

Business support & outsourcing

# BUSINESS SET UP IN UKRAINE



## REPRESENTATIVE OFFICE

**This short guide provides general information on the main statutory requirements connected with setting up a representative office of a non-resident company.**

Representative office (RO) is not a separate legal entity and, accordingly, the headquarters is liable for the activity and obligations of its representative office.

There are two types of representative offices:

- non-commercial RO can only function to represent its headquarters with no right of business activity on the territory of Ukraine;
- commercial RO (permanent establishment) can conduct business and gain profit.

Tax benefits are only provided to non-commercial ROs while commercial RO is subject to taxation on ordinary terms.

### Foundation

ROs are established by means the registration in the Ministry of Economic Development and Trade of Ukraine. The documents for the registration shall be considered within 60 working days from the date of the state duty payment (USD 2,500). Then, RO shall be registered in the tax authorities. No business activities can be conducted before registration in the tax authorities.

Documents required for the registration:

- Extract from the trade register of the headquarter along with its statement from the bank;
- Power of attorney for the head of the RO;
- Application for registration (the registered address is to be indicated).

Foreigners employed by the RO do not need to obtain employment permits in Ukraine. When RO is registered, the Ministry issues work cards to foreigners employed by the RO for the period up to three years.

### Statutory reporting

Representative offices are required to submit month, quarter and annual tax returns and financial statements, even if they do not carry out business activity.

### Financing of the activity

Since ROs are not legal entities no share capital is formed. Funding of the RO can be made by means of money transfer from the headquarters. However, in case the monetary funds are used for business activity, they can be recognized as a taxable income with further taxation.



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