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"we enforce the result"

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To: Newsletter | Law-review article

Project: How to Capitalize a Ukrainian Company Through Share Contributions

Client: Newsletter | Law-review article

Dear Sir or Madam,

Below please find law-review article designed to help you familiarize yourself with company's capitalization in Ukraine

1. Introduction: Why Capitalization Matters

Foreign companies looking to invest in Ukraine often ask: "What is the safest and cleanest way to bring money into our local subsidiary?" One of the best answers is through a share capital contribution.

This memo explains how a foreign parent company can invest money into its Ukrainian subsidiary (typically an LLC or "TOV") by increasing the share capital. It's a reliable and transparent method that shows long-term commitment and opens the door to investment protections under Ukrainian law.

2. Step-by-Step: How It Works

Ukrainian law welcomes foreign investors who follow the rules. You don't need to set up anything special or offshore. Instead, you:

Step 1: Board or Shareholder Decision

Your parent company should approve the capital contribution. It's a short document saying, "We invest X EUR | USD into our subsidiary, to be used as share capital."

Step 2: Update the Ukrainian Charter (if needed)

If you are increasing the authorized capital, you may need to amend the charter of the Ukrainian company. We help draft and notarize this.

Step 3: Open a Special Bank Account

The Ukrainian company needs an investment account. Your servicing bank in Ukraine will open it once you provide the necessary documents.

Step 4: Send the Money

Wire the funds from the parent company to the Ukrainian account with the right purpose: "Contribution to Share Capital of the LLC *"name"*."

Step 5: Register the Capital Increase

After the money arrives, we file the documents with the state registrar. The company's capital is officially increased.

4. What Documents Are Needed?

- Decision from the parent company;
- Corporate extract or registration certificate from the parent company (translated and legalized);
- Updated Ukrainian charter (if changed);
- SWIFT confirmation of the payment;
- Notarized shareholder resolution on capital increase;
- Filing documents for the state registrar.

5. Bonus Option: Register the Capital as a Foreign Investment

Once the funds arrive, you can ask your bank to issue an official certificate of foreign investment. This is not mandatory, but it gives you:

- Protection under Ukrainian law for foreign investors,
- Easier repatriation of dividends or exit capital,
- Proof for international grant or loan programs.

Note: along with the listed above you may be interesting in the **state support of Ukraine for investment projects with Significant Investments** - please find here:

https://go.primerus.com/l/897851/2024-10-14/h5p3r/897851/1728913188N6iqyvRE/20240208_state_support_of_investment_projects_in_Ukraine.pdf

6. Registration of investments in Ukraine for non-residents

Despite the state of war, Ukraine remains one of those countries that are still attractive for foreign investment, in particular for expanding business opportunities for non-residents (both individuals and legal entities).

One of the key aspects of investing in Ukraine for non-residents is its correct registration with the regulatory bodies of our country.

Currently, according to the law, state registration of investments by non-residents in Ukraine is not mandatory. However, it is worth keeping in mind that when it is carried out, the non-resident has the right to receive the corresponding guarantees and benefits defined in the current Ukrainian legislation.

Such guarantees are:

- guarantees in the event of a change in legislation (in particular, regarding the registration and investment procedure);
- guarantees in the event of forced seizure of assets/illegal action against them by authorities;
- compensation and indemnification of losses to foreign investors;
- guarantees of the use of profits/income from foreign investments.

The list may also include other guarantees related to the implementation of investment activities.

The process of such registration is as follows:

A. Preparatory stage.

Currently, it is possible to register a non-resident's investment using a power of attorney drawn up by the current law (with translation and notarization by a notary public).

Next, you need to prepare the necessary documentation, which will consist of:

- an application for state registration of foreign investments,
- a decision of a foreign investor to contribute relevant assets,
- documents confirming the value of foreign investment,
- documents confirming the form of foreign investment,
- an information notice.

B. Registration of the investment in the tax/local state administration.

From the moment of completion of the registration of investments by a non-resident in Ukraine, a registration number is assigned, which is confirmed by the signature and seal of the state registration authority.

One copy of the information notice remains with the applicant to confirm its submission, with the state registrar and is sent to the Ministry of Economic Development and Trade of Ukraine for formal completion of the procedure and registration. As a general rule, the duration of such registration is **3 working days**.

We also recommend opening an investment account for conducting investment activities on the territory of Ukraine. This will also provide an opportunity to negotiate an individual exchange rate, and service at bank branches, in particular, consulting on the issue of conducting commercial activities on the account.

Capitalizing your Ukrainian company through a share contribution is more than just a formal step. It's a strategic tool. It shows that your business is serious, compliant, and prepared for long-term growth. And if you also choose to register it as a foreign investment - you unlock another layer of protection.

This law-review article is designed to help you familiarize yourself with the corporate legislation in Ukraine. If you need personal advice or legal support, our team is at your service.

Sincerely,

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(University of Augsburg,)
Rechtsanwalt, Attorney-at-law, CEO