products are considered: the result of computer programming in the form of operating system, systemic, applied, entertaining and / or educational computer software (their components) as well as websites and / or online services; cryptographic data protection.

Other aspects regarding investments

In the case of termination of the investment activity, the foreign investor has the right to get repayment of their investment within six months from the date of termination.

They can get repayment of their investment in the amount of actual contributions (natural form or investment currency), including possible reduction of the share capital without payment of customs duties and income from these investments in money or goods at the real market value at the date of investment, unless otherwise provided by law or international agreements of Ukraine.

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ABOUT ACCACE

With more than 330 professionals and branches in 7 countries, Accace counts as one of the leading outsourcing and advisory services providers in Central and Eastern Europe. During the past years, while having more than 1,400 international companies as customers, Accace set in motion its strategic expansion outside CEE to become a provider with truly global reach.

Accace offices are located in Czech Republic, Hungary, Romania, Slovakia, Poland, Ukraine and Germany. Locations in other European countries and globally are covered via Accace's trusted network of partners.

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