

Legal Alert – 29 December 2010

**Changes in the Ukrainian land tax rates
according to the new Tax Code of Ukraine**



ukrainian legal group
www.rulg.com

The Tax Code¹ has increased by three times the tax rates for land plots located within populated areas and have not undergone rental income appraisal².

Rental income appraisal applies to lands of all categories and forms of ownership based on a resolution of the executive authority / local self-government agency or based on an agreement³ between interested parties.

Thus, if a land plot is located within a populated area, rental income appraisal must be conducted at least once in 5 - 7 years.⁴

From now on, land tax on land plots that have not undergone rental income appraisal will be charged at the rates specified in the comparative table No.1 below.

The land tax rates for land plots which have undergone rental income appraisal have not changed and are equal to 1% of such land plots' normative money value.

Olimpiysky Center
72, Velyka Vasylkivska Street
Suite 14, Kiev 03150
Ukraine

Phone: [380] (44) 207-1060
Fax: [380](44) 207-1064

4056 Mansion Dr., N.W.
Washington, D.C. 20007
USA

Phone: [1] (202) 338-1182
Fax: [1] (202) 338-4237

¹ Tax Code of Ukraine No. 2755-VI dated 2 December 2010 (hereinafter – Tax Code);

² According to sub-clause 14.1.125 of the Tax Code, *rental income appraisal of a land plot* means capitalized rental income from the land plot which income is determined by the State Land Resources Committee of Ukraine. Normative money evaluation of a land plot is mandatory in the event of: i) determination of the land tax; ii) determination of the rent for State-owned and municipally owned land plots; iii) determination of the State duty in case of barter exchange, inheritance and donation of land plots; iv) determination of losses of agricultural and forestry productions; v) development of indices of and procedures for economic encouragement of efficient use and protection of lands;

³ Art. 15 of Law of Ukraine "On Land Evaluation" No. 1378-IV dated 11 December 2003 (hereinafter – Law of Ukraine "On Land Evaluation");

⁴ Art. 18 of the Law of Ukraine "On Land Evaluation".

Table No. 1

Groups of populated areas with number of inhabitants (thousands of persons)			Tax rates, UAH per 1 sq.m.	Coefficient applied in Kyiv, Simferopol, Sevastopol and cities of oblast subordination
		Law of Ukraine "On the Land Fee"⁵	Tax Code⁶	
up to 0,2	up to 3		0,24	
from 0,2 to 1				
from 1 to 3				
from 3 to 10		0,15	0,48	
from 10 to 20		0,24	0,77	
from 20 to 50		0,375	1,2	1,2
from 50 to 100		0,45	1,44	1,4
from 100 to 250		0,525	1,68	1,6
from 250 to 500		0,6	1,92	2,0
from 500 to 1000		0,75	2,4	2,5
from 1000 and more		1,05	3,36	3,0

Disclaimer

The content of this document is not legal advice, but a general informational summary of the law. Resource to qualified legal counsel is always required for legal advice.

⁵ Law of Ukraine "On the Land Fee" No. 2535-XII dated 3 July 1992 (hereinafter – Law of Ukraine "On the Land Fee");

⁶ New tax rates for the land plots which are located within populated areas and have not undergone rental income appraisal are marked in red.