

Wolf Theiss Guide to Diversification of Ukrainian Businesses

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The war in Ukraine, in addition to untold humanitarian costs, has caused immense damage to Ukrainian businesses and entrepreneurs. Both Ukrainian domestic and international businesses have been affected. These businesses have been considering various measures aimed at (i) securing the continuation of their operations, (ii) continuing transactions with their counterparties in Ukraine and abroad, (iii) supporting their employees and (iv) ensuring that business can generally move forward as much as is possible.

Among the measures available to achieve these goals is the relocation in whole or in part of the operations or production. In some cases, it is possible to relocate the entire business process. For instance, this may be feasible for IT and tech-oriented businesses. In other cases, companies can consider a partial relocation of their business processes. The latter may be relevant for businesses which have their production facilities or raw materials in Ukraine, and which production facilities and raw materials, from the business point of view, makes sense to continue using in business processes.

Furthermore, in some cases, diversification may be something that businesses must implement to maintain relations with counterparties. Unfortunately, in some cases foreign companies are reluctant to transact with Ukrainian businesses, as the former are concerned that Ukrainian businesses, subject to the war-time pressures and limitations, may not be able to fulfil their contractual obligations. The diversification of business, production or logistic operations can increase the chances for Ukrainian businesses to give their foreign counterparties reasonable comfort that, despite the war, Ukrainian businesses will be able to deliver on their commercial commitments.

This guide addresses the most common issues that Ukraine-based businesses need to address when structuring and implementing their diversification.

1. Critical topics for Ukrainian businesses considering diversification

Businesses based in Ukraine wishing to diversify their operations need to take into consideration and analyse many aspects of their future activities in a foreign country as well as purely Ukrainian matters.

In particular, the following should be considered:

(i) The company

Partial relocation

As noted above, business diversification may envisage the relocation abroad of the operations in whole or in part. If the option of partial relocation is chosen, the relevant Ukrainian entity(-ies) would continue operations, although on a limited scale.

Under this scenario, from the legal perspective, the activities of the Ukrainian entity would not undergo any significant changes, save for those required to accommodate the smaller scale of operations or to consider the

relocation within Ukraine. The Ukrainian company would still have to comply with applicable obligations concerning, among other things, tax payment and reporting, payment of salaries and performance of obligations with respect to counterparties.

In this context, the Ukrainian Chamber of Commerce and Industry ("UCCI") in its letter No. 2024/02.0-7.1 dated 28 February 2022 confirmed that the military aggression of the Russian Federation against Ukraine, which was a reason for declaring martial law in Ukraine on 24 February 2022, shall be considered a force majeure event under Ukrainian law. Thus, if a Ukrainian company is unable to perform its contractual obligations, it may use the template letter prepared by UCCI to notify its counterparties of the occurrence of the force majeure event that should excuse any non-performance of contractual obligation by the notifying entity for the duration of martial law in Ukraine.

As to premises leases (especially if the leased property is located in an area of the active military conflict), it may be advisable that before invoking the force majeure mechanism, the parties first try to negotiate rent and service payment reductions. Currently, due to martial law, landlords are willing to reduce the rent by up to 100% while keeping the operational expenses and utilities payable. Thus, a supplemental agreement stipulating special payment provisions for the period of martial law might be an option that would provide comfort to both parties.

As to tax payment and reporting obligations, for the duration of martial law Ukrainian companies may not be held liable for the failure to pay relevant taxes, file tax reports or perform necessary tax registrations. Any outstanding obligations, however, should be performed in full no later than three months after martial law is lifted.

When planning activities of the Ukrainian company, it should also be considered that access to various Ukrainian state registers may be limited for the duration of martial law.

Additionally, various limitations have been placed on activities of notaries, although some of these limitations have been lifted. As the legal framework in this field is constantly changing, we recommend checking for any recent changes before any transaction or action is planned.

Full relocation

The situation would be different if the Ukrainian business in question would be fully (to the extent possible) relocated to a foreign country, including all of its employees, assets, business contracts, etc. In this case, the activities of the Ukrainian entity(-ies) would be discontinued, while the entity itself would turn into an inactive company that the founders would most likely consider disposing of.

There is currently no clarity whether any special procedures will be set up for rehabilitating or liquidating Ukrainian companies affected by the war if such companies are no longer able to perform business operations and turn into inactive companies. Given that, the standard Ukrainian law provisions and options on winding down of company operations should be currently applicable, namely: reorganisation (merger, consolidation, spin-off, conversion) and liquidation.

While reorganisation assumes that some of the rights and obligations of the original company will survive and may be carried over to the legal successor, the liquidation option would work to satisfy the need to shut down the operations of the company entirely and extinguish its rights and obligations.

The voluntary liquidation (i.e. not a court-ordered liquidation) of a Ukrainian company is a rather complicated and time-consuming procedure and includes the following stages:

1. Adopting a decision on company liquidation and appointment of a liquidator/liquidation commission, which will manage the company's activity and finances throughout the liquidation procedure.
2. Notifying the state registrar on liquidation of the company within three days of adopting the decision. The state registrar should make the relevant record in the Unified State Register of Legal Entities, Individual Entrepreneurs and Public Organisations (the "Company Register").
3. Notifying the creditors of the company about the liquidation. The term for filing outstanding claims against the company should be from two (2) to six (6) months as of the day of making public the announcement on liquidation of the company. Each of the creditors' claims should be considered by the liquidator (or liquidation commission) and the relevant decision with respect to the claim should be adopted, which should be notified to the creditor within 30 days.
4. Notifying all debtors of the company about the liquidation and taking all measures in order to recover all outstanding obligations owed to the company (including through filing court claims).
5. Taking stock of all assets of the company.
6. Final settlements with creditors, contractual counterparties, tax authorities, etc.
7. Closing down the company's activity, i.e., termination of labour relations with employees, termination of lease agreements (except for the legal address), telecommunication services agreements and other agreements with counterparties, etc.
8. Preparing and filing accounting documentation of the company for inspections by the tax authorities, the Pensions Fund and the Social Security Fund; preparing the liquidation balance sheet.
9. Preparation and filing an application to the customs office for cancellation of accreditation and absence of property in temporary import mode (if applicable).
10. Closing bank accounts of the company, except the account used for settlements with the creditors.
11. Transfer of the remaining assets of the company to the shareholders.
12. Disposal of the corporate stamp and licenses/official approvals to be returned to the state authorities.
13. Filing of the company documentation with an archive.
14. Filing an application and documents with the state registrar in order to register the liquidation of the company.

If the company lacks assets to satisfy claims of all its creditors, a court-administered bankruptcy procedure may be initiated at the request of either the creditor or the company under liquidation.

Importantly, due to the current martial law declared in Ukraine on 24 February 2022, active military conflict in certain areas of Ukraine as well as frequent legislative changes and limited operation of the Company Register, some or many of the above liquidation steps may not be implemented easily or at all. This may largely delay the liquidations process in practice. It is therefore recommended to conduct a thorough analysis of circumstances of each company to be liquidated to assess whether the liquidation is feasible and whether the liquidation procedure may be implemented.

Since the liquidation procedure under Ukrainian law is quite cumbersome and time-consuming, the shareholders and management of Ukrainian companies may consider keeping the companies as dormant (sleeping companies), which can be reactivated once it is possible to do so. While in such case the companies would still need to maintain their accounting and tax reporting, if the companies are not active, the amount of these reporting will be minimal.

(ii) **Personnel**

Certain personnel (e.g. the majority of men 18-60 years old) cannot be relocated outside of Ukraine. Military mobilisation regulations together with the clarifications of the State Border Services of Ukraine should be considered in this regard. For such categories of employees, the relocation to safer regions of Ukraine (i.e. regions without active combat activities) may be an option.

For employees who may be relocated abroad, we would also recommend continuing employment with their Ukrainian companies (if possible); this way, the employment-related payments can be made abroad from Ukraine without limitations to the Ukrainian employees. At the same time, tax advice may be required in this regard. For both categories of employees (in and out of Ukraine) the remote work regime, as available and regulated under the Ukrainian labour law, may be considered.

(iii) Cross-border transfers, banking products and benefits

The flow of funds is crucial for continuing business operations. Therefore, the currency-control restrictions introduced by the National Bank of Ukraine (the "NBU") to prevent the capital outflow should be taken into account upon taking a decision on business diversification. Currently, only cross-border transfers and currency exchange transactions which are expressly listed by the NBU regulations are permitted.

Among such permitted transactions are import transactions for the purchase of critical import goods according to the list approved by the Cabinet of Ministers of Ukraine. This list is extended on a regular basis to include more goods and even services. For instance, Ukrainian residents are now allowed to pay abroad for software products, in particular for the computer programming outputs; copies of computer programmes and their components; changes, updates to the functionality of computer programmes, etc.

However, intragroup transfers such as e.g. transfers by a Ukrainian entity to its related non-Ukrainian entity (e.g. under intragroup loans or otherwise) including as a result of business relocation and setting up a new entity in any of the EU jurisdictions, would be restricted. Also restricted are payments by Ukrainian entities to bank accounts of their subcontractors (such as e.g. IT specialists engaged based on a civil-law contract basis) opened with non-Ukrainian banks.

Another factor which may impact any decision regarding diversification is the availability of financial support and similar programmes. In Ukraine, a private entrepreneur or an entity held by Ukrainian UBOs may now receive low interest rate loans (in some case a zero-rate loan) under the government programme "Affordable Loans 5-7-9%" for such purposes as investment projects, refinancing, and working capital financing.

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With respect to the EU countries, in particular those that have become popular destinations for the diversification of Ukrainian businesses (such as Austria, Poland, Slovenia, and Slovakia), there are no similar financing programmes available for Ukrainian entrepreneurs and businesses. These countries are supporting Ukrainian refugees and businesses in general. For instance, Poland allowed Ukrainian citizens who are staying legally in Poland to carry out their individual business activity and register it in the Central Evidence of Business Entities. Ukrainians are also allowed to establish a partnership or an entity and register it in the National Court Register. The Polish Investment and Trade Agency S.A. ("PAIH") has launched an assistance programme for Ukrainian entrepreneurs to support temporary business allocation for Ukrainian entrepreneurs. Within the framework of this programme, PAIH provides inter alia (i) free co-working space in the centre of Warsaw; (ii) maintains a database of

immediately available logistical and production space; and (iii) provides all information necessary to quickly start business activity.

Additionally, in the above-mentioned countries, Ukrainian nationals may open bank accounts free of charge in certain banks (among others, Erste Bank, Raiffeisen Bank in Austria, Revolt Bank and SKB Bank in Slovenia; Bank PKO BP S.A., Bank PEKAO S.A. and some other in Poland). Certain Polish banks (such as Bank Pekao and Santander Bank Polska) do not charge commissions for certain transactions and provide other competitive conditions for corporate clients registered in Ukraine.

2. How to choose a country for diversification

When deciding on the country where to diversify business and operations, a number of issues should be analysed, including the requirements for the establishment of a company, registering as a sole (individual) entrepreneur, the tax regime, licensing requirements, the necessity to obtain a work permit and other relevant factors.

The table below contains information for countries across Central and Eastern Europe on general legal requirements critical for the diversification of Ukrainian businesses.

Country	Establishment of a company	Registration as an individual (sole) entrepreneur without setting up a company	Requirements for personnel	Taxes	Privileges/ local programmes assisting Ukrainian businesses in relocating
EU Countries					
Austria	<p>The most common legal form in Austria is sole proprietorship, followed by the limited liability company (GmbH).</p> <p>There are certain requirements for the establishment of a GmbH. Among other things, the share capital which must be raised by shareholders, must be at least EUR 35,000 (paid in at least in half). The newly founded GmbHs can make use of the so-called foundation privilege, which refers to the share capital being limited to EUR 10,000. The conclusion of the articles of association (or the declaration on the establishment of the company in case of a one-person limited liability company) must be made in the form of a notarial deed. The GmbH is established by registration in the commercial register (constitutive registration).</p> <p>In any event, for any activity provided on a commercial basis, a business license is required. For certain regulated businesses, special personal requirements (e.g. qualifications) are required. For trades other than regulated trades, the license is issued immediately upon filing of all required documents.</p>	<p>After receiving the so-called "ID card for displaced persons" (<i>Ausweis für Vertriebene</i>), Ukrainians may take up self-employment in Austria.</p> <p>Foreign natural persons may operate a business in Austria if legal residence in Austria is given and Austrian citizenship is not expressly stipulated for the exercise of a business.</p> <p>A sole proprietor requires a business license to carry out a commercial activity which needs to be applied for with the local trade authorities. A sole proprietor must personally fulfil certain general and, in case of a regulated trade, also special requirements (e.g. personal qualifications etc.) in order to obtain a business license.</p>	<p>The Ukrainians who hold biometric passports may enter Austria without a visa. The Ukrainians who entered Austria after 24 February 2022 may stay in Austria, if they applied for temporary protection and registered with the police. After receiving the "ID card for displaced persons", Ukrainians can register at the Labour Market Service Austria and receive an employment permit in order to be able to work in Austria. The right of residence lasts until 3 March 2023. If there is no EU decision terminating it prematurely, the residence title is automatically extended by six months, to a maximum of one further year.</p>	<p>VAT – 20% standard rate, 10% and 13% decreased rates. Corporate tax – 25%. Dividends – 27,5%. Income tax – progressive rates up to 55%.</p>	<p>There are no special programmes assisting Ukrainian businesses in relocating to Austria.</p>
Bulgaria	<p>The most commonly used private limited company form in Bulgaria is</p>	<p>An individual performing a business</p>	<p>Ukrainian nationals are provided with a</p>	<p>Income tax on the profits from business</p>	<p>Currently there are no local programmes / privileges assisting specifically Ukrainian business in relocating to Bulgaria. In</p>

	<p>the limited liability company (LLC), as its set-up is cost efficient and operationally effective, its registration is rather straightforward and its management structure can be tailored to the needs of the shareholders.</p> <p>The minimum share capital amount required for incorporation of an LLC is BGN 2 (EUR 1).</p> <p>The registration of an LLC with the Bulgarian Commercial Register following submission of all required corporate documents and payment of the share capital to the LLC's capital contribution bank account takes approx. 5 business days. The opening of a capital contribution bank account for the purposes of the LLC's incorporation takes 1-2 months depending on the respective bank's KYC process.</p>	<p>activity can register as a sole trader with the Bulgarian Commercial Register without setting up a company. A sole trader could be held personally liable with all of his/her assets for any obligations arising in the course of the business without limitations, unlike the case with a company (LLC) which, being a separate legal entity, is liable for its own obligations with all its own assets. For that reason, a sole trader registration is used rarely in practice, e.g. by the owners of small family businesses. In addition, an individual could start a business by registering as a self-employed person at the Bulgarian Registry Agency without setting up a company. This opportunity is available for persons exercising certain freelance professions (e.g., chartered accountants, consultants, auditors, lawyers, notaries, industrial property representatives, medical specialists, engineers, etc.) as well as for persons exercising craft activities.</p>	<p>temporary protection status for the period 24.02.2022 – 24.02.2023, subject to registration and obtainment of a registration card confirming the temporary protection status. Visa requirements are not applicable to Ukrainian nationals with temporary protection status. Ukrainian citizens who have registered for the purposes of the temporary protection status have the right to:</p> <ul style="list-style-type: none"> (i) reside in the territory of Bulgaria; (ii) freely access the labour market without a work permit. The minimum monthly employment salary is currently set at BGN 710 (EUR 363); (iii) receive appropriate accommodation; (iv) receive social assistance; (v) access medical care in case of emergencies; and (vi) return freely to their country of origin. 	<p>activity: 10% (LLC) / 15% (sole trader). VAT: 20% standard rate; 9% reduced rate for accommodation services, restaurant and catering services, baby products, books, etc.; 0% for sales of financial / health / social / education, etc. services. Withholding tax: Dividends – 5%, Interest – 10%, Royalties – 10%. Employment income with a source from Bulgaria is subject to personal income tax at the rate of 10%. Individuals performing working activities in Bulgaria are subject to Bulgarian mandatory social security and health insurance contributions on their employment income. The maximum social security base is currently capped at BGN 3,400 (EUR 1,740).</p>	<p>view of the Temporary Crisis Framework to support the economy in the context of Russia's invasion of Ukraine adopted by the European Commission, local state aid measures in support of relocating Ukrainian businesses may be adopted soon.</p> <p>Bulgarian established companies may apply for state aid / subsidies from the European Structural and Investment Funds under a variety of operational programmes administered by the Bulgarian authorities in charge of the respective economic sector.</p> <p>In addition, Bulgaria has implemented a portfolio of investment promotion measures and benefits available to certain businesses, including, among others, accelerated administrative services and different forms of financial aid (e.g., for construction of infrastructure objects, trainings of the staff, reimbursement of paid social security contributions, etc.).</p>
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<p>Croatia</p>	<p>In practice, the most common and most flexible type of legal entity in Croatia is a limited liability company (LLC). Minimum share capital of LLC in Croatia is HRK 20,000 (approx. EUR 2,700). Registration of incorporation of an LLC with the competent court registry and issuance of the relevant court resolution may take 2 - 3 weeks from the filing of the complete documentation (Articles of Association, decisions on the appointment of management board members, company's business activities and business address, commercial registry excerpt of the founder, etc.) with the court registry. There is also a possibility to establish a simple LLC (with maximum five shareholders and one management board member). The minimum share capital of a simple LLC amounts to HRK 10 (approx. EUR 1.50). The opening of the company's bank account and registration of the company as a VAT payer may take up to 30 days. However, in practice these procedures are usually finalised within a shorter period.</p>	<p>An individual may act as an entrepreneur via craft and self-employed activities.</p>	<p>In general, Ukrainian nationals can work legally in Croatia long-term if they hold either (i) a Residence and Work Permit; or (ii) an EU Blue Card.</p> <p>Visa D is also required if Ukrainian nationals do not hold biometric passports.</p> <p>In addition to these "regular" work authorisations, due to extraordinary circumstances of the armed conflict in Ukraine, Ukrainian nationals are entitled to stay and work in Croatia on the basis of temporary protection which has been granted to them by the decision of the Croatian Government. The temporary protection is granted for a period of one year, with the possibility of extension (it may last up to three years in total). Upon issuance of the temporary protection, Ukrainian nationals can conclude an employment agreement with Croatian companies and be registered with mandatory social insurance funds in Croatia.</p>	<p>VAT-25% standard rate, 5% decreased rate, 0% excluded from VAT. Corporate income tax (Cro. Porez na dobit): (i) 10% in the case of income up to the amount of HRK 7,500,000 (EUR 1,000,000); or (ii) 18% in case of income exceeding the amount of HRK 7,500,000 (EUR 1,000,000). Income tax (Cro. Porez na dohodak): (i) 20% on the tax base up to the amount of HRK 360,000 (EUR 48,000); or (ii) 30% on the part of tax base exceeding the amount of HRK 360,000 (EUR 48,000)</p>	<p>There are no special programmes assisting Ukrainian businesses in relocating to Croatia.</p>
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Czech Republic	<p>The two most popular company forms in the Czech Republic are the limited liability company (s.r.o.) and the joint-stock company (a.s.). A limited liability company has a minimal share capital requirement set at CZK 1 (EUR 0.04), whilst a joint-stock company requires a minimal share capital of CZK 2 million (approx. EUR 80,970).</p> <p>Terms of establishment of the limited liability company: court registration (up to 5 business days), Czech Trade License (depends on the license, up to business 30 days), registration of a bank account (obligatory only if the share capital exceeds CZK 20,000 (approx.. EUR 810)) (immediate effect), registration as a VAT payer (up to 30 days).</p> <p>Terms of establishment of a joint-stock company: court registration (takes up to 5 business days), registration of a bank account (immediate), registration as a VAT payer (takes up to 30 days).</p>	<p>It is possible to obtain a Czech Trade License on the condition that the person has received a visa for a stay of more than 90 days or a long-term residence permit.</p>	<p>Ukrainian residents with a biometric passport are eligible for a visa-free stay of less than 90 days.</p> <p>All Ukrainian citizens who entered the Czech Republic before 24 February 2022 need to apply for a work permit and appropriate visa, unless they have grounds to apply for temporary protection after their current visa has expired (i.e. if they cannot return to their homeland due to the ongoing conflict).</p> <p>Ukrainian citizens who entered the Czech Republic after 24 February 2022 are eligible for temporary protection status. They can then work without applying for a work permit and their conditions for work are equal to those of Czech citizens.</p>	<p>VAT: 21% standard rate; 15% and 10% reduced rates. Corporation tax: 19%. Dividend tax: 15%. Sole traders: 15 % (23% for income exceeding the average wage in 48 times). Royalties tax: 15%.</p>	<p>The Czech government has set up the website www.nasiukrajinci.cz, which provides a real-time list of job offers from verified companies and offers extra information to those who are interested in relocating to work in education, agriculture, and science and research.</p>
Hungary	<p>The most popular company form is the limited liability company (korlátolt felelősségű társaság or Kft)</p> <p>A Kft must have a minimum registered share capital of HUF 3,000,000 (approx. EUR 8,000).</p> <p>A Kft can be incorporated in approximately 4 to 15 business days on a standard basis or within 1 business day on an expedited basis.</p>	<p>Individuals permitted to legally reside in Hungary can decide to pursue their business activities without setting up a legal entity but acting as sole entrepreneurs (egyéni vállalkozó or EV) subject to prior registration with the locally competent</p>	<p>Ukrainians with biometric passports are permitted to enter Hungary without a visa. Also, the visa requirement for Ukrainians without biometric passports, but holding any kind of valid identification (e.g. a Ukrainian state ID) has been waived. They receive a 30-day</p>	<p>The general VAT rate is 27%. 5% or 18% VAT rate applies for selected items and services. Corporate income tax flat rate - 9%. Local municipalities can levy local business tax at a maximum rate of 2%. Hungary does not levy withholding tax on</p>	<p>Hungary's state investment promotion agency HIPA (www.hipa.hu) offers one-stop-shop consultancy services for companies interested in investing in Hungary. They provide necessary information about available investment sites, incentive schemes, the labour market, business environment, local suppliers and more. Further they are prepared to mediate between the investor and the competent governmental authorities.</p>

	<p>Such an incorporation will also cover registration with the Hungarian tax authority.</p> <p>There are no nationality restrictions in terms of holding shares in such a Kft by foreigners or for them to assume a managerial role in a Kft.</p>	<p>governmental authority.</p>	<p>permission to stay in Hungary, during which they can seek another permanent status.</p> <p>Hungarian-Ukrainian dual citizens can be employed in Hungary without any restrictions, whereas Ukrainian nationals claiming asylum in Hungary may be employed without a work permit in places where there are shortage occupations.</p>	<p>dividends paid to companies.</p> <p>Non-residents are subject to personal income tax at a flat rate of 15% on income from Hungarian sources (e.g., their employment in Hungary).</p>	
<p>Poland</p>	<p>The most popular form of company in Poland is a limited liability company (sp. z o.o. – spółka z ograniczoną odpowiedzialnością).</p> <p>The minimum share capital for sp. z o.o. is PLN 5,000 (approx. EUR 1,060).</p> <p>A sp. z o.o. can be incorporated online through the website https://ekrs.ms.gov.pl/s24/ within 24 hours. If tailor-made articles of association are required, from our experience establishing a sp. z o.o. takes one (1) to two (2) months (executing the articles of association, registering the company in the company register and as a VAT payer).</p>	<p>In accordance with the special legislation adopted with regards to the armed conflict in Ukraine (Act of 12 March 2022 on help for the citizens of Ukraine in connection with the armed conflict on the territory of that state, hereinafter: "Special Regulation"), Ukrainian citizens can conduct business activities based on the same principles as Polish citizens provided that they have obtained a PESEL number (number in the Electronic System for Registration of the Population). Thus, they can register as sole (individual) entrepreneurs to conduct business activities without establishing a company.</p>	<p>Poland has simplified the entry procedures for Ukrainians entering Poland at the Polish-Ukrainian border. Currently, Ukrainian citizens can enter Poland from the territory of Ukraine with a biometric passport, ordinary passport, travel document with a visa or any other document confirming identity.</p> <p>In accordance with the Special Legislation, citizens of Ukraine who (i) left Ukraine and arrived in Poland in connection with the armed conflict in the period between 24 February 2022 and the date in the future that will be later specified in a regulation, and (ii) declare the intention of staying in Poland, have a right to legally reside in Poland for a</p>	<p>Generally, the following tax rates apply:</p> <p>VAT 23% standard rate, 5%, 8%, 0% decreased rates or VAT exemption.</p> <p>CIT: 19% standard rate and preferential 9% (for so-called 'small taxpayers') and 5% (IP Box activity).</p> <p>Dividends - 19%, Interests - 20%, Royalties – 20%.</p>	<p>There are no special programmes assisting Ukrainian businesses in relocating to Poland.</p> <p>The Polish government has set up the website https://www.biznes.gov.pl/pl/porta/031500 with information for Ukrainian entrepreneurs.</p>

			<p>period of 18 months from 24 February 2022. Citizens of Ukraine staying in Poland in accordance with the Special Legislation have the right to work in Poland within the period of their legal residence without the need to acquire a work permit provided that the entity which entrusts them with work notifies the poviats local office within 14 days from undertaking the work by the Ukrainian citizens.</p>		
Romania	<p>The most popular form of incorporation in Romania is the limited liability company (SRL/LLC). There are no requirements related to minimal share capital (at least 10 RON (approx. EUR 2) is the recommended amount). An SRL may be set up in up to three business days from the moment all documentation is deposited with the Trade Registry. Obtaining documents prior to registration depends on each particular case. Performing the SRL operation (opening a bank account) depends on KYC documents specific to each bank and usually takes up to 60 days. Registration as a VAT taxpayer may be completed on request, not only if the company fulfils the material threshold.</p>	<p>There is the possibility to register as a freelancer (PFA) if under Temporary Protection. The difference with the SRL is that the PFA has no legal personality. The setting up procedure is relatively straightforward and should not take more than 7 days.</p>	<p>Ukrainians who hold biometric passports may enter Romania without a visa. Ukrainians who entered Romania after 24 February 2022 may benefit from Temporary Protection and may work without a permit and visa in Romania on a temporary basis, until February 2023. Certain other categories of individuals may also apply for temporary protection, if they meet the criteria. Ukrainian citizens legally entering the territory of Romania who do not apply for a form of protection may also work without a work permit. They are extended the right of residence for work purposes without the</p>	<p>VAT – 19% standard rate, 5% and 9% decreased rate, 0% excluded from VAT. Corporate tax – 16%. Dividends – 5%. Royalty – 16%. Personal Income tax – 10%. Micro-enterprises with no employees – 3%. Micro-enterprises with one or more employees – 1%.</p>	<p>Additional analysis is required depending on the company's activities. In principle, certain tax privileges may be offered for investments and activities in certain sectors (such as IT). According to statements by the Prime Minister of Romania, the Romanian Government is seeking solutions to support any initiative, any business relocation opportunity from countries affected by the war in Ukraine. The following may also be helpful for further information: https://ec.europa.eu/info/strategy/priorities-2019-2024/stronger-europe-world/eu-solidarity-ukraine/eu-assistance-ukraine/information-people-fleeing-war-ukraine_ro#your-rights-in-the-eu</p>

			<p>obligation to obtain a long-stay visa for employment purposes, given the current context. The regular residence permit obtained allows them to work in Romania for as long as the residence permit allows it, not only until the end of the Temporary Protection. Employees under temporary protection enjoy the same rights as Romanian nationals. For instance, minimum gross salary is EUR 510 per month and EUR 3 per hour.</p>		
Slovak republic	<p>The most preferred form of company in Slovakia is a limited liability company (LLC). The minimum registered share capital of the LLC is EUR 5,000 and the minimum contribution by each shareholder to the share capital is EUR 750. In the case of the LLC being established by a sole shareholder, the whole sum of the registered share capital must be fully paid before the incorporation of the LLC with the Commercial Register. After the establishment (before registration in the Commercial Register) of a Slovak company, it is necessary to report the trade to the Trade Licensing Office (unless a regulated trade is to be registered). The incorporation of a company, opening a bank account and registration as a VAT taxpayer usually takes one (1) month (two (2) months at most).</p>	<p>If a natural person wants to do business in Slovakia, he/she must obtain a trade license and at the same time he/she must have a permanent or temporary residence in the territory of the Slovak Republic.</p>	<p>There is a visa-free regime between Ukraine and Slovakia (for up to 90 days within any 180-day period). For a stay exceeding 90 days, persons must apply for temporary protection (or asylum) within the territory of the Slovak Republic. Temporary protection in the Slovak Republic is to be provided until 4 March 2023 with the possibility of extension. Once a person is granted temporary protection, he/she can be employed immediately by Slovak employers without the requirement of obtaining a work permit</p>	<p>Direct taxes are paid on income. In the case of legal entities, the tax rates are as follows: 15% - reduced income tax rate, which in 2022 will be applicable to legal entities whose taxable income (revenue) for the tax period does not exceed EUR 49,790. 21% - basic income tax rate applicable to legal entities whose taxable income (revenue) for the tax period exceeds EUR 49,790. Within the Slovak tax legislation we distinguish between: the basic VAT rate of 20% and reduced VAT rate of 10% for</p>	

			and temporary residence.	selected types of goods and services. In the case of a natural person, the tax rates are as follows: 19% - basic personal income tax rate applies to a tax base less than or equal to EUR 38,553.01. 25% - increased personal income tax rate applies to a tax base greater than EUR 38,553.01. 15% - reduced income tax rate, which in 2022 will be applicable only to natural persons who are entrepreneurs or other self-employed persons whose taxable income (revenue) for the tax period does not exceed EUR 49,790.	
Slovenia	The most popular form of a company in Slovenia is a limited liability company (d.o.o.). The required minimal share capital amounts to EUR 7,500. It usually takes up to three (3) business days for the court register to register a company, once the proposal for the entry is filed (if all required steps including the adoption of the Articles of Association, opening a bank account, payment of the initial share capital, etc. are completed). However, the entire process (including obtaining the Slovenian tax number for the shareholder(s) and director(s) and opening a bank account) would take a minimum of 30 business days.	Ukrainians have the possibility of requesting temporary protection when they arrive in Slovenia. The temporary protection grants them the right to free access to the Slovenian labour market, this includes the right to work as a sole proprietor. To carry out a business activity as a sole proprietor (s.p.), one must register in the Business Register (AJPES). Once a person submits all required information and documents (including obtaining a	Citizens of Ukraine may legally enter the Republic of Slovenia with a valid biometric passport and without a visa. As of 10 March 2022, temporary protection is introduced in the Republic of Slovenia for persons displaced from Ukraine due to the military invasion by the Russian Armed Forces. Temporary protection grants a person the right to free access to the Slovenian labour market (no additional work permit is needed), and employees under temporary protection	VAT – 22% standard rate, 9.5% decreased rate, and 5% special decreased rate. Corporate tax – 19%. Dividends – 25%. Royalty – 25% .	There are no special programmes assisting Ukrainian businesses in relocating to Slovenia.

		<p>Slovenian tax number, certificate of tax compliance, opening a bank account, etc.) to the Slovenian business register, he/she can be entered into it on the same day. Once entered, he/she may begin performing such business activities.</p> <p>Within 8 days after being registered in the Business Register as a sole proprietor, one must apply for entry in the Tax Register (FURS), as well as in the compulsory health insurance scheme.</p>	<p>enjoy the same rights as Slovenian nationals. The duration of temporary protection status shall last for one year after the Decision enters into effect and may be extended for a maximum of two (2) times for the period of six (6) months each.</p>		
Non-EU countries					
Albania	<p>The most popular form of the company in Albania is a limited liability company (shoqeri me pergjegjesi te kufizuar (SHPK)).</p> <p>Minimal share capital is EUR 1.</p> <p>The term of establishment and registration of the company in the Commercial Register and as a VAT payer is up to 2 business days (given that all mandatory documents and information are provided).</p> <p>Opening a bank account takes up to 15 business days (the term also depends on the internal regulations of the relevant banks).</p>	<p>It is possible to be registered as a sole entrepreneur (also known as a "physical person" (person fizik)).</p> <p>The term of registration with the Commercial Register and as a VAT payer is up to 2 business days (given that all mandatory documents and information are provided).</p> <p>Opening of a bank account takes up to 15 business days (the term also depends on the internal regulations of the relevant banks).</p>	<p>Ukrainian citizens who hold biometric passports may enter Albania without a visa.</p> <p>Ukrainian citizens have the right to stay without a residence permit in the Republic of Albania for a period of one (1) year.</p> <p>Employees under temporary protection enjoy the same rights as Albanian nationals.</p> <p>The minimum gross salary is EUR 265 per month.</p>	<p>VAT:</p> <ul style="list-style-type: none"> - up to ALL 10 million (approx. EUR 83,500), VAT is 0%. - over ALL 10 million (approx. EUR 83,500), VAT is 20%. <p>Corporate income tax ("CIT"):</p> <ul style="list-style-type: none"> - up to ALL 14 million, (approx. EUR 115,000) CIT is 0%. - over ALL 14 million (approx. EUR 115 000), CIT is 15%. <p>Dividends – 8%.</p> <p>Percent – 15%.</p>	<p>There are no special programmes assisting Ukrainian businesses in relocating to Albania.</p>

				<p>Royalty – 15%.</p> <p>Taxation of individuals:</p> <p>a) from employment:</p> <ul style="list-style-type: none"> - up to ALL 40,000 (approx. EUR 330) is 0%; - ALL 40,000 – 50,000 is 0% on income up to ALL 30,000; 6.5% on excess of ALL 30,000; - over ALL 50,000 is 0% on income up to ALL 30,000; 13% on income from ALL 30,000 – 200,000; on excess of ALL 200,000 is 23%; <p>b) from all other income is 15% (apart from dividends which is 8%);</p> <p>c) capital gains - 15%.</p>	
Bosnia & Herzegovina	<p>The most frequent form of establishment of a company in Bosnia and Herzegovina (BiH), i.e. its entities Federation of Bosnia and Herzegovina (FBiH) and Republic of Srpska (RS) and a special autonomous district Brčko District of BiH (BD BiH) is a limited liability company (društvo sa ograničenom odgovornošću – d.o.o.) (LLC).</p> <p>The establishment of an LLC is subject to the laws of the territory in which the company is established (FBiH, RS or BD BiH). In general, LLC in BiH can be established by a local or foreign natural or legal person.</p>	<p>A foreign natural person may establish a craft business in FBiH and RS, if he/she obtains a work permit and a temporary residence permit.</p>	<p>As per our knowledge, the BiH Council of Ministers has adopted a set of decisions and measures to facilitate the entry and stay of Ukrainian citizens in Bosnia and Herzegovina, but those measures have not yet been made publicly available. Accordingly, more detailed information on this matter will be available in the near future.</p> <p>In general, Ukrainian citizens (holders of</p>	<p>In BiH, the following most relevant taxes are in force:</p> <ol style="list-style-type: none"> 1. VAT – 17%; 2. Income tax - 10%; 3. Corporate tax – 10%. <p>These are not the only taxes in force in Bosnia and Herzegovina; the tax system also consists of property taxes, tax on transfer of land/real estate, excise duties, customs duties, social</p>	<p>There are no special programmes assisting Ukrainian businesses in relocating to Bosnia & Herzegovina.</p> <p>However, there is a possibility that the Council of Ministers of BiH or other competent institutions in BiH will adopt decisions that will introduce facilities for relocating businesses to BiH, for which will we provide an update in a timely manner at the time of their adoption.</p>

	<p>The amount of the LLC's minimal share capital varies in entities/BD BiH, i.e.:</p> <ul style="list-style-type: none"> ▪ FBiH: BAM 1,000 (approx. EUR 500); ▪ RS: BAM 1 (approx. EUR 0.50); and ▪ BD BiH: BAM 1 (approx. EUR 0.50) (if only one shareholder); BAM 1,000 (approx. EUR 500) (if more than one shareholder). <p>The duration of LLC's establishment, upon submission of complete documentation, also varies depending on the territory in which it is established. Below are estimates for each jurisdiction in BiH:</p> <ul style="list-style-type: none"> ▪ FBiH: up to five (5) working days; ▪ RS: up to two (2) working days; and ▪ BD BiH: up to two (2) working days. <p>Post-registration activities (including opening of a bank account, registration with the competent tax authorities, etc.), upon submission of complete documentation, can be performed within 5-10 days.</p>		<p>valid ordinary passports) are entitled to a visa-free entry and a short-term stay in BiH of up to 30 days within a 60-day period as of the date of their first entry into BiH.</p> <p>For a longer stay and to work in BiH, Ukrainian citizens will need to obtain a work permit and temporary residence permit from the competent authorities. An exception to the above exists if Ukrainian citizens seek asylum and obtain refugee status from the BiH Ministry of Security. In this case, special protection regimes apply.</p>	<p>security contributions, etc., which are mostly regulated on entity levels.</p>	
<p>Serbia</p>	<p>The most popular form of company in Serbia is a limited liability company (d.o.o.).</p> <p>For incorporation of a limited liability company (LLC), the relevant documents must be filed with the Serbian Business Registers Agency.</p> <p>The term of establishment of the company is up to five (5) business days.</p>	<p>In Serbia, it is possible to register as an individual (sole) entrepreneur without the need to set up a company. Such a possibility is available both to domestic and foreign citizens.</p> <p>The term for registration of an individual entrepreneur with the Business</p>	<p>In regular circumstances, a visa free regime applies to Ukrainian nationals who may stay in Serbia for up to 90 days, within the period of 180 days (from the moment of their first entry), without having any visa or temporary residence permit. However, these limitations do not apply</p>	<p>VAT – 20% standard rate, 10% decreased rate, certain VAT exemptions may be applicable.</p> <p>Corporate tax – 15%.</p> <p>Withholding tax on dividends, capital gains, royalties and certain services – 20% (25% in the case of payment to a tax</p>	<p>There are certain privileges when it comes to visa and work permit requirements during the validity of the Decision on Temporary Protection and which make business relocation easier. For further information please see the column entitled "Requirements for personnel".</p>

	<p>The opening of a bank account requires presentation of evidence on the ownership chain (the most time-consuming step due to AML/KYC requirements). Given this, opening a bank account may be left for a post-registration period, unless the share capital is paid-in prior to the company's registration.</p> <p>UBO registration is necessary within 15 days from the date of registration with the UBO registry kept with the Serbian Business Registers Agency, by use of a qualified e-signature (which is issued by the Serbian certification bodies).</p>	<p>Registers Agency is up to 5 business days as of the submission of the registration application.</p>	<p>during the validity of the Decision on Providing Temporary Protection to Displaced Persons Coming from Ukraine ("Decision on Temporary Protection"), which applies for a one-year period, i.e., until 19 March 2023.</p> <p>In regular circumstances, if Ukrainian nationals intend to stay longer than 90 days, within the period of 180 days from the moment of their first entry and/or work in Serbia, temporary residence and work permits must be obtained. However, during the validity of the Decision on Temporary Protection, displaced persons coming from Ukraine have the right to (i) stay in Serbia in accordance with the Serbian Law on Asylum and Temporary Protection, and (ii) work in accordance with the Serbian Law on Employment of Foreign Nationals.</p> <p>Upon obtaining a decision on temporary protection from the Ministry of Interior Affairs, the Ukrainian national may apply for a so-called "personal work permit", which</p>	<p>haven). If Double Taxation Treaty is applicable, withholding tax may be reduced.</p> <p>Payroll tax – 10% to be withheld and paid by the Serbian employer.</p> <p>Social contributions – 25% pension contributions, 10,3% health contributions, 0,75% unemployment contributions.</p> <p>For entrepreneurs that are not taxed on the lump sum, the tax is 10%.</p> <p>For entrepreneurs that are taxed on the lump sum, the amount of tax is determined by the tax authorities.</p>	
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			allows him/her to be freely employed or self-employed in Serbia. Both the decision on temporary protection and the personal work permit issued on this ground may last until 19 March 2023, after which date the "regular" procedure for obtaining the temporary residence and work permits would apply (unless the Serbian authorities decide otherwise).		
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About Wolf Theiss

Wolf Theiss is one of the leading European law firms in Central, Eastern and South-Eastern Europe with a focus on international business law. With 340 lawyers in 13 countries, over 80% of the firm's work involves cross-border representation of international clients. Combining expertise in law and business, Wolf Theiss develops innovative solutions that integrate legal, financial and business know-how.

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