



CUSTOMS INCENTIVES



Guide for Industrial Park Participants

*based on the Customs Code and Tax Code of Ukraine



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State Customs Incentives for Industrial Park Participants

State customs incentives for Industrial Park (IP) Participants allow for significant savings on working capital during the start-up or modernization phase of production.

This is achieved through exemptions from import duty and import VAT on the import of new equipment, which reduces capital expenditures and accelerates the payback period of investment projects.

Regulatory Framework:

Customs Code of Ukraine;

Tax Code of Ukraine;

Resolution of the Cabinet of Ministers of Ukraine
No. 997 of 07 September 2022.

Subjects and Objects of Customs Incentives

1 Subject Status:

Only an Industrial Park Participant, included in the Register of Industrial Parks, and conducting activities exclusively within its boundaries.

2 Permitted Activities (NACE/КВЕД):

- Processing industry (Sections 10–33);
- Waste recovery (Section 38);
- Scientific research and development (Section 72).

3 Objects of Import:

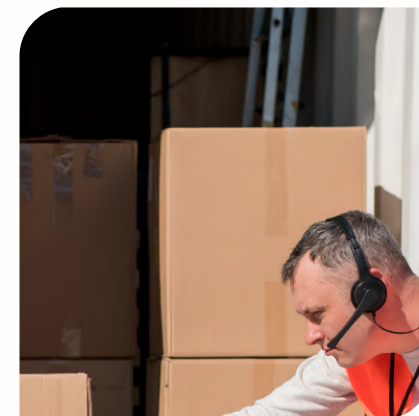
- New machinery (equipment);
- Component parts thereof.

4 Equipment Requirements:

- Must be new (not previously used);
- Manufactured no earlier than 3 years before the date of importation.

Conditions and Restrictions for Applying Incentives

- 1 Period of Targeted Use:**
5 years from the date the equipment is imported into the customs territory of Ukraine.
- 2 Localization:**
The use of equipment is permitted exclusively within the Industrial Park territory.
- 3 Strict Prohibitions (for 5 years):**
 - Alienation: Prohibited to sell, gift, or transfer ownership;
 - Transfer of Use: Prohibited to lease, rent, or lend to third parties (including other Participants of the same park).
- 4 Consequences of Violation:**
Premature loss of Participant status or violation of conditions obliges the payment of the full amount of unpaid customs payments and penalty interest.



How to Utilize the Incentive

Step 1

Customs Clearance When filling out the customs declaration, the special exemption code must be specified for Import Duty and Value Added Tax (VAT).

Step 2

Capitalization The Participant is obliged to recognize the imported goods on its balance sheet within 20 working days from the date of final customs clearance.

Step 3

Notification Notify the controlling authorities* of the fact of final customs clearance and capitalization by submitting a report.

*Controlling Authorities: Ministry of Economy, the territorial body of the State Tax Service at the tax address, and the State Customs Service body at the place of clearance.

How to Report*

- 1 Report on Capitalization (Annex 1):**
Submitted once, within 20 working days, addressed to the Ministry of Economy, the territorial body of the State Tax Service at the tax address, and the territorial body of the State Customs Service at the place of clearance.
- 2 Report on Targeted Use (Annex 2):**
 - Submitted quarterly (by the 25th day of the month following the reporting quarter) for 5 years;
 - If several goods are imported, the report is submitted separately for each.
- 3 Form of Submission:**
In electronic form with a Qualified Electronic Signature (QES).

*In accordance with CMU Resolution No. 997 of 07.09.2022



Goods Not Covered by the Exemption

1 Goods from the Aggressor State

Incentives do not apply to goods originating from a state recognized as an occupying/aggressor state, or imported from its territory (or from occupied territories).

2 Used Equipment:





- Equipment that has been used;
- Equipment manufactured more than 3 years before the date of importation.

3 Raw Materials and Supplies:

- The exemption applies only to equipment (machinery) and its component parts.
- Non-Targeted Spheres:

4 Equipment for the production of excise goods (except for permitted exclusions).

Typical Errors

-  **Transfer for Lease:**
Providing the exempted equipment for lease, sub-lease, or gratuitous use to third parties (including other Participants of the same park).
-  **Use Outside the IP:**
Physical relocation of the equipment to other production sites or warehouses located outside the Industrial Park territory.
-  **Failure to Meet Reporting Deadlines:**
Failure to submit the report on capitalization within 20 working days.
-  **Non-Compliance with Equipment Age Requirements:**
Importation of equipment manufactured more than 3 years before the date of border crossing.

Control and Liability

1 In Case of Violation of Conditions:

- If alienation, transfer for lease/use to third parties, or use of the equipment for non-targeted purposes occurred;
- If IP Participant status is lost prematurely (less than 5 years).

2 Financial Consequences:

Obligation to pay the full amounts of import duty and VAT that were not paid upon importation of the goods.

3 Penalties:

Penalty interest is additionally paid, calculated on the amount of the tax debt (in accordance with Art. 197.281 TCU and Art. 287 CCU).



Useful References



1. Customs Code of Ukraine (CCU):

<https://zakon.rada.gov.ua/laws/show/4495-17>

2. Tax Code of Ukraine (TCU):

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

3. Resolution of the CMU No. 997 of 07.09.2022:

<https://zakon.rada.gov.ua/laws/show/997-2022-п>

