

Ukraine: temporary lifting of requirements for the Diia City residents



At the beginning of 2022, a special legal and tax regime for Ukraine-registered tech companies called Diia City became fully operational (for more details please see [our overview of the Diia City regime](#)).

Ukrainian tech companies are required to comply with a number of requirements to become Diia City residents and maintain their residency. Due to the introduction of martial law in Ukraine on 24 February 2022, the Cabinet of Ministers of Ukraine has temporarily lifted a number of requirements.



Until the 1st day of the calendar month following the month in which the martial law is cancelled, **tech companies cannot be deprived of their Diia City residency** if they are not compliant with:

€1200

the average monthly remuneration of employees and gig workers

9 specialists

the average monthly amount of employees and gig workers

90% of income

quarterly and annual amounts of qualified income generated from tech activities

Other requirements

such as the absence of the tax debt, disclosure of the UBO(s) etc.

Moreover, the Diia City residents are exempt from the obligation to file a conformity report and an independent audit report, which are required to monitor the company's compliance with the Diia City requirements, until the 1st of January of the calendar year following the year in which the martial law is cancelled.



Tax regime



The relaxation **does not apply** to tax issues.

Non-compliance

where the average monthly salary and the average monthly number of specialists criteria are not met



18% personal income tax

instead of a preferential 5% tax. Once taxed at the 18% rate, such amounts of remuneration will not be added to calculations of the annual specialists' income limit of € 240,000.

Single tax system



In the context of taxation, we also note that **Diia City residents will not be able to take advantage of the 2% single tax system** recently introduced under martial law amendments to the Tax Code of Ukraine.

(Please see an overview of this special single tax [here](#))

Diia City residents **can only pay taxes under the general system of taxation**, within which they may choose between:



The remainder of martial law tax changes



They should apply to the extent that they are applicable to Diia City residents.

- provisions releasing from liability for late tax reporting and payment of taxes,
- suspension the deadlines specified in the Tax Code of Ukraine, or
- the introduction of VAT benefits if the Diia City resident is registered as a VAT payer, etc.

Notwithstanding the introduction of the martial law Ukrainian tech companies are **actively joining** Diia City.



>70 companies

have become Diia City residents since 1 March 2022

Your key contacts



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