



# Personal Income Tax. Social Security. Immigration.

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# Personal income tax

## General Information

In Ukraine, a tax year coincides with a calendar one, consequently a tax-reporting period is January 1 – December 31.

Generally, all income paid for an individual in Ukraine is taxed at source (a Ukrainian entity is responsible for calculation of a tax, its withholding and transfer to the budget).

The most common compliance requirements for a tax return are:

- For Ukrainian tax residents – receiving a foreign (non-Ukrainian sourced) income;
- For foreign nationals – for the year of ‘acquiring’ tax residency status;
- ‘Departure tax return’ – (i) for foreign nationals who leave Ukraine and lose their tax residency status and (ii) Ukrainian nationals who leave Ukraine for a permanent place of living in another country.

Temporarily, a personal income tax base is simultaneously a base for military tax.

## Rates

Personal Income Tax: Flat rate – 18%

Tax rates for tax residents and tax non-residents are mostly the same.

5% tax rate is applied only for:

- dividend income received from Ukrainian residents;
- income received from a sale of more than one real estate item within a calendar year (only for Ukrainian residents);
- income received from a sale of more than one movable property item within a calendar year (only for Ukrainian residents);
- value of inherited assets received from persons who are not the first degree relatives (only for Ukrainian residents).

Temporary military tax: 1.5%

## Tax returns and compliance

A tax return due date is 30 April of the year following the reporting one (for example, a deadline for filing of 2016 Ukrainian tax return is 30 April 2017).

The deadline for tax payment, which should be self-assessed based on the tax return, is 31 July of the year following the reporting one (for 2016 – 31 July 2017).

If an individual has ‘foreign’ (non-Ukrainian sourced) income, he/she could file an application to the Ukrainian tax authorities with the request to postpone the deadline for his/her tax return till 31 December of the year following the reporting one (for 2016 – 31 December 2017).

## Tax residency rules and double tax treaties

The concept of the tax residency incorporated in the Ukrainian legislation is similar to that of the most double taxation treaties and is determined based on the step-by-step criteria:

- 1 – domicile/permanent place of residence in Ukraine;
- 2 – center of vital interests;
- 3 – presence in Ukraine for the period exceeding 183 days during a calendar year;
- 4 – Ukrainian citizenship.

There are no tax registration/deregistration procedures required for acquiring/termination of the tax residency status.

The double taxation of the income is avoided by claiming a foreign tax credit (if it is provided by the effective double tax treaty).

[Click here to access the list of the treaties of Ukraine on avoidance of double taxation.](#)

# Social security

## General Information

As a rule, every individual working in Ukraine under the employment contract participates in the social security system, as Ukrainian entities are obligated to pay social security contributions on behalf of their employees.

## Rates and Base

22%.

The base for SSC is either gross remuneration or cap, whichever is less.

The cap depends on the subsistence minimum. In 2016 cap is as follows:

Period	Subsistence minimum, UAH	Cap for SSC, UAH
01.01.2016 – 30.04.2016	1,378.00	34,450.00
01.05.2016 – 30.11.2016	1,450.00	36,250.00
01.12.2016 – 31.12.2016	1,600.00	40,000.00

# Immigration

## General Information – Business Travelers

Business travelers to Ukraine usually require a short-term business visa “C” type. A short-term visa is issued if a foreign national stays in the country up to 90 days within 180 days from the date of his/her first entry.

At the same time, a visa-free entry to Ukraine is available for some nationals who are going to stay in Ukraine for the period that will not exceed 90 days in 180-day period (starting from the first entry day) with multi number of entries for business purposes.

As of 2016, the citizens of EU countries, the US, Russia, Israel, Turkey and some other countries could enjoy visa-free entry to Ukraine.

[Click here to check the full list of the countries with the visa-free entry to Ukraine.](#)

When a foreign national plans to stay longer than 90 days in 180-day period (starting from the first entry day), he/she requires a long-term visa type “D”.

## Pension Insurance

Pension insurance is a part of the social security system. So if the social security contributions are paid by/on behalf of the individual, he/she ‘automatically’ participates in the pension insurance of Ukraine.

Ukraine has signed totalization agreements on pension contributions with several countries.

Ukraine has territorial agreements with Azerbaijan, Armenia, Belarus, Georgia, Hungary, Kazakhstan, Kyrgyzstan, Moldova, Mongolia, Romania, Russia, Tajikistan, Turkmenistan, and Uzbekistan. Based on these agreements, the length of service in one state can be included in the overall work record in the second state (in case the relevant social contributions were duly paid abroad).

Ukraine has proportional agreements with the following countries: Bulgaria, Spain, Lithuania, Latvia, Slovakia, Czech Republic, Estonia, Poland, and Portugal. Based on these agreements, each country proportionally pays a part of pension based on the length of service gained on its territory.

Individual also will be required to register with the local immigration authorities and obtain a temporary residence permit (TRP). TRP is a document that allows entering and staying in Ukraine without any restrictions during the period of the permit validity – usually one year. TRP is issued based on a long-term visa type “D”.

## General Information – Work in Ukraine

A foreign individual, who intends to work in a Ukrainian company, must obtain a work permit before starting the work regardless of whether this individual will work in Ukraine based on a local employment contract or based on the assignment letter.

A work permit is issued for the period up to 1 year with further prolongation (if required).

Besides a foreign individual, who works/plans to work in Ukraine, is required to be registered with the Ukrainian tax authorities and to obtain a tax ID-number.



**For more information, please contact us:**

**Kyiv**

SENATOR Business Center

32/2 Moskovska Street

**T:** +380 44 490 5507

**F:** +380 44 490 5508

**E:** [info@kpmg.ua](mailto:info@kpmg.ua)

**Sergey Popov**

*Partner, Head of Tax and Legal*

*KPMG in Ukraine*

**T:** +380 44 490 5507

**E:** [spopov@kpmg.ua](mailto:spopov@kpmg.ua)



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This card was prepared as a quick-reference tool for the most common tax rates and amounts and represents the status at 1 January 2016.

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