



Real Estate **2025**

20th Edition



Contributing Editor:

Dan Wagerfield

Norton Rose Fulbright LLP

glg Global Legal Group

Expert Analysis Chapter

1

Islamic Finance and Real Estate
Dan Wagerfield, Norton Rose Fulbright LLP

Q&A Chapters

5

Austria
Markus Uitz & Thomas Stiglbauer,
Binder Grösswang

17

Brazil
Luciano Garcia Rossi, Guilherme de Toledo Piza &
Júlia Hall-Nielsen Fraige, Pinheiro Neto Advogados

27

Canada
Michael L. Dyck, Stephanie Redding, Patrick Morin &
Mario Paura, Stikeman Elliott LLP

38

Chile
Alberto Alcalde Herrera & Pedro León Wielandt,
Puga y Ortiz Abogados

46

Cyprus
Demetris Demetriades, Andreas Demetriades & Co LLC

57

England & Wales
Rowenna Husselbee & Amy Allen,
Norton Rose Fulbright LLP

70

Finland
Matias Forss, Kalliolaw Attorneys Ltd

79

Germany
Dr. Markus Jakoby, Jakoby Rechtsanwälte

94

Greece
Alexandra Petsa & Fay Vetouli, Sardelas Petsa Law Firm

104

Indonesia
Marshall Situmorang, Andhitta Audria Putri, Mia Sari &
Muhammad Irfan Yusuf Rifqi,
Nusantara Legal Partnership

115

Ireland
Shane Fahy & Denise Dockery, McCann FitzGerald LLP

130

Japan
Kenichi Yamamoto & Kazuki Kutsumizu,
Anderson Mōri & Tomotsune

140

Mexico
María Teresa Paillés, Andrés Pizarro Suárez,
María Esther Rey & Andrea Holtzman Cesarman,
SMPS Legal

151

Slovenia
Domen Neffat & Jakob Stanič Gruden,
Neffat and Partners Law Firm

165

Switzerland
Wolfgang Müller, Munier Serag, Jacques Johner &
Nadja Lewandowski, MLL Legal AG

175

Taiwan
Yi-Jiun Su & Lily Kuo, Lee and Li, Attorneys-at-Law

186

Ukraine
Dr. Oleksiy Feliv, Anna Pogrebna & Tetiana Storozhuk,
INTEGRITES

197

USA
Richard L. Rosen, Leonard S. Salis &
Dennison Marzocco, Rosen Karol Salis, PLLC

218

Zimbabwe
Charles Maunga & Calexy Maunga,
Maunga Maanda & Associates

Ukraine



Dr. Oleksiy
Feliv



Anna
Pogrebna



Tetiana
Storozhuk

INTEGRITES

1 Real Estate Law

1.1 Please briefly describe the main laws that govern real estate in your jurisdiction. Laws relating to leases of business premises should be listed in response to question 10.1. Those relating to zoning and environmental should be listed in response to question 12.1. Those relating to tax should be listed in response to questions in section 9.

The main codified laws governing real estate include: the Civil Code; the Commercial Code; and the Land Code, which regulate ownership rights (freehold, leasehold, servitudes, *emphyteuses*), acquisition, encumbrances, and contractual relations.

There are also the following specific laws:

- the Law “On State Registration of Proprietary Rights to Real Estate and their Encumbrances” governing the state registration of the real estate (including land, encumbrances, a special proprietary right to a future real property, etc.);
- the Law “On Land Lease”, which is the main law governing leasing of the land;
- the Law “On Management of State-Owned Properties”, the Law “On Privatisation of State-Owned and Municipal Property”, and the Law “On Public and Private Partnerships”, which introduce peculiarities of transactions with the state-owned and municipal properties;
- the Law “On Ensuring Proprietary Rights to Future Real Property” introducing the features of the sale and purchase of properties to be constructed; and
- the Law “On Associations of Co-Owners of Multi-Apartment Houses” governing the rights of the co-owners to the common parts of the residential building.

Additionally, there are several laws to be considered with respect to, *inter alia*, taxation, anti-trust, sanctions regulations, as well as restrictions introduced by the ongoing martial law in Ukraine, which can materially affect a real estate transaction.

1.2 What is the impact (if any) on real estate of local common law in your jurisdiction?

The Ukrainian legal system is governed by civil law, and common law has no substantial impact on real estate. Where the law requires additional interpretation (e.g. ambiguities or legal gaps), the case law of the Supreme Court can be applied.

1.3 Are international laws relevant to real estate in your jurisdiction? Please ignore EU legislation enacted locally in EU countries.

Real estate in Ukraine is primarily governed by the local law, with exceptions such as dispute resolution for concession agreements. Additionally, international treaties ratified by the Parliament of Ukraine are a part of national legislation and may impact real estate matters, particularly in areas like investment protection and international arbitration. However, their application is generally limited to specific cases involving foreign parties or investments.

2 Ownership

2.1 Are there legal restrictions on ownership of real estate by particular classes of persons (e.g. non-resident persons)?

Ukrainian law differentiates between the freehold ownership of land and buildings, both categorised as real estate. There are no legal restrictions on foreign or domestic ownership of buildings and constructions in Ukraine, granting equal rights to individuals and legal entities.

At the same time, the acquisition of freehold to the land is subject to certain restrictions:

- foreign legal entities may purchase non-agricultural land simultaneously with the acquisition of buildings located thereon, or for greenfield development within settlements; and
- foreign individuals are permitted to buy non-agricultural greenfield land within settlements or land associated with real property they already own.

Please note that Ukrainian legislation does not explicitly permit Ukrainian legal entities directly owned by a foreign investor to hold ownership of land. Due to this legal ambiguity, foreign investors often adopt a two-tier corporate structure for land ownership in Ukraine, where a foreign company holds ownership of a Ukrainian subsidiary, which in turn owns a Ukrainian company that holds the land.

The acquisition of the freehold to the agricultural land by foreign individuals or entities (either directly or indirectly) is prohibited unless otherwise approved via a nationwide referendum.

Moreover, in response to the aggression of the Russian federation against Ukraine, a prohibition has been imposed on the disposal of any real estate by individuals or entities associated with the aggressor state or in favour of such persons.

3 Real Estate Rights

3.1 What are the types of rights over land recognised in your jurisdiction? Are any of them purely contractual between the parties?

The following types of rights over land are recognised in Ukraine:

- ownership;
- usage right that can be both contractual (lease agreement) or statutory;
- right of permanent use of public land (inheritance from Soviet times);
- *emphyteusis* (right to use the land for agricultural purposes);
- *superficies* (right to use the land for development purposes); and
- land servitude (easement).

All of these rights are subject to registration and are considered to be established upon registration. The only exception is lease right to a property (buildings) if established for less than three years. In this case, this lease right is purely contractual.

3.2 Are there any scenarios where the right to land diverges from the right to a building constructed thereon?

Yes, a legacy of the Soviet past is that the right to land is indeed separate from the right to a building constructed thereon. It is often the case that buildings were developed on municipal or state-owned land and they are in private ownership whereby the land remains in state or municipal ownership. In such cases, the owner of the building has the right to lease or purchase the underlying land.

Under Ukrainian law, however, the prevailing principle is the unity of ownership, whereby ownership of a building or structure includes ownership of the underlying land. When a building is transferred to a new owner, the buyer also acquires the seller's rights to the associated land, whether as freehold, leasehold, or other legal title, unless otherwise agreed.

Notwithstanding this principle, there are circumstances under which ownership of land and buildings may diverge. Such divergence may result from separate transactions, inheritance, or specific legal arrangements, including *superficies* agreements. Ukrainian law permits such separation. It is recommended to clearly define and legally formalise the respective rights and obligations of the landowner and building owner as part of the transaction structuring and execution process.

3.3 Is there a split between legal title and beneficial title in your jurisdiction and what are the registration consequences of any split? Are there any proposals to change this?

Ukrainian law does not generally recognise a split between legal and beneficial title, and no proposals have been introduced to alter this approach so far.

At the same time, trust ownership as provided under the Civil Code can be considered a limited form of split ownership in the context of securing loan obligations. Under this mechanism, legal title to the property is transferred to a

trustee-owner to secure the borrower's obligations under a loan or credit agreement. The trustee-owner holds legal title but is subject to certain restrictions, including the inability to independently dispose of the property except for foreclosure or expropriation as prescribed by law.

Upon the establishment of a trust ownership, the original owner's title is terminated, and the trustee-owner's title is registered in the State Register of Proprietary Rights to Real Estate (the "Real Estate Register"). This arrangement is specific to loan security and does not extend to a broader recognition of split ownership in Ukrainian law.

4 System of Registration

4.1 Is all land in your jurisdiction required to be registered? What land (or rights) are unregistered?

There are two registers in Ukraine: the land cadaster, which concerns the physical characteristics of the land, (i.e. boundaries, coordinates, land designation, limitations, and, most importantly, the cadaster number); and the real estate register, under which land is registered, once it has been registered in the land.

As of 2013, it is mandatory to register all titles to land and buildings as well as related encumbrances in the Real Estate Register.

The titles established prior to 2013 and not registered are recognised. Transactions with non-registered land or buildings are, however, possible only after their registration in the Real Estate Register.

4.2 Is there a state guarantee of title? What does it guarantee?

There is no state guarantee of title in Ukraine. However, the information about real estate provided in the Real Estate Register is assumed to be objective, complete, and correct. The state registrars are liable for the losses caused to individuals and/or legal entities. The purchaser may rely on the information entered in the Real Estate Register while having disputes in court.

4.3 What rights in land are compulsorily registrable? What (if any) is the consequence of non-registration?

All proprietary rights to land derived from ownership should be registered and they are deemed to be established, transferred or terminated only upon state registration. Such rights include servitudes, *emphyteusis*, *superficies*, right of permanent use of public land, and lease (sublease) of the land plot.

4.4 What rights in land are not required to be registered?

The pre-emptive right to buy or lease the land is not required to be registered. At the same time, an interested party may require such registration. In addition, the lease rights to buildings for less than three years do not require registration.

4.5 Where there are both unregistered and registered land or rights is there a probationary period following first registration or are there perhaps different classes or qualities of title on first registration? Please give details. First registration means the occasion upon which unregistered land or rights are first registered in the registries.

Under Ukrainian law, there is no probationary period following first registration as well as any classes or qualities of title on first registration.

4.6 On a land sale, when is title (or ownership) transferred to the buyer?

The title is transferred at the time of registration in the Real Estate Register.

4.7 Please briefly describe how some rights obtain priority over other rights. Do earlier rights defeat later rights?

As almost all proprietary rights to real estate are subject to registration in Ukraine, the registered rights have priority over the rights that have not been registered. Earlier registered rights will also have an impact on the rights registered afterwards.

5 The Registry / Registries

5.1 How many land registries operate in your jurisdiction? If more than one please specify their differing rules and requirements.

In Ukraine, there are two registers related to real estate, in particular: (i) the Real Estate Register, which contains data on real estate rights and encumbrances with respect to both land and buildings; and (ii) the land cadaster, which contains details of the land plot(s) (area, address, boundaries, designated use, restrictions, cadaster number, etc.).

The registers are interlinked and, for example, the title to a land plot can only be registered in the Real Estate Register if details of that land plot have been already registered in the land cadaster and the land plot has been assigned with a cadaster number.

5.2 How do the owners of registered real estate prove their title?

Owners of registered real estate prove their title with an extract from the Real Estate Register.

5.3 Can any transaction relating to registered real estate be completed electronically? What documents need to be provided to the land registry for the registration of ownership right? Can information on ownership of registered real estate be accessed electronically?

In 2013, Ukraine initiated the digitalisation of its real estate market, gradually introducing electronic registers with information on the entire life cycle of real estate, from land and its development to the registration of title to buildings. In

certain cases, the electronic registration of property rights is permitted, including:

- registration of property rights previously recorded in registers maintained before 2013;
- titles to newly constructed individual residential buildings;
- ownership rights acknowledged by court decisions; and
- registration of property rights derived from ownership rights.

Given the above, certain transactions of derivative property rights may be executed either electronically or notarised, subject to the parties' preference and legal requirements for notarisation. These include, but are not limited to, land lease agreements, land servitudes, and building leases with terms not exceeding three years. Moreover, under the martial law regime, the execution of land lease agreements is mandated to be conducted electronically for security reasons.

Despite these advancements, most real estate transactions in Ukraine still require notarisation.

The list of documents required for ownership registration may vary depending on the transaction type, parties involved, and nature of property (e.g., buildings, land, special right to future real estate, etc.). As a rule, a person would have to present to the notary or state registrar the title document and personal identification documents to enter the information in the Real Estate Register.

The Real Estate Register is maintained in an electronic format. Information on ownership can be accessed electronically.

5.4 Can compensation be claimed from the registry/registries if it/they make a mistake?

Yes, please refer to question 4.2 above.

5.5 Are there restrictions on public access to the register? Can a buyer obtain all the information he might reasonably need regarding encumbrances and other rights affecting real estate and is this achieved by a search of the register? If not, what additional information/process is required?

The data from the registers is publicly accessible and can be obtained by anyone online for a small fee. Despite the ongoing martial law in Ukraine, access to most registers has been restored.

Additionally, a buyer may request such information through a notary or by submitting a formal request to the authorised bodies.

However, for comprehensive due diligence, the buyer may need to verify additional details not fully covered by the registers, such as pending legal disputes or historical ownership records, by qualified attorneys or legal professionals.

6 Real Estate Market

6.1 Which parties (in addition to the buyer and seller and the buyer's finance provider) would normally be involved in a real estate transaction in your jurisdiction? Please briefly describe their roles and/or duties.

Notary

Assuming the land is registered, a transaction would involve a notary who has access to the Real Estate Register. The

transaction can be recorded in the Real Estate Register by the notary on the same day as the certification of the transaction documents.

State registrar

If a transaction does not require notarisation, the registration of the acquired proprietary rights must be conducted by a state registrar.

Appraiser

A certified appraiser prepares the evaluation report required for determining the market value of the property, which is often needed for tax and transaction purposes.

Certified land engineer

Non-registered land firstly requires the involvement of certified land engineers who prepared technical documentation on the land plot and made a submission to the land cadaster. Once the land plot is registered in the cadaster, the land can be transacted as mentioned above with the involvement of a notary.

Other participants

Additional parties may include legal professionals to conduct due diligence and oversee the transaction, banks for financing or escrow arrangements, realtors to facilitate property negotiations, and technical or environmental consultants to evaluate the property's compliance and condition.

6.2 Is there any change in the sources or the availability of capital to finance real estate transactions in your jurisdiction, whether equity or debt? What are the main sources of capital you see active in your market?

Acquisition of newly constructed residential property in Ukraine is predominantly financed by equity, while commercial real estate transactions are more commonly funded through debt. Prior to the war, both equity and debt were available for real estate financing.

Currently, during the martial regime, the main sources of capital in the market include private equity, funds from individual investors, and, in limited cases, debt financing provided under more stringent conditions.

Government programmes, so-called “*E-oselia*” (“*е-оселя*” in Ukrainian), play an important role in facilitating housing access by providing affordable loans to specific categories of citizens through Ukrainian banking institutions.

Additionally, international financing under intergovernmental agreements and donor funding for social projects – such as medical centres, schools, and kindergartens – are vital sources of capital, particularly in the public sector.

6.3 In your opinion, what is the appetite for investors and/or developers to invest in your region compared to last year and what are the sectors/areas of most interest? Please give examples.

Due to Russia's aggression, Ukrainian non-residential and residential real estate, including other infrastructure, was significantly damaged. As of January 2024, the amount of direct documented damages inflicted upon Ukraine's infrastructure has reached \$155 billion. Despite this, Ukraine's focus on reconstruction and economic recovery has accelerated opportunities for investment, particularly in critical areas such as energy, infrastructure, housing, industrial, and demining.

To attract investors, Ukraine has introduced legislative changes designed to enhance investment incentives, particularly in the industrial sector, which is essential for economic recovery. These measures include a special tax and customs regime for industrial parks and projects involving significant investments exceeding EUR 12 million. Additionally, large-scale privatisation resumed in 2024 year, offering further opportunities for private investment.

Looking ahead, the post-war investment landscape is expected to focus on industrial sectors, including energy, agri-food, waste-processing facilities, logistics and real estate, as well as housing and other critical infrastructure.

6.4 In your opinion, have there been any trends in particular market sub sectors slowing down in your jurisdiction in terms of their attractiveness to investors/developers? Please give examples.

The war started by Russia in February 2022 caused a significant decrease of business income and the commercial real estate market (retail, offices, entertainment) has slowed down significantly. This tendency might not improve until the end of the war.

7 Liabilities of Buyers and Sellers in Real Estate Transactions

7.1 What (if any) are the minimum formalities for the sale and purchase of real estate?

Under Ukrainian law, a sale and purchase agreement of real estate (land plots, buildings) must be executed in the form of a notary deed and title to property must be registered in the Real Estate Register.

In certain cases, such as transactions involving individuals, the parties are required to present an evaluation report to the notary, which determines the market value of the property for tax and transaction purposes.

7.2 Is the seller under a duty of disclosure? What matters must be disclosed?

There is no general duty of disclosure under Ukrainian law, save for information about rights of third parties affecting the property (i.e., mortgage, lease, pre-emptive rights, etc.). Should the seller hide such information, the buyer may request the termination of the agreement. To eliminate risks associated with the real property in question, the buyer should order relevant due diligence (legal, technical) of the assets and other related matters.

7.3 Can the seller be liable to the buyer for misrepresentation?

Yes, if the seller intentionally misled the buyer regarding “*circumstances that are of significant importance*”, namely: if he denies the existence of circumstances that may prevent the execution of the agreement or omits to provide the information of their existence. Significant importance means the nature of the deed, and the rights and obligations of the parties, such qualities of the property that significantly reduce its value or the possibility to use for its intended purpose. In this case, the buyer may demand invalidation of the agreement by the court and reimbursement of damages in a double amount.

7.4 Do sellers usually give any form of title “guarantee” or contractual warranties to the buyer? What would be the scope of these? What is the function of any such guarantee or warranties (e.g. to apportion risk, to give information)? Would any such guarantee or warranties act as a substitute for the buyer carrying out his own diligence?

The Civil Code of Ukraine allows for the inclusion into an agreement of warranties on circumstances that are essential for entering into, execution, or termination of that agreement. Typically, such warranties pertain to: good and valid title to the real estate and its technical condition; encumbrances over real estate; pending court proceedings; and rights of third parties to the real estate, etc. In the case of their violation, the buyer may hold the seller liable and request reimbursement of damages caused or other remedies agreed by the parties (for instance, termination of the agreement, decrease in price). It is advisable in any case to include warranties in the agreement; however, the buyer should also carry out their own due diligence, as sometimes even the seller might not be aware of all issues that can be discovered in the acquisition chain.

7.5 Does the seller retain any liabilities in respect of the property post sale? Please give details.

After the sale, seller remains liable for the warranties provided in the agreement. Please also refer to questions 7.3 and 7.4 above.

7.6 What (if any) are the liabilities of the buyer (in addition to paying the sale price)?

There are no additional liabilities of the buyer.

8 Finance and Banking

8.1 Please briefly describe any regulations concerning the lending of money to finance real estate. Are the rules different as between resident and non-resident persons and/or between individual persons and corporate entities?

In Ukraine, the Civil Code is the main law that governs loan and credit agreements. Also, investments into real estate are regulated by the Law “On Joint Investment Institutes”, the Law “On Financial and Credit Mechanisms and Property Management in Housing Construction and Real Estate Transactions”, and the Law “On Ensuring Proprietary Rights to Future Real Property”. The National Bank of Ukraine can also issue specific regulations applicable to those agreements.

As for the imperative requirements, loan (save for certain exceptions granted to individuals) and credit agreements must be executed in a written form. Also, there are no specific rules or restrictions for residents/non-residents and/or individuals and corporate entities with respect to entering into loan or credit agreements.

On a separate note, certain restrictions for cross-border loans should be considered before structuring transactions with foreign investors. These restrictions are regulated by the National Bank of Ukraine and may impact the feasibility of certain financing arrangements.

8.2 What are the main methods by which a real estate lender seeks to protect itself from default by the borrower?

A mortgage over real estate is the main method used by lenders to secure loan repayments. The mortgage agreement must be certified by the notary; the mortgage itself must be registered with the Real Estate Register. As an option, the lender may ask for a pledge over all assets or shares owned by the borrower (if corporate owner). If the bank considers such collateral insufficient, the borrower can also provide a surety from third parties. The borrower and the lender may also enter into an agreement on pledge of the borrower’s bank accounts, so that the lender can easily withdraw the amounts due. In addition, as a special security tool, the lender may require the right of trust ownership over the property. This mechanism allows the lender to hold legal title to the property as a security, with restricted rights, until the borrower fulfils their obligations.

8.3 What are the common proceedings for realisation of mortgaged properties? Are there any options for a mortgagee to realise a mortgaged property without involving court proceedings or the contribution of the mortgagor?

If the borrower fails to pay, the lender has the following options: (i) to initiate an out-of-court settlement (if such option is agreed in the mortgage agreement); (ii) obtain a notarial writ for execution by the enforcement officer; or (iii) initiate court proceedings on debt collection. Under the out-of-court settlement, the lender may either (i) take over the mortgaged property, or (ii) sell the property to third parties. To initiate an out-of-court settlement, the lender must send the borrower a 30-day prior notice, save for when a delay caused by such notification may result in the destruction, damage, or loss of the mortgaged property. Foreclosure of property through a notarial writ or court proceedings is executed through public auction.

8.4 What minimum formalities are required for real estate lending?

Please refer to questions 8.1 and 8.2 above.

8.5 How is a real estate lender protected from claims against the borrower or the real estate asset by other creditors?

The most common protection is a registered security interest (encumbrance) to the collateral. It secures the lender’s priority right to the collateral over other creditors. If there is more than one registered encumbrance over the same asset, then the highest priority rank would be given to the one that has been registered first.

8.6 Under what circumstances can security taken by a lender be avoided or rendered unenforceable?

Under Ukrainian law, there are effective tools to protect the lender and to ensure his rights over mortgaged property, including the lender’s right to early foreclosure in the case of bankruptcy proceedings against the borrower and the priority right over other encumbrances (including seizures) registered later.

However, if a seizure is imposed over the property as evidenced in criminal proceedings and/or cases involving sanctioned assets, foreclosure over such property will be complicated or impossible.

The mortgage can also be declared invalid in court if legislative requirements were not met. In this case, the mortgage will be unenforceable.

During martial law and within 30 days following its termination, a moratorium is in place on the foreclosure of real estate mortgaged under consumer loans by individuals.

8.7 What actions, if any, can a borrower take to frustrate enforcement action by a lender?

The borrower can challenge foreclosure over the real estate property in court, irrespective which option was chosen by the lender (out-of-court settlement, court judgment), which, in turn, will complicate the foreclosure until the court case is pending.

8.8 What is the impact of an insolvency process or a corporate rehabilitation process on the position of a real estate lender?

Secured creditors enjoy a special status within the insolvency and bankruptcy proceedings; their claims shall be satisfied from the value of the collateral out of the general lines of priority, and respective collateral cannot be used other than for the satisfaction of such creditor's claims. If the value of the collateral is not sufficient for discharge of the entire indebtedness, the rest of the claims shall be satisfied in general order.

However, the secured creditors have little influence on the administration of the debtor and the relevant decision-making, hence a creditor might choose to surrender its secured interest if exercising control over the debtor is more preferable.

8.9 What is the process for enforcing security over shares? Does a lender have a right to appropriate shares in a borrower given as collateral? If so, can shares be appropriated when a borrower is in administration or has entered another insolvency or reorganisation procedure?

In the case of a Ukrainian limited liability company, the pledge of shares (participatory interests) can be enforced through an out-of-court enforcement (such as the appropriation of shares granted as collateral or direct/public sale of the collateral), or a court/arbitration-sanctioned enforcement. A pledge over the shares in a joint-stock company is usually more complex as it involves a depository institution as a party to the pledge agreement and must comply with statutory requirements and the depository's internal regulations with respect to the blocking, unblocking and transfer of securities. In practice, appropriation of shares can sometimes be problematic if it requires cooperation from the pledgor and/or other shareholders of the company. It also may require clearance from the competition authority (if certain criteria/thresholds are met). The enforcement into shares may be simplified by issuing a non-revocable power of attorney to re-register the pledged shares in the name of the lender.

Administration is not a separate procedure under Ukrainian laws, but rather part of the insolvency procedure. Given that the debtor is usually subject to a comprehensive moratorium during such period, appropriation of shares and other

enforcement of collateral is only possible within the insolvency procedure (unless the debtor has not been declared bankrupt or the debtor's solvency has been restored within 170 days following introduction of administration).

9 Tax

9.1 Are transfers of real estate subject to a transfer tax? How much? Who is liable?

There is no separate transfer tax.

9.2 When is the transfer tax paid?

Please refer to question 9.1 above.

9.3 Are transfers of real estate by individuals subject to income tax?

As a rule, transfer of real estate is subject to personal income tax, although with certain exemptions.

Income tax does not apply to the first sale during one calendar year of the following assets: residential buildings; premises; garden (cottage) houses; plots of land in certain areas; and agricultural land acquired as the result of privatisation ("Specific Assets"). These types of assets must be owned by an individual seller for, at least, three years.

The next sale of the Specific Assets or sale of the other real estate properties by residents of Ukraine is subject to income tax, as follows:

Type of assets	Quantity of transaction within one year	Rate
Any real estate properties	First sale	5%
Specific Assets	Second sale	5%
Any real estate properties	Second and next sale	18%
Specific Assets	Third and next sale	18%

Some of the above exclusions are also applicable to foreign individuals. If the sale of Specific Assets is done after the period of three years following the date of their purchase/acquisition by foreign individuals, the income of such individuals shall be exempt from the income tax, as well as the military levy. Otherwise, the income must be subject to income tax (18%)/military levy (1.5%) regardless of the number of sales within one year (for more details, please refer to question 9.5 below).

Foreign individuals must also obtain personal tax codes from Ukrainian tax authorities to properly pay income tax/military levy.

9.4 Are transfers of real estate subject to VAT? How much? Who is liable? Are there any exemptions?

The transfer of real estate is subject to 20% VAT, save for transactions with undeveloped plots of land and/or residential buildings/premises (depending on their reflection in the accounting system). The payment of VAT depends on the parties to the transaction (whether they are legal entities or individuals and if they are VAT payers). The amount of VAT is

usually included in the contractual price and is paid by a seller within the statutory deadline.

9.5 What other tax or taxes (if any) are payable by the seller on the disposal of a property?

Real estate transactions are subject to the following taxation and charges depending on the contractual parties:

Transactions between legal entities

Seller: 18% corporate income tax or 15% withholding tax (see below).

Buyer:

- 20% VAT (please refer to question 9.4 above for details);
- 1% pension fund duty (excluding sale of plots of land);
- 1% stamp duty (or notary fee), unless otherwise agreed with seller; and
- administrative fee for title registration amounting from 0.1–5 of the living wage (around EUR 7 up to EUR 348).

Transactions between individuals

Seller: personal income tax (please refer to question 9.3 above for further details) and 1.5% of a military levy (expected to increase to 5% following recent legislative changes awaiting presidential approval).

Buyer:

- 1% pension fund duty (excluding sale of plots of land);
- 1% stamp duty (notary fee) unless otherwise agreed with the seller; and
- administrative fee for title registration.

Foreign legal entities are subject to 15% withholding tax on the Ukrainian-sourced income unless otherwise established by a relevant double taxation treaty with Ukraine.

9.6 Is taxation different if ownership of a company (or other entity) owning real estate is transferred?

Share deals are more attractive from a taxation perspective, due to the following: (i) share deals are not subject to VAT; and (ii) pension fund duty is also not payable and notary fees are not linked to the transaction value. However, capital gains derived from the indirect or direct sale of shares or corporate rights by a foreign company in a Ukrainian company (so-called “*property rich company*”) may be subject to withholding tax at the rate of 15%. A property rich company means a company where shares or corporate rights derive 50% or more from the value of real estate property located in Ukraine. In this case, such foreign company must be registered with the Ukrainian tax authorities.

9.7 Are there any tax issues that a buyer of real estate should always take into consideration/conduct due diligence on?

The buyer should check whether the land and property taxes have been paid and whether there are no encumbrances of the tax authority over the real estate due to unpaid taxes.

10 Leases of Business Premises

10.1 Please briefly describe the main laws that regulate leases of business premises.

The main laws that govern leases (including lease of business premises) are the Civil Code of Ukraine (Arts 759–778 and,

793–797) and the Commercial Code of Ukraine (Arts 283–289). The Law of Ukraine “On lease of state-owned and municipal property” applies to state-owned and municipal real estate.

10.2 What types of business lease exist?

Ukrainian law provides for regular leases and financial leases. Sale and lease back transactions are also possible.

10.3 What are the typical provisions for leases of business premises in your jurisdiction regarding: (a) length of term; (b) rent increases; (c) tenant’s right to sell or sub-lease; (d) insurance; (e) (i) change of control of the tenant; and (ii) transfer of lease as a result of a corporate restructuring (e.g. merger); and (f) repairs?

According to our experience and law requirements, typical provisions for lease of business premises in Ukraine are as follows:

- **Lease term.** There are no restrictions regarding term of lease and term usually varies from five to 10 years depending on the area and tenant’s policies. Leases with a term of three or more years are subject to notarisation; lease rights must be registered in the Real Estate Register.
- **Rent increases.** Typically, parties agree on fixed (basic) rent and, sometimes, a percentage from the tenant’s turnover income gained in the leased premises. Though all payments must be performed in Ukrainian currency (*hryvnia*), the rent is typically linked to USD or EUR currency, which allows for the national currency devaluation risk to be avoided. Also, parties may agree on rent indexation by certain percentages after a certain period.
- **Tenant’s rights to sell or sub-lease.** The assignment of the lease or sub-lease is subject to the landlord’s approval unless parties agreed otherwise (for example, intergroup assignment or sub-lease for certain commercial activities).
- **Insurance.** It is not mandatory to insure the real estate property. However, usually, a landlord is liable for insurance of the building, while a tenant provides liability insurance.
- **Change of control of the tenant.** Usually, the landlords do not insist on including a change of control clause in a lease agreement; this is more the prerogative of the tenants.
- **Transfer of lease as a result of a corporate restructuring (e.g., merger).** Formally, in case of a tenant restructuring all of its rights, including its lease, these will transfer to tenant’s successor. Therefore, it should not be a problem for the landlord if there is no change in the commercial activity of the tenant or its trademark. If not, the landlord may deny cooperating with the successor and claim for termination of the agreement.
- **Repairs.** Usually, the landlord is liable for structural alterations while the tenant bears responsibility for non-structural alterations and repairs. The tenant’s repairs in the premises are usually subject to the consent of the landlord.

10.4 What taxes are payable on rent either by the landlord or tenant of a business lease?

Income derived by the landlord under the commercial lease is subject to corporate income tax (the tax rate depends on the tax status of the landlord and is usually equal to 18%). The rent is also subject to 20% VAT, which is included in the rent payments and paid by the tenant.

10.5 In what circumstances are business leases usually terminated (e.g. at expiry, on default, by either party etc.)? Are there any special provisions allowing a tenant to extend or renew the lease or for either party to be compensated by the other for any reason on termination?

Generally, the lease agreement may be terminated on the party's default, or in case of destruction of the leased object. Under the Civil Code, the landlord may terminate the agreement if the tenant fails to pay the rent within three consecutive months. Also, landlord can terminate the agreement should the tenant transfer the premises into a sublease without permission, use it in contrary to its designation, or create a situation that may cause damage to the premises. With respect to the tenant, termination can occur if the premises does not meet the agreed requirements or if the landlord fails to make capital repairs, if such are required. As a matter of practice, the parties usually agree on the termination of/withdrawal from the lease when the tenant interrupts its operation in the leased object or, in case of the landlord, if there are interruptions in supply of utility services, lack of access to the premises, etc.

Under a general rule, the lease can be renewed on the same term upon the tenant's prior written notice and subject to parties' agreement on new commercial conditions.

10.6 Does the landlord and/or the tenant of a business lease cease to be liable for their respective obligations under the lease once they have sold their interest? Can they be responsible after the sale in respect of pre-sale non-compliance?

Unless otherwise stipulated in the agreement, change of the property owner does not cause termination of the lease and all rights and obligation thereunder transfer to the new owner. At the same time, from a tax perspective, all advance and deposit payments received by previous landlord are recommended to be transferred back to the tenant, and then repaid to a new landlord.

Assignment of the lease agreement is possible upon the landlord's/tenant's consent and, usually, made as a three-party agreement where the parties regulate all matters related to such assignment. The parties must regulate the liability in the assignment agreement.

If the interest is sold as a share deal, the shareholders (the seller of interest) are not liable under the lease. Only the parties to the lease agreement remain liable.

10.7 Green leases seek to impose obligations on landlords and tenants designed to promote greater sustainable use of buildings and in the reduction of the "environmental footprint" of a building. Please briefly describe any "green obligations" commonly found in leases stating whether these are clearly defined, enforceable legal obligations or something not amounting to enforceable legal obligations (for example aspirational objectives).

As a matter of practice, there are no such provisions in the lease agreements in Ukraine.

10.8 In your opinion, are there any trends in your market towards more flexible space for occupiers, such as shared short-term working spaces (co-working) or shared residential spaces with greater levels of facilities/activities for residents (co-living)? If so, please provide examples/details.

Co-working spaces in the large cities have become quite popular within recent years. Initially used primarily by IT professionals and freelancers, they now attract interest from businesses across various sectors. This trend is expected to grow post-war, driven by the demand for flexible and cost-efficient office solutions.

11 Leases of Residential Premises

11.1 Please briefly describe the main laws that regulate leases of residential premises.

Leases of residential premises are regulated by the Civil Code of Ukraine (Arts 759–786 and 810–826).

11.2 Do the laws differ if the premises are intended for multiple different residential occupiers?

No, they do not differ.

11.3 What would typical provisions for a lease of residential premises be in your jurisdiction regarding: (a) length of term; (b) rent increases/controls; (c) the tenant's rights to remain in the premises at the end of the term; and (d) the tenant's contribution/obligation to the property "costs", e.g., insurance and repair?

Typically, the lease agreements of residential premises are quite simple.

- (a) A term of lease is usually between one and three years. The tenant has pre-emptive right to renew the lease (for leases with a term of one or more years). In this case, the landlord shall, three months prior to the date of expiry, give to the tenant an offer to renew or notice of withdraw from such renewal. Otherwise, the lease agreement will be deemed as prolonged.
- (b) The tenant usually pays rent in advance and provides one month of security deposit. The tenant is also obliged to pay utility charges. Rent increase depends on parties' agreements and is, commonly, required by the landlord within renewal of the lease.
- (c) When the lease term expires, the tenant must vacate the premises on the last day of the term.
- (d) Under the law, the tenant is responsible for simple repairs, while the landlord remains liable for capital ones unless agreed otherwise. However, commonly, the tenant takes the premises in lease "as is" and does not conduct any repairs.
- (e) Residential premises are typically transferred into rent furnished.

11.4 Would there be rights for a landlord to terminate a residential lease and what steps would be needed to achieve vacant possession if the circumstances existed for the right to be exercised?

According to Ukrainian law, the landlord can terminate the

agreement through the court if the tenant: (i) delays payment for six months or more; (ii) damages the premises; (iii) uses the property contrary to its designation; or (iv) systematically violates the rights and interests of neighbours. The landlord may also demand termination if he is planning to use the premises for his own purposes.

12 Public Law Permits and Obligations

12.1 What are the main laws which govern zoning/permitting and related matters concerning the use, development and occupation of land? Please briefly describe them and include environmental laws.

The law “On Regulation of Urban-Planning Activity” sets the principal framework for planning and development in Ukraine.

The legal framework for environmental protection in the context of construction is provided in the Law “On Environmental Protection” and the Law “On Environmental Impact Assessment”, which has been adopted considering EU directives.

All land in Ukraine is zoned into the following categories: agricultural, residential, and non-residential lands; lands of nature reserve and other environmental protection purposes; lands of health and recreational purpose; lands of historic and cultural purpose; forest lands and water lands; and lands of industrial, transportation, communications, energy, defence, and other related purposes.

Any construction may take place on the land if the intended construction corresponds to the land category and urban-planning documentation. The principal decisions regarding the long-term development within settlements are regulated in the master or zoning plans, while the development of the territories outside of settlements is regulated by the comprehensive plans for the spatial territory development (if such documentation is absent, until 1 January 2025 it is regulated by a detailed plan of the territory). Specific requirements for development are provided in the detailed plans of a territory, which must correspond with the master or zoning plan. Change of the land category is possible only upon development and approval by the municipality of the respective detailed plan of a territory or changes thereto.

The environmental impact assessment is typically required for industrial activity (i.e., oil and gas plants, chemical production, construction of industrial parks, etc.). It is also required if the agricultural land is changed for the purpose, which in turn requires environment impact assessment.

12.2 Can the state force land owners to sell land to it? If so please briefly describe including price/compensation mechanism.

The state or municipal authorities can force landowners to sell land to them if there is: (i) purchase for public needs; or (ii) seizure for public necessity, which apply in exceptional cases (for instance, for ensuring national security; infrastructure projects). These procedures are governed by the Land Code and the Law “On Alienation of Privately Owned Land Plots and Other Immovable Property Located on them for Public Needs or Public Necessity”. Purchase for public needs depends on cooperation with the owner and his consent to sell. The purchase price includes the value of the properties, which must be based on an expert appraisal, as well as reimbursement of losses caused. If the owner refuses to sell, the

only way to push the owner is to obtain a respective court decision; hence, as long as court proceedings are still pending, no forced sale can take place.

12.3 Which bodies control land/building use and/or occupation and environmental regulation? How do buyers obtain reliable information on these matters?

The control on land allocation and further use is carried out by the relevant state authorities (StateGeoCadastre of Ukraine), while construction compliance is controlled by the State Inspection for Architecture and Urban Planning of Ukraine (SIAUP). The environmental protection are the responsibility of the Ministry of Environmental Protection and Natural Resources of Ukraine and its local subdivisions.

Typically, a buyer can obtain reliable information from the public registers, in particular, the land cadaster and the register of construction permits. The environmental assessments are also kept in a separate register. However, during the marital law the access to certain registers can be restricted, requiring written requests in order to obtain information.

12.4 What main permits or licences are required for building works and/or the use of real estate?

Permit documentation varies depending on the class of consequences of the construction, namely: CC1 (minor); CC2 (medium); and CC3 (significant). The construction of a building with CC2/CC3 class of consequences requires:

- urban-planning conditions and limitations, and utility conditions;
- expert’s report on the design documentation;
- report on environmental impact assessment (mandatory for certain industrial activities);
- permit for construction works; and
- commissioning compliance certificate.

For CC1 constructions, building works can proceed after submitting a construction declaration, and usage is permitted following a commissioning declaration.

12.5 Are building/use permits and licences commonly obtained in your jurisdiction? Can implied permission be obtained in any way (e.g. by long use)?

Once the building has been commissioned in accordance with regulations, it can be used without any further usage permits.

12.6 What is the typical cost of building/use permits and the time involved in obtaining them?

Obtaining permits on construction is free of charge. The state duty for the commissioning of buildings (CC2/CC3) will cost 4.6–5.2% of the living wage (approx. EUR 320–362). The timeframe for obtaining permits required for the commencement of construction varies from two to six months depending on complexity, whilst commissioning can take one to two months.

12.7 Are there any regulations on the protection of historic monuments in your jurisdiction? If any, when and how are they likely to affect the transfer of rights in real estate or development/change of use?

Historic monuments are under protection and governed by the Law “On Protection of Cultural Heritage”. The construction,

restoration, sale, and transfer into lease of such property requires approval by state or local authorities depending on their importance (state or local). Their owners are obliged to enter into protection agreements regulating the main commitments of the owners for their protection.

12.8 How can, e.g., a potential buyer obtain reliable information on contamination and pollution of real estate? Is there a public register of contaminated land in your jurisdiction?

No, there is no public document. Before construction, the buyer usually conducts private surveys.

12.9 In what circumstances (if any) is environmental clean-up ever mandatory?

A person (owner, entrepreneur in the course of its commercial activity, etc.) who causes the pollution of natural resources (water, land, forests, etc.) will be obliged to reimburse damages and/or carry out effective measures for their elimination, as well as pay penalties.

12.10 Please briefly outline any regulatory requirements for the assessment and management of the energy performance of buildings in your jurisdiction.

Under the Law “On Energy Efficiency of Buildings”, obtaining a certificate of energy efficiency is mandatory before initiating the new construction, reconstruction, or significant capital improvement of certain categories of buildings. These include CC2/CC3 class consequence buildings, as well as state-owned buildings with a heated area exceeding 250 m², among others. This framework adheres to the standards outlined in the EU Directive 2010/31/EU on the energy performance of buildings, ensuring alignment with European best practices.

In January 2024, the Government of Ukraine also adopted the Strategy for Thermal Modernisation of Buildings until 2050, which provides a comprehensive roadmap for the gradual renovation of Ukraine’s building stock. The Strategy emphasises the integration of energy-saving technologies to significantly reduce energy consumption, as buildings are currently the largest energy consumers. The implementation of extensive thermal modernisation measures is anticipated to lower utility costs and improve energy efficiency across the sector, contributing to Ukraine’s long-term sustainability goals.

13 Climate Change

13.1 Please briefly explain the nature and extent of any regulatory measures for reducing carbon dioxide emissions (including any mandatory emissions trading scheme).

Since 1996, Ukraine has been a party to the UNFCCC and joined the Kyoto Protocol in 2004. In 2016, Ukraine adopted the Climate Change Policy until 2030, aiming for a 35% reduction of greenhouse gas (GHG) emissions by 2030 and climate neutrality by 2050, as reaffirmed in its updated Nationally Determined Contribution (NDC2, 2021).

The key legislation includes the Law “On Atmospheric Air Protection”, regulating harmful emissions, and the Law “On Monitoring, Reporting, and Verification of Greenhouse Gases”, ensuring compliance with international treaties. In 2024, the Law “On The Main Principles of State Climate Policy” aligned Ukraine’s climate strategy with EU standards, introducing financial incentives and a national emissions trading system (test mode by 2025).

In July 2024, the Law “On Integrated Industrial Pollution Prevention and Control” was adopted (effective July 16, 2025). This legislation introduces integrated environmental permits, defines permit requirements, and incorporates best available technologies (BAT) for industrial pollution prevention. It ensures compliance with Directive 2010/75/EU and Ukraine Facility Program obligations, marking a shift to comprehensive industrial pollution management.

In addition, Ukraine levies environmental tax on air pollution (CO₂ tax) at the level of UAH 30 (Ukrainian Hryvnia) (around EUR 0.7 (euros)) per ton of CO₂, however the tax is payable by emitters above 500 tons.

13.2 Are there any national greenhouse gas emissions reduction targets?

Please refer to question 13.1 above.

13.3 Are there any other regulatory measures (not already mentioned) which aim to improve the sustainability of both newly constructed and existing buildings?

One of such measures is energy efficiency certification which is mandatory for certain types of new constructions (including reconstruction and capital improvements) (see details in question 12.10 above).



Dr. Oleksiy Feliv is a highly regarded legal practitioner with over 20 years of success in complex real estate, energy, and infrastructure projects. He is a trusted advisor to foreign investors in Ukraine, particularly those involving large-scale developments and project financing. Dr. Feliv has a proven track record in structuring sophisticated real estate transactions, ensuring successful project completion and that client objectives are met. He possesses in-depth knowledge of navigating foreign investment in real estate projects, including financing from international financial institutions, investment funds, and international banks. Oleksiy is a recognised leader in the renewable energy sector, providing comprehensive legal counsel for high-profile projects from greenfield development to final commissioning, including securing permits and securing feed-in tariffs. His experience extends to government relations and stakeholder engagement, ensuring smooth project execution. Dr. Feliv's expertise spans across various industries, including industrial construction, renewable energy, and oil & gas (both upstream and downstream). He actively contributes to shaping the legal landscape in Ukraine. Dr. Feliv participates in policy development and advocacy initiatives related to energy, land use, and construction, promoting a more robust and efficient regulatory environment.

INTEGRITES

1 Dobrovolchyykh Batalioniv St
Kyiv, 01015
Ukraine

Tel: +380 44 391 38 53
Email: Oleksiy.Feliv@integrites.com
LinkedIn: www.linkedin.com/in/oleksiyfeliv



Anna Pogrebna is a seasoned legal practitioner with 25 years of experience in large international and Ukrainian law firms and a special focus on real estate, construction and infrastructure. She advises multinational and domestic clients on complex transactions and deals with the financing, M&A and tax aspects involved. Her professional track record includes in-house counsel experience in a large foreign agricultural company. Throughout her career, she has consolidated vast experience in consulting with clients from German-speaking countries. Anna serves as a member of the Round Table on Flexibility, Security and Efficiency of Security Rights over Real Property in Europe with Verband deutscher Pfandbriefbanken (since 2010) and as a board member at the Deutsch-Ukrainisches Forum e.V. (since 2022). Anna also acts as trusted legal counsel (*Vertrauensanwältin*) for the Economic and Trade Affairs Department of the Embassy of Switzerland in Ukraine. Her expertise in real estate & construction, and banking, finance & capital markets has been acknowledged by *The Legal 500 EMEA* since 2017. Anna holds two Master's degrees, in law and foreign languages, from Taras Shevchenko National University of Kyiv (Ukraine).

INTEGRITES

Dobrovolchyykh Batalioniv St
Kyiv, 01015
Ukraine

Tel: +380 44 391 38 53
Email: Anna.Pogrebna@integrites.com
LinkedIn: www.linkedin.com/in/anna-pogrebna-8b78a31



Tetiana Storozhuk joined INTEGRITES in autumn 2022 as senior associate in the Real Estate & Construction Practice, with subsequent promotion to counsel in 2024. She is a real estate law practitioner with 17 years of experience. Her practice has been focused on development, construction, and leasing across a broad range of areas, including commercial real estate, infrastructure, retail, agribusiness. Prior to pursuing her path in consulting, Tetiana has obtained multi-faceted experience in the corporate sector. Her professional track record includes managing the real estate legal division in the Ukrainian branch of one of the largest European grocery retail chains and serving as Head of Legal of a construction and development company in Ukraine. A certified graduate of the FIDIC Academy, Tetiana is a long-standing member of the Association of Engineers-Consultants of Ukraine (AECU). She was admitted to the Bar in Ukraine in 2012. Tetiana holds a Master's degree in law from Taras Shevchenko National University of Kyiv (Ukraine).

INTEGRITES

1 Dobrovolchyykh Batalioniv St
Kyiv, 01015
Ukraine

Tel: +380 44 391 38 53
Email: Tetiana.Storozhuk@integrites.com
LinkedIn: www.linkedin.com/in/tetiana-storozhuk-00774454

INTEGRITES is a full-service law firm, with the head office in Ukraine and contact offices in Germany and the UK. With 20 years in the market, the firm has served more than 1,800 clients from around the globe, including Fortune 500 companies and international financial institutions. INTEGRITES is highly recommended for its cross-border work – investment deals, sophisticated transactions, complex dispute resolution, and for projects that require in-depth industrial expertise. Key clients in the area of real estate & construction include EBRD, Kovalska Group, VAMED Engineering GmbH, Leroy Merlin, Unilever Ukraine, Makyol, NOVUS, Notus Estate, METRO AG, Porsche AG, British Embassy in Ukraine, Peikko Ukraine, Limak Holding, Emery AS, and American University Kyiv. Along with real estate & construction, the firm's industry focuses span: infrastructure and logistics; energy and renewables; natural resources; agriculture; heavy industry;

manufacturing; and defence. The Climate Change Task Force within the firm provides clients with comprehensive advice on projects targeted at the sustainable development of their business and the country in the context of energy transition and green technologies.

www.integrites.com



The **International Comparative Legal Guides**

(ICLG) series brings key cross-border insights to legal practitioners worldwide, covering 58 practice areas.

Real Estate 2025 features one expert analysis chapter and 19 Q&A jurisdiction chapters covering key issues, including:

- Real Estate Law
- Ownership
- Real Estate Rights
- System of Registration
- The Registry / Registries
- Real Estate Market
- Liabilities of Buyers and Sellers in Real Estate Transactions
- Finance and Banking
- Tax
- Leases of Business Premises
- Leases of Residential Premises
- Public Law Permits and Obligations
- Climate Change