



**STATE SUPPORT FOR INVESTMENT PROJECTS WITH
SIGNIFICANT INVESTMENTS IN UKRAINE (LAW NO. 1116)**

STATE SUPPORT



CIT exemption*
(for 5 years by choice)



Exemption from VAT
for importing new
equipment and
components to it ***



Exemption from **import
duties** for new equipment
and components to it ***



Construction of **related
infrastructure ****
(highways,
communication lines,
utilities, etc.).

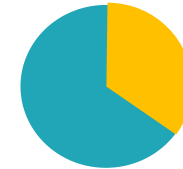


Lease of **state
or communal
land plots
without land auctions**



Land tax exemption/
reduced land tax rates

AMOUNT OF STATE SUPPORT



**up to 30%
CAPEX**

GUARANTEES

Stable legislation:

Rights and obligations of an investor defined by an agreement are governed by Ukrainian legislation in force as of the date of concluding an agreement (except for legislation that reduces or abolishes taxes, simplifies business regulations, or otherwise improves business conditions).

Right to compensation:

An investor has a right to compensation of losses caused by state bodies' or local authorities' decisions that violate an investors rights.

* Not applicable to projects in the sphere of extraction for the purpose of further processing and/or enrichment of natural resources.

** Not applicable to projects in the sphere of enrichment of iron ore.

*** The list and volumes of equipment are approved by the Cabinet of Ministers for each project.

REQUIREMENTS to projects



€ 20+ million
of investments



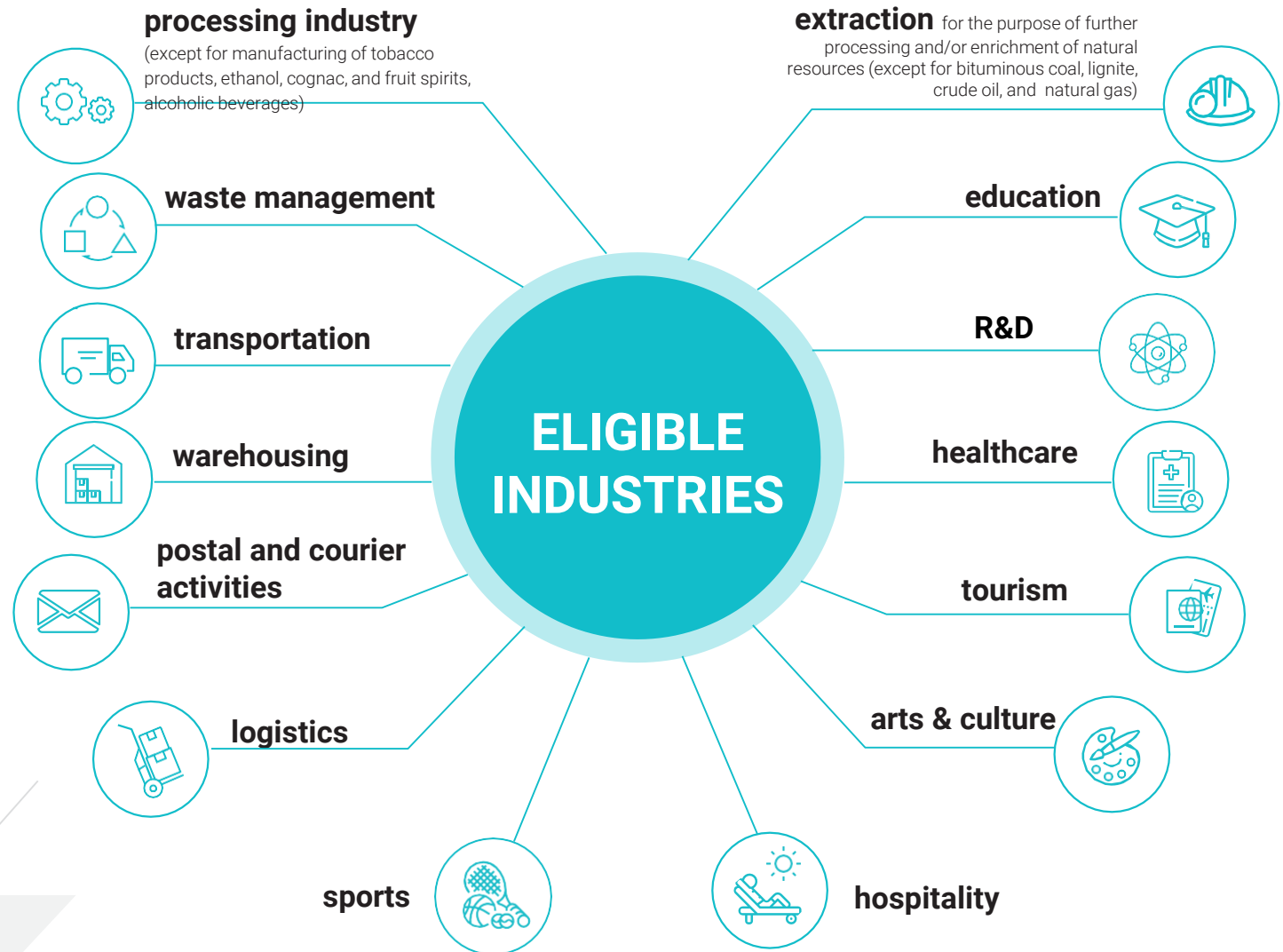
80+
of new jobs



up to 5 years
of project implementation



construction, modernization,
technical and/or
technological
reequpment of
objects



Special investment agreement (SIA)



up to 15 years

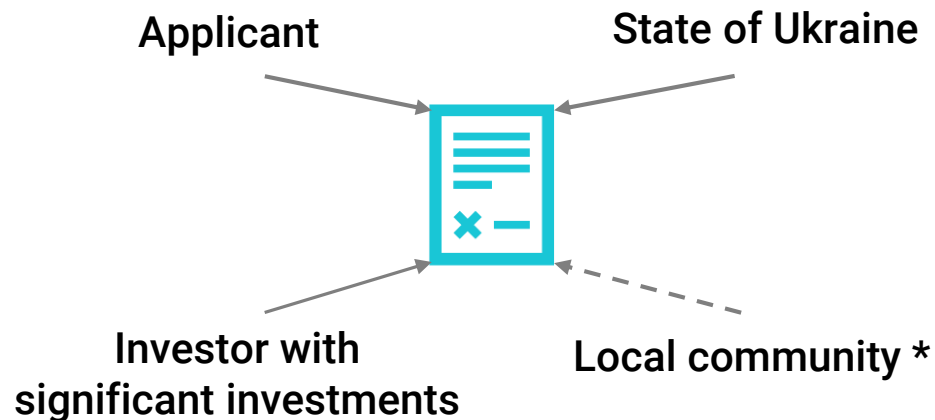


possibility to choose
applicable law



possibility to choose
**dispute settlement
mechanism**

PARTIES



APPLICANT

- legal entity registered in Ukraine or a foreign state;
- several applicants may finance a project jointly.

FOLLOWING LEGAL ENTITIES MAY NOT BE APPLICANTS:

- state and communal enterprises;
- registered in offshore jurisdictions, aggressor state;
- subject to sanctions;
- registered in the states that do not cooperate in combating money laundering (FATF);
- subject to bankruptcy proceedings, dissolution or reorganization, etc.

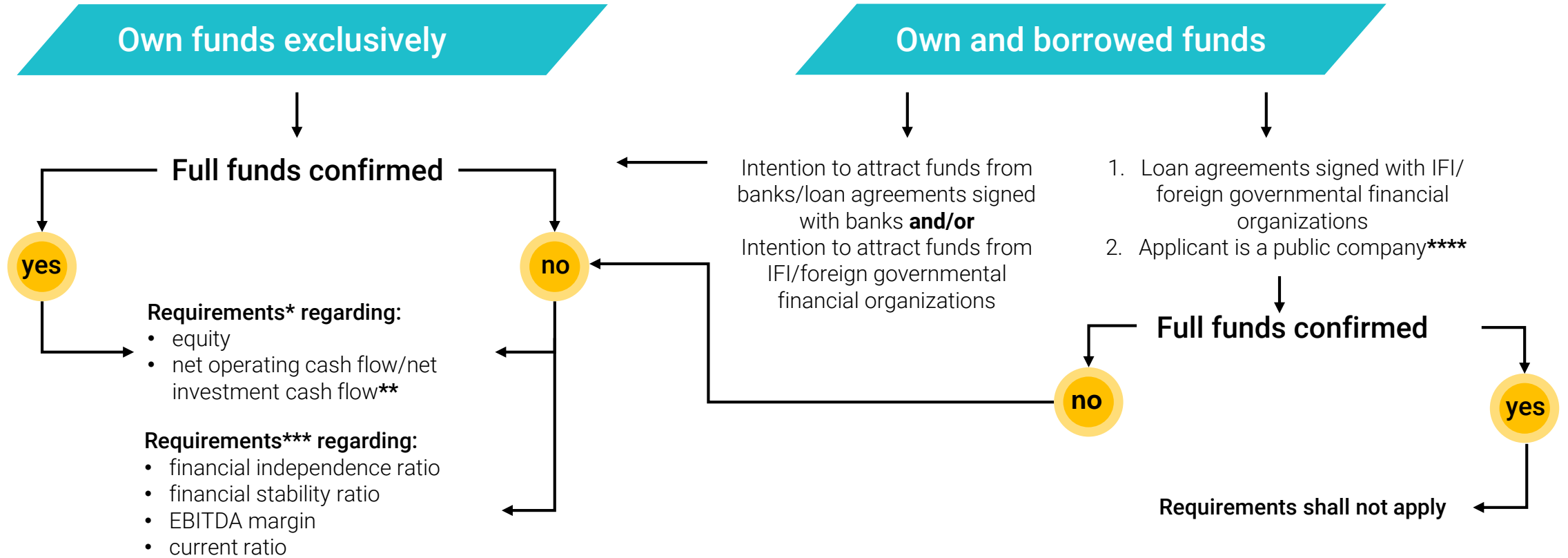
INVESTOR with significant investments

- legal entity registered in Ukraine;
- applicant owns 100% of shares of investor with significant investments;
- investor's economic activity is aimed exclusively at project implementation (so called "Special purpose vehicle").

* Local community is a party to SIA if it provides state support for project implementation.

Requirements to applicant's financial capacity considering capital structure of investor with significant investments

According to Requirements to Applicant regarding Financial Capacity, approved by the Resolution of the Cabinet of Ministers as of 23 June 2021 No. 648



* Applicable jointly to an applicant, parent companies and/or persons related to an applicant by control relationship.

** Net investment cash flow requirement shall apply only to collective investment institutions (instead of net operating cash flow requirement)

*** Applicable to a legal entity which finances a project with unconfirmed funds.

**** Legal entity listed on a foreign stock exchange in accordance with the list that will be approved by the Ministry of Economy.

Requirements:

- equity $\geq 20\%$ of investments
- net operating/investment cash flow $\geq 20\%$ of investments
- financial independence ratio $\geq 0,2$
- financial stability ratio $\geq 0,3$
- EBITDA margin $\geq 0,07$
- current ratio $\geq 0,7$

Required documents

- Application
- Feasibility study and financial model of a project
- Certificate confirming absence of arrears of taxes ***
- Certificate of an applicant's ownership structure and list of related companies
- Draft special investment agreement
- Certificate confirming that an applicant has not been declared bankrupt ***
- Audit report of an applicant's financial statements (and its parent company's*)
- Documents confirming the availability of financing **
- Copy of an official document confirming legal status of an applicant ***

* Document shall be submitted if an applicant uses supporting documents of a parent company and/or persons related to an applicant by control relationship to confirm compliance with financial capacity criteria.

** Certificate confirming availability of relevant liquid assets; letter of intent to provide financing or confirmation letter on signing a loan agreement from banks, IFI, foreign governmental financial organizations.

*** Document shall be submitted if an applicant is a legal entity registered in a foreign state.

According to:

- Requirements to Applicant regarding Financial Capacity, approved by the Resolution of the Cabinet of Ministers as of 23 June 2021 No. 648;
- Requirements to Application, approved by the Resolution of the Cabinet of Ministers as of 28 July 2021 No. 819;
- Requirements to Feasibility Study, approved by the Resolution of the Cabinet of Ministers as of 19 May 2021 No. 515;
- Methodology for Calculating State Support, approved by the Resolution of the Cabinet of Ministers as of 07 July 2021 No. 714.

APPLICATION procedure

Preparatory stage

Evaluation of investment project by Ministry of Economy (up to 60 calendar days*)

Conclusion of SIA

Project implementation

1. Application to UkraineInvest

- Filling in questionnaires.
- Concluding Memorandum on cooperation and NDA.
- Consulting on application procedure and support of project implementation.

2. Submitting application to Ministry of Economy

3. Formal assessment of documents (up to 10 working days)

4. Assessment of documents by other state bodies** (up to 20 calendar days)

5. Assessment of feasibility study, SIA, financial model, amount of state support

6. Conclusion on expediency to implement investment project

7. Sending draft SIA to Cabinet of Ministers and respective local authority*** (up to 30 working days)

8. Conclusion of SIA (up to 30 calendar days)

9. UkraineInvest's support of project implementation

* Evaluation of the projects lasts up to 45 days if the applicant signed a loan agreement with IFI/ foreign governmental financial organizations.

** Ministry of Finance, Ministry of Ecology, Ministry of Justice, AMCU, relevant government body, relevant local authority.

*** If respective local authority provides state support and is a party to SIA.



attraction of investors



organizational, informational, and advisory assistance in preparation and implementation of investment projects



cooperation with state bodies, local authorities re preparation and implementation of investment projects

UkraineInvest is an authorized institution to support preparation and implementation of investment projects.

Service is provided free of charge.

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