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English version of the digest

EY in Ukraine

# IT Tax & Law Digest



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# Corporate



## The Commercial Code Repealed: What It Means for Business and the State

On 28 August 2025, the Commercial Code of Ukraine will cease to be in effect. Its repeal is stipulated by the Law of Ukraine "On the Specifics of Regulating the Activities of Legal Entities of Certain Organizational and Legal Forms During the Transitional Period and Associations of Legal Entities" No. 4196-IX, which entered into force on 28 February 2025 ("Law No. 4196").

The Commercial Code has been in force for over 20 years and is a legacy of the post-Soviet model of economic governance. It emerged as an attempt to reconcile market reforms with Soviet legal traditions. For years, it coexisted with the Civil Code, resulting in inconsistencies and contradictions in legal practice. This duality complicated the application of legal norms, creating uncertainty for businesses and investors. The Commercial Code was marked by excessive formality and a tendency to regulate both private and public sectors under the same, often market-inappropriate, rules. A key reason behind its repeal was its incompatibility with the legal standards of European Union Member States, which do not recognize a dual structure of civil and commercial regulation.

Law No. 4196 declares the Commercial Code invalid as of 28 August 2025 and introduces amendments to related legislative acts. It also establishes a three-year transitional period – until 28 August 2028 to facilitate a gradual shift from the current model to a new regulatory framework based on the Civil Code and sector-specific legislation.

■ **This marks a major transformation for the public and municipal sectors.** The European Union actively supports the corporatization of such entities as a key element of the broader reform of state asset management. Within the framework of the Ukraine Facility, the conversion of municipal enterprises into corporate entities is anticipated to be finalized by 2025-2026.

■ **For the private sector,** the repeal of the Commercial Code signifies a transition to a unified regulatory framework based on the Civil Code and special legislation. This shift is expected to reduce legal conflicts, lower regulatory burdens and improve predictability in law enforcement. However, businesses should be prepared for a period of legal and operational adaptation during the transition.

## ■ Five key changes that businesses should consider:

1

### Abolition of Certain Organizational and Legal Forms

Effective 28 August 2025, under Law No. 4196 Ukraine will abolish five legal forms, including, in particular, private, subsidiary and foreign enterprises. Registration of new legal entities in these legal forms will be prohibited. Further activity of such existing entities will be governed by the law on limited liability and additional liability companies. Existence of the entity in one of the obsolete legal forms may create legal and operational risks, for instance, in relations with banks, regulators and counterparties. The law provides for certain safeguards to simplify transformation of such entities into the legal forms, which continue existing. From the practical side, considering that transformation implies termination of a legal entity and transfer of all its rights and obligations to a new legal entity-successor, businesses are advised to consider the transformation process beforehand so as to ensure further compliance and mitigate the risk of potential unexpected disruptions.

2

### Unification of the Contractual Regulation

The concept of the “commercial contract” will no longer apply. With the repeal of the Commercial Code on 28 August 2025, the legal basis for this concept disappears. Going forward, all contractual obligations between businesses will be governed by the Civil Code and relevant special legislation.

3

### Updating Corporate Governance Standards

The Civil Code now includes clear definitions of the duties of officials of private legal entities. Provisions on the responsibility of the company management have been introduced, particularly for causing losses through dishonest or incompetent actions.

4

### Penalty Thresholds for Breach of Contractual Deadlines

A ceiling has been introduced on penalties for delayed obligations: no more than **twice the National bank of Ukraine's base rate** for the relevant period. This aims to prevent excessive financial pressure and reduce disputes over disproportionate penalties.

5

### Review of Entities' Founding Documents and Contractual Language

Company charters referencing the Commercial Code may contain provisions that are now obsolete or in conflict with updated regulation. It is relevant to review the founding documents and contractual provisions to ensure that they are updated in a timely manner to comply with the applicable law.



Although the reform is primarily aimed at transforming the public sector, its impact on private business will be significant. The adoption of a unified civil law approach, modernization of contract law, and enhanced management accountability are expected to promote stability, transparency, and investor confidence. While the transitional period may present certain challenges, the repeal of the Commercial Code is widely seen as a positive and long-overdue reform.





## Expansion of Qualifying Activities Under the Diia City Regime

Pursuant to the Resolution of the Cabinet of Ministers of Ukraine (the "CMU") "On Amendments to the List of Activities Stimulated by the Creation of the Legal Regime of Diia City", dated 21 February 2025, No. 204 (the "Resolution") the list of activities qualifying for Diia City residency has been expanded.

■ The following has been added:

### 1 Market research, web analytics during marketing campaigns, and the provision of advertising services

(using software developed with the participation of a Diia City resident, online and/or on user devices)

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The addition of this clause allows certain marketing-related businesses that use technological solutions in their business activities to qualify for Diia City residency. This provision is intended to stimulate the development by Diia City entities of solutions in the field of marketing services.

### 2 Research and development (excluding the fields of social and humanitarian sciences)

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Previously, R&D activities eligible for the Diia City regime were largely limited to IT and telecommunications. The revised scope significantly broadens the range of eligible R&D fields, now encompassing defense technologies, genetic engineering, biotechnology, microelectronics and others.

### 3 Technical testing and research (excluding certification) using computerized management systems

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Businesses engaged in technical testing and research – across sectors such as mechanics, thermodynamics, electronics, and chemistry – that incorporate IT solutions into their operations can now also qualify. This change is expected to foster broader innovation opportunities.



In addition, the Resolution expands previously recognized categories of activities:

- Companies involved not only in the production and sale, but also in the **repair and maintenance** of electronic components and circuit boards, computers and peripheral devices, communication systems, measuring and research instruments, navigation tools, optical and photographic equipment – whether for defense, industrial, or consumer use – are now eligible.
- Entities engaged in the design and manufacture of unmanned aerial and watercraft, ground-based unmanned vehicles, as well as the production of **batteries and accumulators** for such systems, are also now permitted to participate in the Diia City regime.



Please note that the Law of Ukraine "On Stimulating the Development of the Digital Economy in Ukraine" No. 1667-IX, dated 15 July 2021, requires Diia City residents not only to conduct qualifying activities, but also to meet the **following criteria**:

- Average monthly remuneration of involved employees and gig specialists
- Average headcount of employees and gig specialists
- Share of the qualified income in the total revenue of legal entity
- Absence of circumstances that prevent participation in the Diia City regime, etc.



## Expected Amendments to Legislation on Beneficial Ownership and State Registration of Legal Entities

On 30 April 2025, the Cabinet of Ministers of Ukraine approved Draft Law No. 13233 "On Amendments to Certain Legislative Acts of Ukraine Regarding Compliance with European Union Law and the Relevant Criteria Established by the European Payment Council, Aimed at Ukraine's Accession to the Single Euro Payments Area (SEPA)" (the "Draft Law"). **The Draft Law introduces substantial amendments on matters concerning beneficial ownership regulation, state registration of legal entities, and financial monitoring.** As of June 2025, the Draft Law is under consideration by the specialized committee of the Verkhovna Rada of Ukraine.

These proposed changes form part of Ukraine's broader efforts to align with European standards, particularly in the context of joining SEPA and further integrating into the EU financial system.

■ Among the key provisions of the Draft Law, the following should be highlighted:

### 1 Establishment of the Register of Ultimate Beneficial Owners of Trusts or Similar Legal Formations (the "Register")

The Draft Law envisions the creation of the centralized Register to provide access to information on individuals, who control assets held in trusts or similar structures in the territory of Ukraine. Regardless of the country of registration of the trust or the citizenship of the trustees or beneficial owners, if the trust enters into business relations, acquires real estate or manages any objects in the territory of Ukraine, information about such trust and its UBOs is subject to inclusion in the Register. This initiative is aimed at enhancing

transparency for the entities utilizing trust-based arrangements, including legal entities, registered both in Ukraine and in other jurisdictions.

**The Register will include the following information:**

- Name of the trust or legal formation
- Purpose and objectives of the trust or legal entity
- Country of establishment and location of the trust or other similar legal formation
- Details of the assets controlled by the trust in the territory of Ukraine
- Information on ultimate beneficial owners
- Information on trustees (both individuals and legal entities)
- Details of legal and other professional services provided to the trust.

The State Tax Service of Ukraine will be designated as the holder and administrator of the Register. It is also planned to ensure interaction of the Register with other information and communication systems in Ukraine.

**Access to the Register will be provided to:**

1. tax authorities;
2. subjects of state financial monitoring;
3. persons with a legitimate interest (including journalists, media workers, public associations, as well as individuals and legal entities planning to enter into agreements with trusts);
4. competent authorities of third countries for pre-trial investigations of money laundering and terrorism financing, as well as obligated subjects of third countries for client verification according to their legislation; etc.



## 2 Changes Related to State Registration of Legal Entities

The Draft Law introduces amendments to the Law of Ukraine "On State Registration of Legal Entities, Individual Entrepreneurs, and Public Formations" (the "Law on State Registration").

Among the key points, it is worth highlighting the strengthening of responsibility for violations of the procedure of state registration of legal entities. The submission of knowingly false information about the ownership structure, ultimate beneficial owners or their absence will entail liability in the form of a fine of **UAH 510,000** (currently the fine ranges from UAH 17,000 to UAH 340,000).

In addition, it is planned to increase the validity period of an extract, certificate, or similar document from a commercial, banking, or judicial register confirming the registration of a non-resident legal entity from one to three months for state registration of a legal entity or other state registration actions' purposes.



The Draft Law also mandates that the highest governing body of each PFM to approve the financial monitoring rules.

## 3 Financial Monitoring

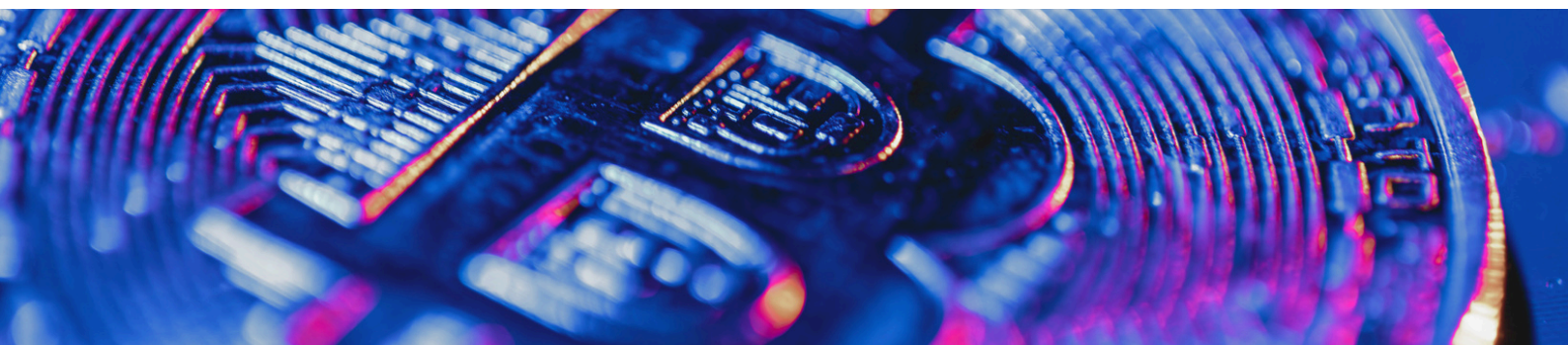
The Draft Law expands the scope of primary financial monitoring subjects (the "PFM") to include trustees of trusts or other similar legal entities - residents of Ukraine, as well as business entities that store or conduct trade in cultural valuables through free ports or provide intermediary services in such trade activities.

Additionally, the Draft Law proposes to grant special status to **whistleblowers** in preventing and combating money laundering, financing terrorism, and financing the proliferation of weapons of mass destruction.

A whistleblower, in this context, is defined as an individual who, believing the information to be reliable, reports (or intends to report) a possible violation of legislation in the area of financial monitoring to a PFM or competent authority, based on information obtained through their employment or professional activities.



# Finance



## Virtual Asset Market in Ukraine: Proposed Regulatory Model and Distribution of Powers

The Memorandum of Economic and Financial Policies dated 21 March 2025, between Ukraine and the International Monetary Fund (the “Memorandum”), sets forth Ukraine’s commitment to adopt legislative amendments on virtual assets by the end of October 2025. These amendments are intended to define the roles and responsibilities of state authorities in the regulation and supervision of the virtual asset market, aligning Ukraine’s legal framework with international best practices.

In line with this commitment, the National Securities and Stock Market Commission of Ukraine (the “NSSMC”) has developed the Regulatory and Supervisory Model for the Virtual Assets Market in Ukraine (the “Regulatory Model”).

■ **The Regulatory Model identifies the following core regulatory tasks:**

- Licensing and oversight of service providers involved in the circulation of virtual assets
- Establishing transparency, disclosure, and risk management requirements
- Preventing market manipulation, insider trading, and other forms of market abuse
- Regulating the issuance and circulation of stablecoins to safeguard financial market stability
- Identifying and mitigating risks associated with virtual assets
- Combating money laundering and the financing of terrorism.

■ **To achieve these objectives, the NSSMC proposes a sector-based distribution of powers, whereby separate regulators are assigned responsibility for specific token types:**

- **The National Bank of Ukraine** (the “NBU”) will oversee electronic money tokens (EMT), which are backed by a single fiat currency.
- The **NSSMC** will regulate asset-referenced tokens (ART), which backed by combinations of currencies, cryptocurrencies, and/or physical assets, as well as other token types not categorized as EMT or ART.

■ Considering the specified characteristics of different types of tokens, it is proposed to **distribute the main powers among the regulators as follows:**

**The NBU shall be assigned for:**

- Supervision of the issuance, public offering, and admission to trading of EMT
- Authorization and supervision of the activities of EMT issuers
- Authorization and supervision of service providers for exchanging virtual assets for cash
- Counteracting abuses related to EMT
- Establishing requirements for transactions involving the purchase and sale of virtual assets for cash during the provision of virtual asset exchange services.

**The NSSMC shall be assigned for:**

- Supervision of the issuance, public offering, and admission to trading of all tokens except EMT
- Authorization and supervision of the activities of ART issuers
- Authorization and supervision of service providers related to the circulation of virtual assets, except for services exchanging virtual assets for cash
- Counteracting abuses related to all tokens except EMT.

The Regulatory Model also envisions data-sharing mechanisms between the NSSMC and the NBU. Each regulator would have access to the other’s databases to support the performance of their respective functions. This includes information exchange regarding customer complaints and regulatory violations in the virtual asset market.

The outlined distribution of powers takes into account EU Regulations and best international practices. It is expected to be formalized through upcoming legislative amendments governing the virtual asset market in Ukraine.



# DEFENSE / MILITARY

## Persons Liable for Military Service with a Limited Duty Status Must Undergo the Re-Examination by the Military Medical Commission

**Ukrainian citizens who are subject to military service and were recognized as having limited duty for military service are required to undergo a repeat military medical commission (the "MMC") by 5 June 2025, inclusive, in accordance with paragraph 2 of the "Final and Transitional Provisions" of the Law of Ukraine "On Amendments to Certain Laws of Ukraine Regarding the Provision of Rights for Military Personnel and Police Officers to Social Protection" (the "Law").**

This applies to individuals aged 25 to 60 who have been recognized as having limited duty for military service are required to undergo the MMC again by 5 June 2025. If an individual has not yet reached the age of 25 and has previously been recognized as limitedly fit, undergoing the MMC within the specified timeframe is not mandatory. Citizens with disabilities are also exempt from this obligation.

**The deadline established by the Law (5 June 2025) refers to the date by which the military medical commission must be fully completed by the individuals concerned, and not merely the date by which a referral for the commission must be obtained.** Individuals are required to independently contact the territorial recruitment and social support center.

Individuals liable for military service under mobilization, as well as reservists of the Security Service of Ukraine (the "SSU") and Ukraine's intelligence agencies, must contact the central administration or the relevant regional SSU office, or the appropriate unit of their respective agency.

Alternatively, a referral for the MMC may be generated through the electronic cabinet for draftees, individuals liable for military service or reservists (Reserv+). After receiving the referral, the individual must report to the designated medical institution, undergo the MMC, and receive a decision regarding their medical qualification or disqualification for military service.



Failure to comply with this obligation within the timeframe set by the Law will result in administrative liability under the Code of Ukraine on Administrative Offenses, specifically Part 3 of Article 210-1 "Violation of legislation on defense, mobilization preparation, and mobilization committed during a special period". The applicable fine ranges from **UAH 17,000 to 25,500**.



## Sectoral Criteria for Enterprises of Critical Importance in the Cash and Payment Markets

On 7 March 2025, the Board of the National Bank of Ukraine (the "NBU") adopted Resolution No. 29 (the "**Resolution**") establishing criteria for identifying enterprises that are critically important to the national economy within the payment market sector.

■ Under the Resolution, an enterprise may be recognized as critically important by the NBU if it meets at least one of the following criteria:

- It operates a payment system designated as systemically important or important under the Law of Ukraine "On Payment Services", based on performance in the year preceding the decision.
- It is a technological operator of payment services designated as important under the Law of Ukraine "On Payment Services", based on performance in the year preceding the decision.
- It provides services to systemically important banks that are auxiliary to payment services, and whose activities are directly related to servicing ATMs, payment terminals, and executing interbank payment transactions in volumes not less than 50% of the number of corresponding devices/operations of the systemically important bank

- It delivers software support for automated banking systems (improvements, bug fixes, consulting on configuration and operation) used by systemically important banks to execute interbank payments in the electronic payment system of the National Bank of Ukraine.

To recognize an enterprise as having significant importance to the national economy in the payment market sector, **it is sufficient for the enterprise to meet at least one of the criteria listed above.**

Additionally, the National Bank of Ukraine, in Resolution No. 28 dated 7 March 2025, defined criteria for enterprises, institutions, and organizations that are of significant importance in the cash circulation sector. In particular, to be recognized as of significant importance, institutions that have received a license from the National Bank of Ukraine for cash operations must carry out cash collection and transportation of cash in amounts exceeding UAH 30 billion per quarter (including entities where the state share exceeds 50 percent) and must perform cash collection for no less than 1,000 retail points and 1,000 ATMs/self-service complexes.





## Powers of the Ministry of Digital Transformation of Ukraine Expanded

On 4 April 2025, the Cabinet of Ministers of Ukraine (the "CMU") **adopted a decision to expand the mandate of the Ministry of Digital Transformation in the areas of digital innovations, technologies, robotics, artificial intelligence development, and semiconductor technologies.**

Changes were made to the Regulation on the Ministry of Digital Transformation, originally approved by the CMU Resolution No. 856 dated 18 September 2019.

■ **The updated provisions empower the Ministry to:**

- Promote the development of the robotics and semiconductor industries, as well as domestic production of robotics and unmanned systems for defense needs, including dual-use and military technologies
- Determine priority areas for development and ensure regulatory regulation in the relevant fields
- Organize financial support for enterprises engaged in the development and production of robotics, unmanned systems, and other innovative technologies for defense
- Coordinate testing and research of samples, as well as interaction between enterprises engaged in the development and production of defense technologies
- Create and support infrastructure for testing, trialing, and demonstrating samples of robotics and unmanned systems
- Take measures to provide the security and defense sector with cutting-edge technologies, including dual-use technologies
- Promote the development of artificial intelligence in Ukraine and coordinate projects related to these technologies within its powers.

These changes aim to enhance the effectiveness of using cutting-edge technologies in the defense sector and foster innovation in Ukraine.

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The Government's resolution will enable the country to ensure technological independence and promote the development of the domestic industry. It will also create opportunities to support Ukrainian technology developers and implement innovative robotic and unmanned solutions.

The resolution is also part of the implementation of Ukraine's Digital Innovation Development Strategy until 2030 (WINWIN), particularly in terms of developing the semiconductor industry and internal infrastructure for artificial intelligence.

**- AS NOTED BY THE MINISTRY OF DIGITAL TRANSFORMATION**

With this decision, Ukraine will gain greater opportunities to create and support robotic and unmanned technologies applicable in both industrial and everyday contexts.

# RESERVATION AND MOBILIZATION



## Procedure for Reserving Employees Updated

On 28 February 2025, the Cabinet of Ministers of Ukraine (the "CMU") adopted Resolution No. 233, which introduces **changes to the rules for reserving employees and determining critically important enterprises**, regulated by CMU Resolution No. 76 dated 27 January 2023.

■ Resolution No. 233 entered into force on 5 March 2025 and introduces the following **key changes to the procedure for reserving employees subject to military service**:

- For reservation purposes the total number of employees subject to military service now includes employees who were called up for military service as part of mobilization after 18 May 2024.
- The frequency for submitting requests to cancel the reservation has been increased: employers may now submit such requests once every 5 days, instead of once per month. This change is intended to accelerate the reservation cancellation process.
- The reservation of individuals liable for military service who are employed by or serving in state authorities, including the National Police of Ukraine, the National Anti-Corruption Bureau of Ukraine, the State Bureau of Investigation, prosecutor's offices, the Economic Security Bureau of Ukraine, the State Emergency Service of Ukraine and other similar institutions, is carried out without applying the general 72-hour reservation period<sup>1</sup>.

The criteria and procedure for designating an enterprise as critically important have also been amended. As of now, an enterprise's average salary will be calculated based on the most recent calendar month, rather than the previous calendar quarter. In light of this updated approach, in order to confirm the average salary amount, employers must submit tax reporting data for the relevant calendar month, rather than for the quarter.

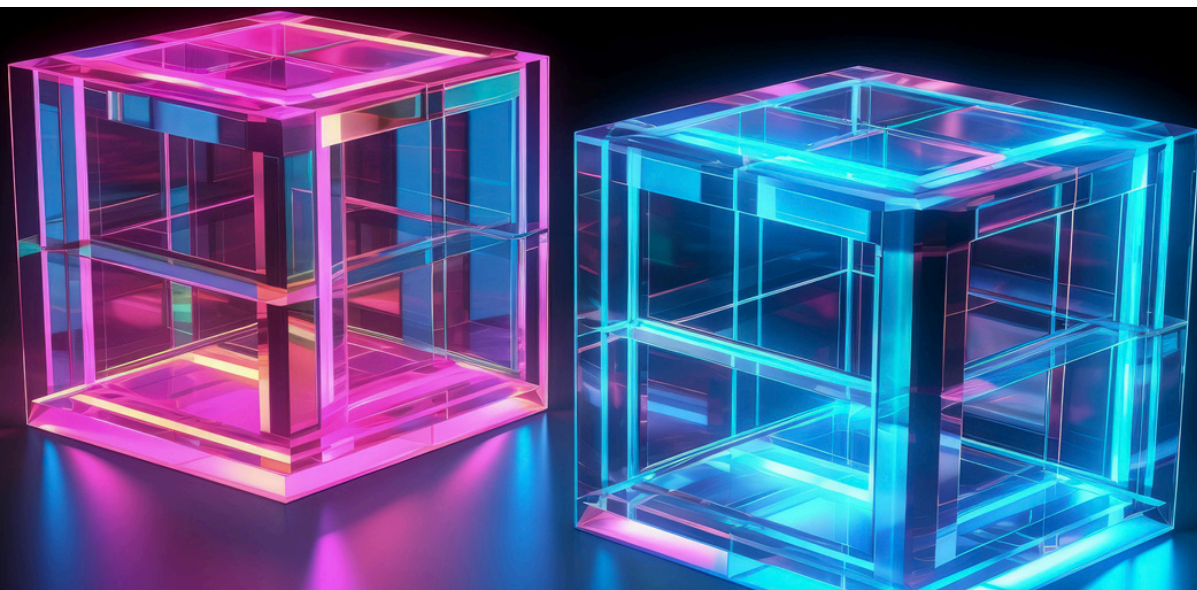
Additionally, by 5 April 2025, the Pension Fund of Ukraine and the Ministry of Digital Transformation of Ukraine were required to ensure electronic data exchange between the State Register of Mandatory State Social Insurance and the Unified State Web Portal of Electronic Services to enable determining whether employee salaries meet the conditions for reservation.

The key change was the separation of the general reservation procedure from the procedure applicable to individuals liable for military service registered with the Security Service of Ukraine and Ukrainian intelligence agencies. As a result, Resolution No. 76 no longer applies to individuals, who are subject to mobilization in these specific categories.

<sup>1</sup>Processing a request to reserve an employee from mobilization via the Diia application takes up to 72 hours. During this period, the employee is not yet considered officially reserved and, in the absence of valid prior reservation, may be subject to mobilization.



# AI



## Advertising and Artificial Intelligence: The New Draft Law Received Support in the Verkhovna Rada of Ukraine

On 11 March 2025, the Verkhovna Rada of Ukraine adopted in the first reading Draft Law No. 12253 dated 27 November 2024 (the "**Draft Law**"), which aims to amend existing legislation on the use of artificial intelligence (AI) systems in advertising. The proposed amendments would affect, in particular, the Law of Ukraine "On Advertising" and the Law of Ukraine "On Media". Adoption at first reading means the parliament has approved the draft in principle and referred it for further review before final passage. As of the end of June 2025, the Draft Law is being prepared for the second reading by the Verkhovna Rada.

The regulation of AI in advertising is becoming increasingly relevant due to the growing number of cases involving manipulative or unethical use of AI technologies, particularly deepfake content. This legislative initiative is part of a broader effort to align Ukraine's legal framework with current technological challenges and digital security standards.

**The Draft Law proposes to introduce mandatory written (electronic) consent from individuals if their image and/or voice is used in advertising, including in cases where such images/voice are altered or generated using artificial intelligence systems.**

■ However, such consent would not be required in the following cases:

- The individual received payment/other benefits for their participation (posing, voiceover, acting) in the creation of the advertisement.
- The image of this individual is used in the advertisement/announcement of a product in which they participated, and the advertiser has the necessary rights to this advertisement.
- The advertisement displays currency or monetary notes featuring images or names of individuals.

According to the Law of Ukraine "On Media", the state encourages co-regulation and self-regulation of the advertising sector in collaboration with businesses. This includes the development of codes and standards governing the creation, distribution, and content of advertising. In this context, it is planned to jointly develop guidelines on the responsible use of AI in media advertising. It is also expected that businesses may independently develop similar recommendations for advertising distributed through non-media channels.

Currently, the Draft Law is undergoing further revision, and its final wording may be subject to changes. As such, the provisions relating to the use of artificial intelligence in advertising may still be clarified or amended before adoption.



## Reforms on the Ukrainian Gambling Market

On 2 May 2025, the Cabinet of Ministers of Ukraine (the "CMU") approved the Regulation on the State Agency of Ukraine PlayCity (the "**Regulation**"). This follows the CMU's earlier adoption of Resolution No. 336 on 25 March 2025 "On the Liquidation of the Commission for the Regulation of Gambling and Lotteries" (the "**Commission**"). According to the resolution, following the completion of Commission's liquidation, its functions will be transferred to a newly established agency - PlayCity.

The agency was established pursuant to CMU Resolution No. 314 dated 21 March 2025 "On the Central Executive Authority Responsible for Implementing State Policy in the Field of Organizing and Conducting Gambling and Lotteries". The Ministry of Digital Transformation of Ukraine will coordinate PlayCity's operations.

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The reform will ensure transparent operating rules for all market participants and effective state control. This will contribute to the de-shadowing of the industry and strengthen the Ukrainian economy.

**- STATED THE MINISTRY OF DIGITAL TRANSFORMATION REGARDING THE REFORM'S OBJECTIVES**

■ According to the Regulations, **PlayCity will perform a range of tasks** aimed at ensuring transparency and legality in the gambling sector, including:

- **Gambling market oversight:** The agency will conduct continuous online monitoring to detect violations and ensure compliance with legislation
- **Transparent licensing:** PlayCity will ensure an open and fair licensing process for gambling operators
- **Combating illegal gambling businesses:** The agency will actively work to identify and terminate the activities of illegal gambling establishments
- **Monitoring compliance with licensing conditions:** PlayCity will impose fines on companies that violate licensing conditions, ensuring adherence to the rules
- **Supervision of state lotteries:** The agency will oversee the organization and conduct of state lotteries, ensuring their fairness and transparency
- **Protection of players' rights:** PlayCity will work to prevent gambling addiction and protect the rights of consumers of gambling services
- **Maintaining registries and publishing open data:** The agency will publish open data and report annually on its activities, as well as maintain registers of operators of gambling in casino gambling facilities, operators of casino gambling on the Internet, a register of persons who are restricted from accessing gambling facilities and/or participating in gambling, and other registers specified by the Law of Ukraine "On State Regulation of Activities on Organization and Conduct of Gambling".





These measures are aimed at creating a safe and regulated gambling market that meets the highest standards of transparency and legality.

Additionally, on 1 April 2025, the Law of Ukraine "On Amendments to Certain Legislative Acts of Ukraine to Combat Gambling Addiction (Ludomania) and Improve State Regulation of Activities Related to the Organization and Conduct of Gambling and Lotteries" (the "**Law**") came into effect. The Law contains several amendments directly related to the media and advertising sector. In particular, it strengthens the responsibility of producers and distributors of advertising for violations of legislative requirements regarding gambling advertising, in particular the fine has been increased from 300 to 600 minimum wages. **As of 2025, the new amount of the fine will be UAH 4,800,000.**

Amendments were also made to the Law of Ukraine "On Advertising", which strengthen control over gambling advertising and protection of the vulnerable groups. From now on, gambling advertising is allowed only in specified cases, such as placement in linear media from 11:00 PM to 6:00 AM, in specialized publications for individuals over 21 years old, in gambling establishments, on the websites of gambling organizers, as well as in registered online media and sharing platforms, provided that technical restrictions are in place to prevent access by individuals under 21.

In addition, featuring certain individuals in gambling advertisements is prohibited, including persons under the age of 21, military personnel, volunteers, medical professionals, and individuals whose appearance imitates these professions.

The reform of the gambling market in Ukraine in 2025 aims at transition to a more transparent, accountable, and safe regulatory system for the industry. The establishment of the PlayCity agency and the strengthening of advertising restrictions are intended both to bring the industry out of the shadows and to protect society, especially vulnerable groups, from the harmful effects of gambling addiction.



## National Bank of Ukraine Revises Currency Restrictions

Effective 10 May 2025, the National Bank of Ukraine (the "NBU") has once again **eased currency restrictions as part of the implementation of the stimulating currency liberalization strategy**. On 9 May 2025, the NBU adopted Resolution No. 53 "On Amendments to the Resolution of the Board of the National Bank of Ukraine No. 18 dated 24 February 2022" ("**Resolution 53**"), which introduces **the following key amendments**:

### 1 Currency Operations Within an Investment Limit

The NBU has allowed resident legal entities to transfer foreign currency in the amount corresponding to foreign investments contributed to their charter capital by foreign investors starting from 12 May 2025, subject to the following conditions:

- ▶ **Currency transactions are allowed for:**
  - Settlements for the import of goods delivered before 23 February 2021
  - Returns of advance payments received before 23 February 2022 if export has not been executed or has been only partially executed
  - Fulfilling obligations under loans from non-residents received before 20 June 2023
  - Covering expenses of foreign separate subdivisions.
- ▶ **Transactions must go through a single bank chosen by the resident, with the option to change it.**
- ▶ **The servicing bank has information (documents) confirming:**
  - Receipt of foreign investments to the resident legal entity from abroad since 12 May 2025
  - Registration of charter capital formation or increase as of the transaction date.

### 2 Expansion of the Funding Limit for Foreign Subdivisions

Resident legal entities are permitted to transfer funds for the maintenance of their branches, representative offices, or other separate subdivisions abroad, exclusively for the purpose of covering operational expenses, subject to the following conditions:

- ▶ **The resident legal entity must have been in operation for at least 12 months from the date of its state registration.**
- ▶ **The total amount of such transfers must not exceed EUR 1 million within the current calendar year.**
- ▶ **Transfers exceeding the EUR 1 million threshold are permitted only if the following conditions are met:**
  - The relevant foreign subdivision was established as of 24 February 2022.
  - The resident legal entity had previously made transfers in 2021 for the maintenance of the same subdivision.
  - There is documentary evidence confirming the volume of such transfers in 2021.
  - The current funding does not exceed the actual transfers made in 2021.
- ▶ **Transfers within a single calendar month must not exceed one-quarter (1/4) of the total permitted annual limit, specifically:**
  - No more than EUR 250,000 per month if the standard EUR 1 million limit applies, or
  - The proportionate amount per month, if the higher limit applies subject to compliance with the criteria above.
- ▶ **Transfers must be:**
  - Made at the expense of own funds in foreign currency (not purchased, not attracted in the form of a loan).
  - Through one bank chosen by the resident legal entity (changing banks is permitted at the initiative of the resident).



**3** Banks are now allowed to proceed with operations on "forward" terms with other banks - for the purchase and sale of foreign currency, and with clients - for the sale of foreign currency.

**4** Purchase of Foreign Currency to Fulfill Loan Agreement Requirements (to Maintain a Certain Amount in Foreign Currency)

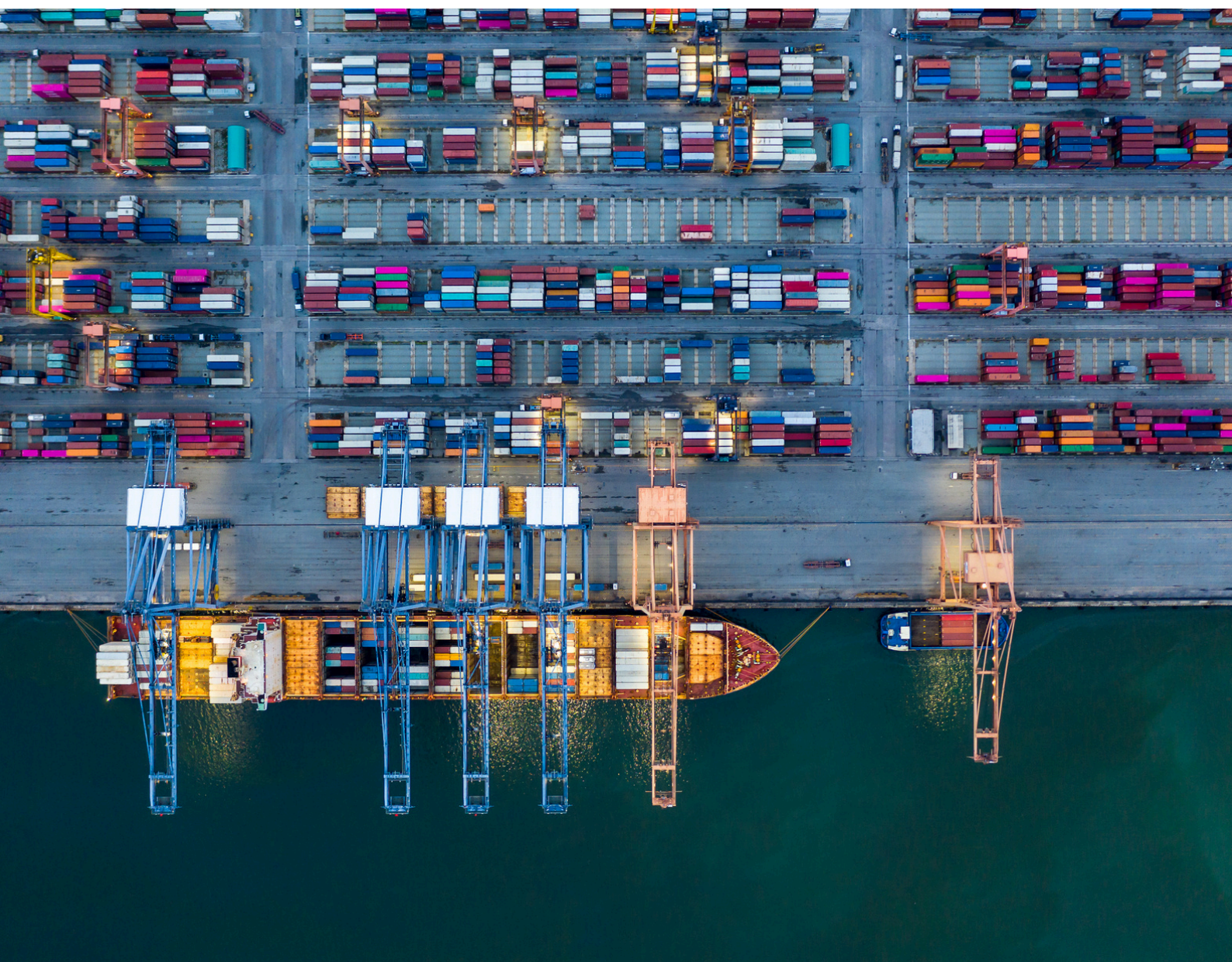
Resolution 53 allows purchase of foreign currency to replenish the account of a resident client, opened solely to fulfill the condition of a loan agreement with a non-resident regarding the maintenance of a specified amount in foreign currency in the account.

**5** Clarification of Currency Supervision Rules for Import Settlements

Resolution 53 clarifies that a bank may not complete currency supervision of an import transaction if funds paid by the importer are returned in full or in part, unless such funds are returned to Ukraine from abroad in foreign currency.



Resolution 53 also introduces other regulatory amendments, including procedures governing the payment of consular fees to the accounts of Ukrainian diplomatic and consular institutions abroad.





# Tax



## The Procedure for Including Periods of work Abroad to a Person's Insurance Record in Ukraine Has Been Adopted

On 23 June 2024 the Law of Ukraine "On amendments to certain laws of Ukraine regarding the regulation of the calculation of pension insurance record and pension coverage" No. 3674-IX of 25 April 2024 ("**Law No. 3674**") came into effect. This Law No. 3674, among other, provided for the opportunity to **include pension insurance record gained by the Ukrainian nationals during their work abroad in countries with which Ukraine does not have bilateral pension agreements into a person's Ukrainian insurance record**. The Law No. 3674 stipulated that the procedure for confirming and accepting of such periods of work abroad to pension insurance record (labor record) shall be established by the Cabinet of Ministers of Ukraine (the "**CMU**"). In this regard, the CMU adopted Resolution No. 562 "Certain matters of calculating insurance record" of 16 May 2025 ("**CMU Resolution No. 562**"), which approved the respective Procedure.

Before the adoption of the Law No. 3674 and the CMU Resolution No. 562, only individuals who had worked in countries with which Ukraine has bilateral pension agreements could take into account the respective insurance record(s) gained abroad for determining their eligibility for pension coverage in Ukraine. Currently, such agreements are concluded by Ukraine only with Bulgaria, Estonia, Latvia, Lithuania, Spain, the Czech Republic, Slovakia, Portugal, and Poland, which significantly limited the number of individuals who could utilize the respective provisions for their benefit.

■ The duration of insurance record is a key factor impacting both the eligibility for admission to pension at retirement age and the amount of pension payments. The duration of the gained insurance record also determines, in particular, the age at which a person can retire. **In 2025, to qualify for a pension at retirement age a person must have:**

- at the age of 60 - at least 32 years of insurance record
- at the age of 63 - from 22 to 32 years of insurance record
- at the age of 65 - from 15 to 22 years of insurance record.

The Law No. 3674 and the CMU Resolution No. 562 enable the Ukrainian citizens to take into account periods of their work in

other countries (with which Ukraine does not have bilateral agreements) towards their pension insurance record in Ukraine, provided they submit the documents confirming such periods of work abroad along with their pension application to the territorial office of the Pension Fund of Ukraine (the "PFU")

■ The Procedure specifies that the supporting documents may include any documents such as certificates, extracts, etc., issued by other state, **provided that such documents:**

- confirm that the periods of work abroad are counted towards the insurance (work) record for pension purposes under the laws of the respective country
- are duly legalized/apostilled (unless otherwise provided by Ukraine's international treaties ratified by the Verkhovna Rada of Ukraine).

If the content of the submitted documents does not allow to confirm that the individual's periods of work abroad are counted towards the insurance (work) record, or if the individual does not provide the supporting documents, the PFU's district office must, within five working days of receiving the complete pension application, send a request to the Ministry of Foreign Affairs of Ukraine.

In turn, the Ministry of Foreign Affairs should, within five working days, send a request through diplomatic channels to the pension authority of the foreign country, asking to provide the necessary confirmation documents regarding the individual's insurance (work) record. The request shall specify that all personal data, which will be indicated in the provided documents, is confidential.

If the exchange of information between the PFU and the relevant foreign authority is not possible, the request shall be sent once the possibility of such an exchange is restored.

After receiving the documents, the Ministry of Foreign Affairs shall send them to the territorial office of the PFU within five working days, and the PFU shall accept the respective periods of work abroad to the individual's Ukrainian pension insurance record.





## The Draft Law on the Taxation of Income from Virtual Assets Approved by the Parliamentary Committee

Legal relations in the area of virtual assets circulation in Ukraine are governed by the Law of Ukraine "On Virtual Assets" No. 2074-IX ("Law No. 2074-IX").

The Law No. 2074-IX was adopted by the Verkhovna Rada of Ukraine and signed by the President of Ukraine back in 2022. However, it has not yet entered into force, as its enactment is conditional upon the introduction of amendments to the Tax Code of Ukraine that would establish the taxation framework for transactions with virtual assets.

On 24 April 2025, the Committee of the Verkhovna Rada of Ukraine on Finance, Taxation and Customs Policy recommended adopting in the first reading the revised draft Law of Ukraine "On amendments to the Tax Code of Ukraine and certain other legislative acts of Ukraine on regulating the circulation of virtual assets in Ukraine" No. 10225-д ("Draft Law No. 10225-д").

■ Among other, the Draft Law No. 10225-д introduces amendments to the Tax Code of Ukraine aimed at implementing tax rules for income derived from virtual assets (cryptocurrencies, tokens, etc.). **In particular, the draft law proposes the following taxation rules for individuals:**

- The individual's positive financial result (i.e., profit) received over the reporting year, calculated as the difference between income from the sale of virtual assets<sup>1</sup> (adjusted for exchange rate differences, where applicable) and the amount of documented expenses incurred for the acquisition or creation of such assets (subject to a limited list of allowable expenses), is subject to tax.

• **The following types of income are exempt from taxation:**

1. income from exchanging one virtual asset for another
  2. income from the sale of virtual assets during the year, provided the total amount of income does not exceed the statutory minimum monthly wage
  3. the value of virtual assets received as a result of their issuance (creation) or free-of-charge receipt from issuers/in exchange for personal data
- Individuals themselves are required to maintain records of the financial results from virtual asset transactions, separately from other income and expenses, and to declare and pay taxes (if profit is earned) on the aggregate financial result in the annual personal income tax return (due by 30 April of the year following the reporting year). Such profit is subject to 18% personal income tax (the "PIT") and 5% military levy.
  - If the financial result for the calendar year is negative (i.e., a loss), the amount may be carried forward to offset profits from virtual asset transactions in subsequent years until fully utilized.

Additionally, the draft law provides for a transitional period for taxation of income from virtual assets acquired prior to the new law's effective date. In particular, if such assets are sold during 2026, the respective income of an individual is subject to a reduced 5% PIT rate (5% military levy remains applicable).

It is important to highlight that, under the Draft Law No. 10225-д, exchange rate differences must be taken into account when calculating the financial result from the sale of virtual assets, similarly to the rules applicable to other investment assets. Considering fluctuations of the Ukrainian hryvnia exchange rate, this requirement may result in situations when individuals have to report taxable profits in hryvnia, despite incurring losses in foreign currency.

<sup>1</sup>For taxation purposes, the sale of virtual assets is considered as their sale for monetary funds or any other transactions that involve the transfer of ownership rights to virtual assets in exchange for monetary values and/or in exchange for goods and/or services.



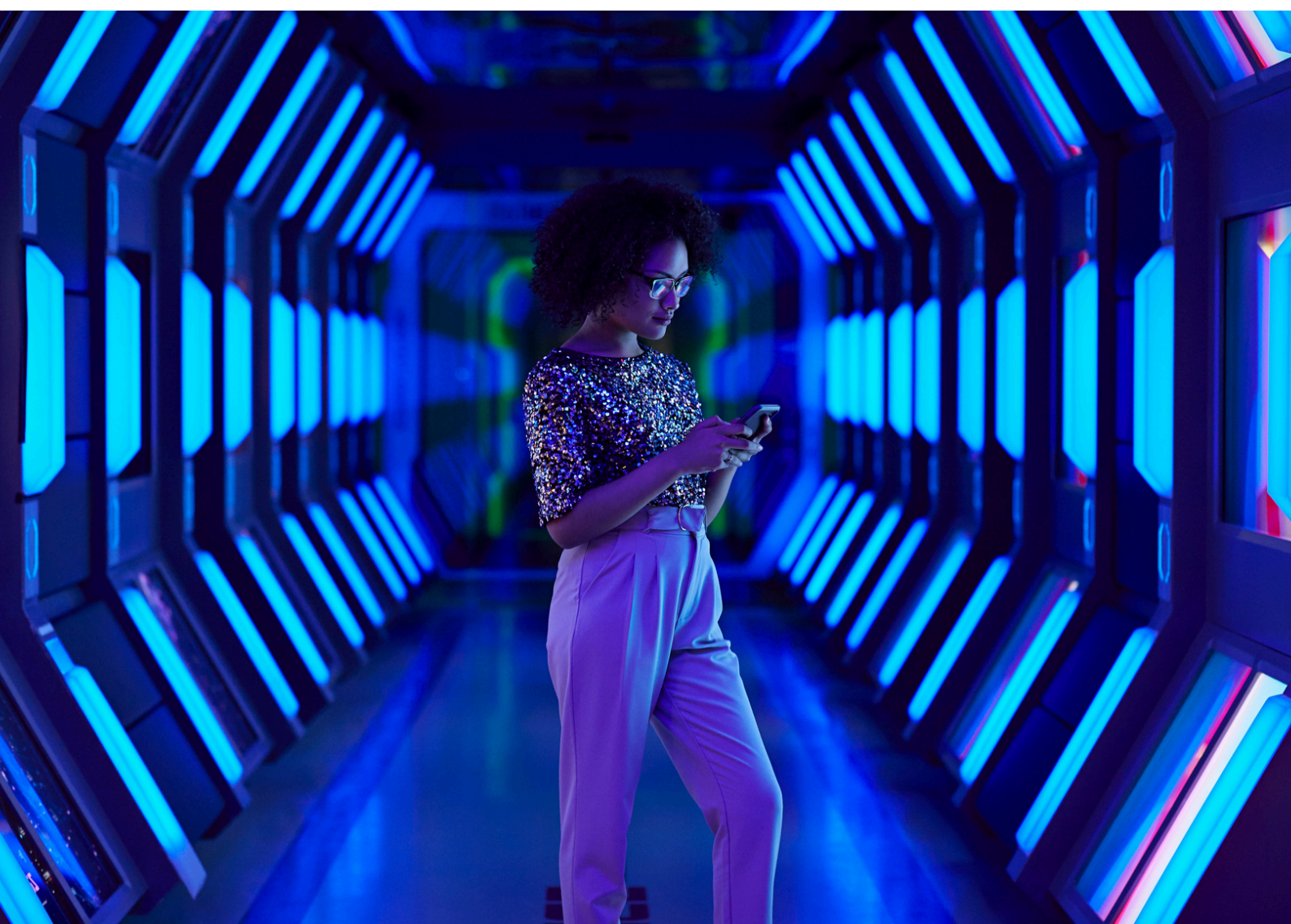
Законопроект про оподаткування доходів від віртуальних активів схвалено парламентським комітетом

From an administrative perspective, the Draft Law No. 10225-д requires virtual asset service providers to register with the Ukrainian tax authorities within 60 days of commencing the provision of services to Ukrainian residents, and to submit annual reports on virtual asset transactions involving individuals and legal entities who are Ukrainian residents. Service providers that have rendered services to Ukrainian residents prior to 31 December 2025 must complete their registration by 1 July 2026.



It is noted that the introduction of such reporting obligations represents an initial step towards the implementation of the Crypto-Asset Reporting Framework (CARF) and the EU DAC8 Directive on the automatic exchange of tax information related to virtual asset transactions. As a result, it is expected that the State Tax Service of Ukraine will, in the future, receive information on virtual asset transactions conducted by individuals and legal entities – Ukrainian residents.

The proposed amendments to the Tax Code of Ukraine are expected to enter into force on 1 January 2026. However, it should be noted that the Draft Law No. 10225-д is still at the early stages of the legislative process, and the proposed provisions may be subject to change during parliamentary readings by the Verkhovna Rada of Ukraine.





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