



Outsourcing Services

International assignment

Information Brochure

CONTENT

1. INTERNATIONAL ASSIGNMENTS WITHIN UKRAINE	3
2. WORK PERMIT	4
3. INDIVIDUAL TAX NUMBER	5
4. ENTRY FORMALITIES	6
5. TAX ISSUES	7

1. INTERNATIONAL ASSIGNMENTS WITHIN UKRAINE

Due to many uncertainties of the Ukrainian legislation, its interpretation by the state/ local fiscal authorities is not consistent. This refers to regulations aiming on initiation and preparation of foreigners assignments to the Ukraine, as well as their following work therein. Moreover many specific situations which foreigners could face during their assignment in the Ukraine are currently not addressed by the Ukrainian legislation at all. Such situations require the timely and consequent assistance of specialized experts to prevent additional costs or potential harm. HWC's professionals are making an assignment to the Ukraine easier, more secure and therefore more enjoyable to our clients by providing the full scope of International Assignment Services (IAS).

HWC's comprehensive compliance approach integrates the clients as well as the assignees interests and needs. Our IAS services include but are not limited to:

- Work permit obtainment and prolongation;
- Obtaining assignees local ID tax codes;
- Obtaining assignees residence permit in the Ukraine;
- Preparation of annual tax returns and departure tax returns for the assignees;
- Support in obtaining of foreign tax credit;
- Pre/post arrival consulting;
- Pre departure consulting;
- Monthly local payroll services;
- Advice on Ukrainian labor legislation matter;
- Advice on Ukrainian tax legislation matter;
- Advice on tax and legal matter for assignee's family members;
- Advice on currency regulations, fringe benefits, independent services

On the following pages, we provide an compendium of four considerable key aspects of international assignments within the Ukraine.

Making your business work – is what we do!

2. WORK PERMIT

- The Ukrainian labor law provides considerable safeguards for employees that apply regardless to the employees status, i.e. foreigners or locals;
- According to the current legislation, local employers are entitled to employ a foreigner only in case of obtaining a Work Permit for such foreigner, regardless whether such foreigner is employed under the employment contract or works in Ukraine pursuant to the contracts between his/ her foreign employer and Ukrainian customers;
- A work permit has to be obtained by the employer before commencement of the employment of the foreigner. Prerequisite for the obtainment of a work permit is to disburse a fee must amounting of 4 minimum salaries (as of 01.01.2015 – 4,872 UAH (equivalent 200 EUR);
- Employers are allowed to employ:
 - foreign citizens, provided that there are no qualified employees capable of performing a corresponding type of work in the Ukraine (in the region);
 - a foreign citizen applying for a position of a director, a deputy director or other leading position if he is a founder or a co-founder of the company or if he/she is invited to work in this position;
 - foreign citizens sent by a foreign employer to Ukraine for a particular amount of work (services) on the basis of agreement (contracts) concluded between such employer and an Ukrainian company, provided that the number of qualified foreigners involved is not exceeding half of the total number of persons working under the respective terms of agreement (contracts);
- A Work Permit is issued by the relevant regional Employment Center for one year, but it can be prolonged. The petition on work permit prolongation should be brought 30 days prior to its expiry. The procedure of request for issuance and prolongation of work permissions are identical. The work permit is issued within 30 working days after supplying all relevant documents.

3. INDIVIDUAL TAX NUMBER

- A taxpayer registration card number is an element of the State Register of physical persons of Ukraine, which is given to physical persons (taxpayers);
- Physical persons possessing the objects of taxation or obligations to pay taxes and/or other obligatory payments must register in the State Register of physical persons and obtain a ten-digit registration number.
- According to Ukrainian law, a foreigner must obtain a tax identification number (TIN) in the following cases:
 - Employment in Ukraine;
 - Registration as a private entrepreneur in Ukraine;
 - A foreigner is the founder of a legal entity in Ukraine;
 - In case a foreigner possesses objects of taxation in Ukraine that are provided by law and from which taxes and other obligatory payments to be paid.

4. ENTRY FORMALITIES

- For the entry into Ukraine foreigners require a valid passport and a visa, except they are citizen of countries, which have free-entry agreements with Ukraine.
- Citizens of countries that have signed special free-entry agreements with the Ukraine do not require a visa to enter the country (e.g., Russia and some Eastern European countries). Citizens of EU countries, the Swiss Confederation, and some other European countries as well as Turkey, Canada, the USA, Japan, Israel and Korea do not need visas to enter or transit through the territory of Ukraine.
- In general, the citizens of countries that have signed special free-entry agreements with Ukraine are allowed to stay 90 days, within a 180-day-period, in the country without a visa.
- The main types of visas for entering Ukraine are:
 - Long term visa (type D) – a single entry visa – is issued to individuals who will be temporarily employed by a Ukrainian entity or employees of representative offices (RO). Also, such type of visa will be issued to spouses and family members of the primary visa holder;
 - Short term visa (type C) – single/ double/ multiple entry visa – is issued to individuals entering Ukraine for short term (up to 90 days) business or private visits to Ukraine;
- For obtaining a Ukrainian visa, personal attendance at Ukrainian Embassy (Consulate) is required;
- Passports of foreign nationals must be registered by the Ukrainian border authorities at the time of crossing. In case the foreign national has an uninterrupted stay in Ukraine for more than 90 days (during a 180-day-period), the individual's visa (passport) must be registered with the local agency for internal affairs (police/ VGIRFO);
- Registration is not required for certain categories of foreign nationals.

5. TAX ISSUES

- Depending on whether they are tax residents or not, individuals are subject to PIT in the Ukraine. Individuals who are tax residents of Ukraine are taxed on their worldwide income whereas non-residents are taxed on their Ukraine-sourced income only. Under Ukrainian law, Ukraine-sourced income is an income derived by an individual as a result of any labor or business activity performed in Ukraine. This includes remunerations for the work performed in Ukraine, whether paid by a Ukrainian or a foreign company.
- Under Ukrainian law, an individual can be considered a tax resident of Ukraine if he/ she meets the Ukrainian tax residence criteria, which are as follows:
 - An individual is considered a Ukrainian tax resident if he/ she has a domicile in Ukraine;
 - If the individual also has a domicile in another country, he/ she is deemed to be resident of Ukraine provided he/ she has a permanent place of residence in Ukraine;
 - If the permanent place of residence is also available in another country, the individual is deemed to be resident of Ukraine provided his/ her centre of vital interests is situated in Ukraine;
 - If it is not possible to determine the actual centre of vital interests, or if the individual does not have a permanent place of residence in any country, the individual is deemed to be tax resident of Ukraine if he/ she stays in Ukraine at least 183 days during a calendar year.
- Under Ukrainian law, income received from foreign sources, or income from Ukrainian sources that has not been taxed at source, is subject for taxation, based on an annual tax return. The obligation to report this income in Ukraine and to pay the tax rests with the individual. The tax return is filed in with the district/ city tax authorities' office at the place of the individual's domicile in Ukraine.
- The annual tax return is due by 30 April of the year, after the end of the calendar year. The self assessed tax is due by 31 July of the year after the end of the calendar year. The tax can be paid in UAH only.
- However, if an individual's remuneration to an individual (whether the individual is a tax resident or non-resident) is paid through the payroll of a Ukrainian entity, the income tax is withheld at source. In such cases the individual is not required to submit any tax return in Ukraine.

Making your business work – is what we do!

HWC LLC
Ukraine
Kyiv 04205
Obolon Residences
Obolonskyi Ave 26

+380 44 451-5154
office@hwc.com.ua
www.hwc.com.ua