



# TAX INCENTIVES



## Guide for Industrial Park Participants

Based on clarifications provided by the State Tax Service of Ukraine



# State Tax Incentives for Industrial Park Participants

State tax incentives for industrial park (IP) participants provide a direct tool for capital savings and accelerated growth by exempting reinvested profits from taxation.

These incentives stimulate investment activity, accelerate technological upgrading, support the development of high-tech manufacturing, and promote industrial localization within industrial parks.

## **Regulatory framework:**

Tax Code of Ukraine

Resolution of the Cabinet of Ministers of Ukraine (CMU) No. 1095 of 30 September 2022

Resolution of the CMU No. 1233 of 27 December 2010

Order of the Ministry of Finance of Ukraine No. 897 of 20 October 2015

# Eligibility for Tax Incentives

Only IP participants operating **exclusively within the territory of the industrial park** are eligible.

## ■ Eligible activities (NACE/КВЕД):

- Manufacturing  
(Sections 10; 11.07; 13–17; 20–33, with exceptions)
- Waste collection, treatment and recovery  
(Section 38, excluding disposal/landfill)
- Research and experimental development  
(Section 72)

## ■ Not eligible:

- Production of excisable goods (except for specific vehicles from the permitted list)
- Legal entities with offshore ownership or those listed in jurisdictions on the FATF blacklist.

# Conditions for Applying Tax Incentives

- 1 Duration:** 10 consecutive years, provided that IP participant status is maintained without interruption
- 2 Scope:** Activities must be conducted exclusively within the industrial park
- 3 Dividends:** Accrual and payment of dividends are prohibited throughout the entire incentive period
- 4 Non-compliance:** Violation of any condition results in cancellation of the tax benefit effective from the date of violation



# Application Procedure

- 1 Prepare a free-form application addressed to the controlling authority (pursuant to paragraph 42.4 of the Tax Code of Ukraine).
- 2 The application must specify:
  - Start date for applying the incentive (the 1st day of a month within a quarter)
  - Legal basis (paragraph 142.4 of the Tax Code of Ukraine)
  - IP details (name, identification code, territory)
  - NACE codes of the relevant activities
- 3 **Submission:** via the Electronic Taxpayer's Cabinet or by post.
- 4 **Approval:** if the State Tax Service does not issue a refusal within 10 working days, the principle of tacit consent applies.
- 5 **Effectiveness:** the benefit is effective from the date indicated in the application, but not earlier than the submission date.

# Utilization of Tax-Exempted Funds

- 1** Funds must be **used exclusively for the development of activities within the IP by 31 December of the following year.**
- 2** Authorized expenditures (CMU Resolution No. 1095 of 30 September 2022):
  - Creation or upgrading of material and technical assets
  - Expansion of production capacities
  - Implementation of new technologies
- 3** **Consequences of non-use:** loss of the incentive, mandatory submission of an amending tax return, and imposition of penalties and interest.



# Reporting in Tax Returns



Form: Order of the Ministry of Finance of Ukraine No. 897 of 20 October 2015.

## Filling instructions:

**Line 10** “Special marks” – tick “industrial park participant”

**Line 05 ПЗ** – profit exempted from taxation

**Annex ПЗ:** Table 1 – calculation; Table 2 – tax benefit code 11020401

**Annex ПП:** accounting of tax-exempted funds – utilized / unutilized

# Taxable Items Despite Incentives



## **Transfer pricing (Article 39 of the Tax Code of Ukraine):**

Additional tax liabilities are reflected in lines 06.4.1–06.4.2 of the tax return



## **Controlled foreign companies (CFCs):**

CFC profit is reported in line 06.1 KIK, separately from incentivized activities

# Common Errors

- 1 Submission of an application without specifying the start date
- 2 Accrual of dividends during the incentive period
- 3 Conducting activities outside the IP territory
- 4 Untimely utilization of tax-exempted funds



# Control and Liability

- 1 Violation:** cancellation of the tax benefit retroactively from the beginning of the reporting period.
- 2 Sanctions:** additional tax assessment, penalties and interest (Article 50 of the Tax Code of Ukraine).
- 3 Requirement:** mandatory submission of an amending (clarifying) tax return.



# Useful Links



Tax Code of Ukraine:

<https://zakon.rada.gov.ua/laws/show/2755-17>

CMU Resolution No. 1095 of 30.09.2022:

<https://zakon.rada.gov.ua/laws/show/1095-2022-п>

CMU Resolution No. 1233 of 27.12.2010:

<https://zakon.rada.gov.ua/laws/show/1233-2010-п>

Order of the Ministry of Finance of Ukraine No. 897 of 20.10.2015:

<https://zakon.rada.gov.ua/laws/show/z1415-15>