

How to do business in Ukraine

Legal considerations

Contact the DIT team in Ukraine at: <https://www.gov.uk/world/organisations/department-for-international-trade-ukraine#contact-us> to help find tax and legal advisers before entering into agreements.

Standards and technical regulations

There is no bilateral agreement between Ukraine and the UK on mutual recognition of standards. Most products must be certified locally. The EU Commission in the context of DCFTA is working on an agreement for mutual recognition of standards.

The Ukrainian State Inspection on Consumer Protection has responsibility for standards and technical regulations.

You should consider taking out product liability insurance if you manufacture or supply a physical product that is sold or given away for free. See: <https://www.abi.org.uk/products-and-issues/choosing-the-right-insurance/business-insurance/liability-insurance/product-liability-insurance/>.

Intellectual Property (IP) protection

IP rights are territorial, that is they only give protection in the countries where they are granted or registered. If you are thinking about trading internationally, then you should consider registering your IP rights in your export markets.

Ukraine is a member of the World Trade Organization (WTO).

Trademarks, designs, patents and copyright are the principal forms of Intellectual Property protection governed by Ukrainian legislation. The legislation is harmonised with most relevant international treaties and compliant with WTO requirements.

Ukraine is not a party to the European Patent Convention. IP rights protection in Ukraine is a serious concern. The Office of the United States Trade Representative (USTR) named Ukraine a 'Priority Foreign Country' in a Special 301 report on IP in 2013. This rarely used, bottom-tier judgement demonstrated the deteriorating climate for Intellectual Property Rights (IPR) protection in Ukraine.

Information is provided on the UK Government's Intellectual Property page at: <https://www.gov.uk/intellectual-property-an-overview>, and at the Intellectual Property Office – the UK Government agency providing free and impartial advice on protecting and registering your IP in the UK and abroad. See: <https://www.gov.uk/government/organisations/intellectual-property-office>.

[Source – FCO Overseas Business Risk/gov.uk (2017)]

Ukraine's 2018 Intellectual Property Rights Index (IPRI) rating is 110th out of 125, placing it 23rd out of 24 in the region. See: <https://www.internationalpropertyrightsindex.org/country/ukraine>.

Export licences for Ukraine

You can find out about getting a licence to export dual use goods, services or technology to Ukraine at: <https://www.gov.uk/guidance/beginners-guide-to-export-controls>.

To find out which products will need certification or licensing before they can be exported to Ukraine, see: <https://www.gov.uk/starting-to-export/licences>.

The EU Foreign Affairs Council meeting on 22nd July 2014 agreed to lift the EU temporary suspension of arms export licences to Ukraine. A temporary suspension had been in place since February 2017 of equipment where there was a risk that they might be used for internal repression. All licences for military equipment for Ukraine will now be considered on a case-by-case basis against the EU and relevant national Arms Export Licensing Criteria.

Companies requiring further information on this issue should consult the Export Control Joint Unit. See: <https://www.gov.uk/government/collections/strategic-export-controls-licensing-data>.

[Source – FCO Overseas Business Risk/DIT (2017)]

Law on marketing and selling

If you are selling to consumers you must be aware of and comply with relevant Ukrainian consumer protection laws. It is recommended you consider using an agent in Ukraine to provide customer support services.

Labelling your products

Labels on non-food items must include the following information in Ukrainian:

- product name
- volume, weight, etc.
- price
- terms and conditions of purchase

- country of origin
- name of manufacturer
- Genetically Modified Organism (GMO) details
- hazardous substances information
- date of manufacture
- storage requirements
- guarantees
- usage and safety instructions
- expiration date, shelf-life and disposal instructions, etc.
- certification and compliance details

Labels on food items must include the following in Ukrainian:

- product name
- ingredient quantities
- volume, weight, etc.
- expiration date
- storage details
- terms and conditions of use
- importer details and contact for complaints
- serial number
- Genetically Modified Organism (GMO) details
- country of origin
- nutritional value/content of proteins, carbohydrates, fats, calories, etc.
- health warnings with regard to consumption

- trade mark details as applicable

Due to the complexity of these regulations, and because they may change at short notice, you may decide to take advice from an agent, or contact DIT at the British Embassy Kyiv first. DIT in Ukraine can help you identify and meet potential agents and distributors. See:

<https://www.gov.uk/world/organisations/departments-for-international-trade-ukraine#contact-us>.

Taxation

The State Fiscal Service administers tax and operates customs services in Ukraine. See: <http://sfs.gov.ua/en/>.

The general principles of the Ukrainian tax system are laid out in the Tax Code adopted in 2010. The Ukrainian tax reporting year uses the calendar year, starting 1st January and ending 31st December.

Value added tax (VAT)

VAT is generally levied on goods and services at 20%, calculated on the cost, insurance and freight (CIF) value plus import duty. Special VAT regimes apply to certain goods.

There are excise duties levied on beer, wine, spirits, tobacco and fuel.

Many foreign companies have experienced delays with VAT refunds in Ukraine. This situation has recently started to improve but has not been completely resolved.

Corporate income tax

Corporate income tax is levied at 18%.

Individual income tax

Personal income tax in Ukraine is 18%.

Tax residents can benefit from certain tax exemptions and reduced tax rates.

[Source – DIT/gov.uk]

Double-taxation agreement

The UK and Ukraine have signed a double taxation agreement. This allows some taxes paid in one country to be deducted in the other.

The double taxation convention entered into force on 11th August 1993.

It was effective in Ukraine from:

- 10th October 1993 for tax on dividends, interest, royalties and tax on Ukrainian, foreign and stateless citizens
- 1st January 1994 for tax on enterprises

It was effective in the UK from:

- 1st April 1994 for corporation tax
- 6th April 1994 for income tax and capital gains tax

However, the Protocol to the 1993 Convention was signed on 9th October 2017 and has not yet entered into force.

This will happen when both countries have completed their parliamentary procedures and exchanged diplomatic notes.

An announcement will be made when these procedures have been completed. See: <https://www.gov.uk/government/publications/ukraine-tax-treaties>.

You can zero-rate the sale of your goods to Ukraine, provided you get and keep evidence of your export, and comply with all other laws. You must also make sure the goods are exported, and you must get the evidence within three months from the time of sale.

More information on GST in non-EU markets can be found at: <https://www.gov.uk/guidance/vat-exports-dispatches-and-supplying-goods-abroad>.

Excise duty

You should check you have paid excise duty on any alcohol, alcoholic drinks, energy products, electricity or tobacco products you send to Ukraine.

Customs

The State Fiscal Service operates customs services in Ukraine. See: <http://sfs.gov.ua/en/>.

All imported goods must be cleared with customs whether they are imported by air, sea or post. Import of goods under EUR 150 for private use is free of customs charges. Import duty is based on the CIF value of goods.

You can find out about import tariffs at the EU's Market Access Database (MADB). See: <http://madb.europa.eu/madb/indexPubli.htm>.

The MADB also has a full list of trade barriers and import tariffs for Ukraine at: http://madb.europa.eu/madb/barriers_result.htm?isSps=false&countries=UA.

Documentation

The following documents are required to import goods into Ukraine:

- commercial invoice showing the value of the goods (prepared in English and Ukrainian)
- international waybill
- certificate of origin
- certificate of conformity

Additional documents may be required depending on the goods and the means of transportation.

Import controls are in place for certain products. There may be pre-shipment controls on imports of manufactured products.

Customs clearance of goods (regular export-import documentation) is required by the Ukrainian authorities when transporting goods between mainland Ukraine and Crimea. Customs clearance is carried out at border checkpoints with Crimea.

Complying with HMRC regulations to export to Ukraine

You must make export declarations to HMRC through the National Export System (NES) to export your goods to Ukraine. See: <https://www.gov.uk/guidance/export-declarations-and-the-national-export-system-export-procedures>.

You can find out how to declare your exports to Ukraine through the NES at: <https://www.gov.uk/guidance/export-declarations-and-the-national-export-system-export-procedures>. You must classify your goods as part of the declaration, including a commodity code and a Customs Procedure Code (CPC).

Commodity codes and other measures applying to exports in the UK Trade Tariff can be found at: <https://www.gov.uk/trade-tariff>.

Contact the HMRC Tariff Classification Service at: <https://www.gov.uk/government/publications/notice-600-classifying-your-imports-or>

exports/notice-600-classifying-your-imports-or-exports#list-of-useful-contacts for more help.

You must declare any goods that you take with you in your luggage to sell outside the EU. See: <https://www.gov.uk/take-goods-sell-abroad> for further information.

Temporary export of goods

You can use an ATA (Admission Temporaire/Temporary Admission) Carnet to simplify the customs procedures needed to temporarily take goods into Ukraine: <https://www.gov.uk/taking-goods-out-uk-temporarily>.

Use the SPIRE system at: <https://www.spire.trade.gov.uk/spire/fox/espire/LOGIN/login> to apply for a temporary export licence.

[Source – DIT/gov.uk]

Shipping your goods

If you are not knowledgeable about international shipping procedures you can use a freight forwarder to move your goods. A forwarder will have extensive knowledge of documentation requirements, regulations, transportation costs and banking practices in Ukraine.

You can find freight forwarding companies to help you transport your goods to Ukraine via the British International Freight Association (BIFA) at: <http://www.bifa.org/home> or the Freight Transport Association (FTA) at: <http://www.fta.co.uk/>.

Posting goods

You can find out about sending goods by post to Ukraine at: <http://www.royalmail.com/ukraine>.

Shipping restricted, banned and dangerous goods

Special rules apply if you are shipping dangerous goods to Ukraine. See: <https://www.gov.uk/shipping-dangerous-goods/what-are-dangerous-goods> for more information.

You should consider working with a local agent who can advise on the latest import licensing requirements. Contact the DIT in Ukraine at: <https://www.gov.uk/world/organisations/department-for-international-trade-ukraine#contact-us> for assistance and information about third-party advisers.

Terms of delivery

Your contract should include agreement on terms of delivery using incoterms: <https://www.gov.uk/guidance/international-trade-paperwork-the-basics#international-trade-contracts-and-incoterms>.

UK Export Finance

The UK Government can provide finance or credit insurance specifically to support UK exports through UK Export Finance (UKEF) – the UK's export credit agency. See: <https://www.gov.uk/government/organisations/uk-export-finance>.

For up-to-date country-specific information on the support available see UKEF's cover policy and indicators for Ukraine at: <https://www.gov.uk/guidance/country-cover-policy-and-indicators#ukraine>.

[Source – DIT/UKEF/gov.uk]

Sponsored By:

Human Resources/Payroll

BRAIN▲SOURCE
INTERNATIONAL

Corporate Intelligence



Market Entry/ Business Process Outsourcing



Law/Legal Services

KINSTELLAR

Insurance/Risk Services



Accountants/Professional Business Services



;

Contact IMA
International Market Advisor
IMA House
41A Spring Gardens
Buxton
Derbyshire
SK17 6BJ
United Kingdom
Email: info@ima.uk.com
General enquiries switchboard: +44 (0) 1298 79562
Website: www.DoingBusinessGuide.co.uk