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1. The Parliament Exempts Damaged and Destroyed Real Estate and Income from Temporary Protection Outside Ukraine From the Scope of Taxation

Background: On 15 March 2022, the Parliament adopted [Law №2120-IX](#) providing tax exemptions and benefits targeting charitable organizations, beneficiaries of charitable assistance, individual entrepreneurs and businesses including SME¹. The Law partially waved tax obligation for land plots located in the areas experiencing active hostilities. But tax obligation on damaged and destroyed housing was not included in the 2022 law.

Recent developments: On 11 April 2023 the Parliament adopted [Law №3050-IX](#) expanding the list of exemptions, facilitating tax burden on land plot and damaged and destroyed property located in territories of hostilities or Non-Government-Controlled Area (NGCA). The newly adopted Law also regulates issue of declaring financial aid received by persons under temporary protection outside of Ukraine.

The [Law №2120-IX](#) along with recent amendments provides the following scheme for tax exemptions:

Tax on Land	For 2022 year:
	Taxation on land plots located in the territory of hostilities or in the NGCA is suspended: <ul data-bbox="399 1270 1507 1409" style="list-style-type: none"> • For individuals – for the period from 1 January 2022 to 31 December 2022 • For legal entities and private entrepreneurs - for the period from 1 March 2022 to 31 December 2022.
Tax on Damaged or	For 2023 year:
	Taxation on land plots located in the territory of hostilities or in the NGCA ² is suspended for the whole period of hostilities or NGCA in the relevant territory.
	Taxation is suspended for damaged or destroyed housing located in the territories of hostilities or NGCA: <ul data-bbox="399 1745 927 1778" style="list-style-type: none"> • For individuals - for 2021 and 2022 years

¹ For more information, please see [DRC Legal Alert Issue 77](#)

² Information proving that the relevant territory is determined as the area of active hostilities or NGCA in accordance with existing legal framework: Law 1207-VII 'On Ensuring Civil Rights and Freedoms, and the Legal Regime on the Temporarily Occupied Territory of Ukraine' and the [List](#) of territorial hromadas located in the area of hostilities or NGCA.

Destroyed

Housing

- For legal entities - for the period from 1 March 2022 to 31 December 2022
- For both individuals and legal entities - starting from 1 January 2023 - is suspended for the whole period of hostilities or NGCA in the relevant territory.

Prerequisites for damage/destroyed housing:

- was damaged/destroyed in 2022 (or the following years) as a result of war
- damage/destruction shall be recorded in the Property Register.

The accrual of tax on relevant damaged objects shall be resumed starting from the following month of the restoration/ restoration and recognised as suitable for living/use for the intended purpose.

If the housing suffered minor damage and is suitable for living relevant authorities may either exempt or reduce tax rate.

Exemption of Income from Temporary Protection Outside Ukraine: Existing tax law required declaration of foreign income and made them subject to taxation. This caused administrative and monetary burden on millions of Ukrainians currently receiving monthly social allowances from European countries. The amendment gave relief to those persons. The Law declared that financial aid from foreign States, companies and organizations received by person under temporary protection is not a subject for declaration.

2. The Cabinet Reduces Maximum Limit for Compensation for Damaged Property³

Background: On 21 April 2023 the Cabinet adopted [Decree №381](#) introducing the Procedure for claiming compensation for of certain categories of housing damaged as a result of war. The Procedure prescribed 500 000 UAH as a maximum limit for compensation per damaged housing.

Recent developments: On 12 May 2023 the Cabinet introduced [Decree №487](#) reducing maximum limit for compensation for damaged property from 500 000 to 200 000 UAH.

3. The Cabinet Introduces Operational Modality of The Commissions on the Compensation for Destroyed Property

On 19 May 2023, the Cabinet adopted [Decree №516](#) establishing a Model Regulation for the operationalization of the Commission on Compensation for Destroyed Property.

The Commission is a consultative and advisory body formed by the executive body of a village, settlement, city, military administration, or military-civilian administration. Its main tasks include:

- reviewing compensation applications
- providing consultations and information to recipients
- verifying eligibility criteria

³ For more information, please see [DRC Legal Alert Issue 93](#).

- inspecting damaged properties
- assisting with document renewal, and
- preparing commission decisions for approval.

The Commission operates in accordance with the Constitution of Ukraine, the Law on Compensation for Damage and Destruction of Immovable Property, and other relevant legal acts.

It has the authority to:

- request documents and information
- form temporary working groups, and
- hold meetings where decisions are made through voting.

The decisions are documented in protocols signed by the Commission members and entered into the State Register of damaged and destroyed property. The Commission's decisions on compensation are subject to approval by the authorized body within a specific timeframe.

The decision may be appealed through administrative or court procedure.

4. The Parliament Makes Certain Adjustments to Access to Free Secondary Legal Aid

On 10 April 2023 the Parliament adopted [Law №3022-IX](#) making the following adjustments to access to free legal aid.

Extension of Free Legal Aid to Certain Categories of Persons	<ul style="list-style-type: none">• children, incapacitated persons or persons with limited legal capacity can apply for<ul style="list-style-type: none">○ free primary legal aid○ free secondary legal aid in person on issues that are allowed to be addressed to the court• a person with disability can apply for free secondary legal aid when the income of such person does not exceed 2 subsistence minimum for able-body person⁴
Yearly Allocation of Free Legal Aid Services	Certain categories of persons, including internally displaced persons (IDPs), are entitled to free secondary legal aid <ul style="list-style-type: none">• no more than 6 times during a budget year, and• no more than 6 decisions on the provision of free secondary legal aid.
Improved Means of Access	Additional measures to facilitate access to free legal aid will include: <ul style="list-style-type: none">• engagement of interpreter, including a sign language interpreter, at the expense of the State budget• the possibility of submitting electronic applications for free legal aid

⁴ 1 minimum for able-body person is 2684 UAH as of 1 January 2023

5. The Cabinet Amendments Certain Rules for Allocation of Temporary Housing to IDPs

Background: On 29 April 2022, the Cabinet adopted [Decree №495](#) establishing rules and modalities for temporary housing for IDPs⁵. The Decree, among other matters, prescribed the rules for eligibility and priority rights to temporary housing as well as procedure on formation of the IDP housing funds.

Recent developments: On 2 May 2023, the Cabinet introduced [Decree №429](#) amending the previous modalities. The amendment is applicable solely to new buildings constructed or reconstructed for temporary residence of IDPs. Under the amendment only certain groups of IDPs are eligible for temporary accommodation in newly constructed buildings, i.e.:

- employees of enterprises displaced (evacuated) from the areas of hostilities, or
- those belonging to socially vulnerable groups, including persons with disabilities, elderly persons, orphans and children deprived of parental care, families with more than 3 children, etc.

6. The Cabinet Promotes IDP Employment in Areas Where the Government Regained Control

On 23 May 2023, the Cabinet adopted [Decree №524](#) launching a pilot project to create a reserve of State officials who are to be employed in the areas where the Government of Ukraine regained control.

The purpose of the Reserve is to meet the staffing needs of the local military administrations and other State bodies established or resuming their work in the areas where the Government of Ukraine regained control. The following persons will have the priority right for employment:

- persons with the status of war veteran
- internally displaced persons
- persons who previously held these positions
- persons suffered from deprivation of personal liberty as a result of war.

Other Developments

- 1. The Ministry for Communities, Territories and Infrastructure Development Revised Average Cost for Housing ([Order №408](#) of 17 May 2023)⁶.**
- 2. The Cabinet Establishes Coordination Centres for Support of Civilians ([Decree №470](#) of 9 May 2023).**

Coordination centre is an advisory body established to support and coordinate the provision of assistance to the conflict-affected persons, including IDPs, persons with disabilities as a consequence of war, etc. Issues that fall under the jurisdiction of such Centres include social protection, housing and employment of the affected persons and provision of psychosocial, medical and legal aid to the affected persons.

⁵ For more information, please see [DRC Legal Alert, Issue 80](#).

⁶ The average cost is used for some calculations including for affordable mortgage program. Please, see [DRC Legal Alert 84](#) to find more information on this issue.

3. **The Cabinet Introduces Hotline for Applicants to Assist in Obtaining Compensation for Damaged Property**⁷ ([Decree No565](#) of 30 May 2023). This hotline is to provide consultations, recommendations and clarifications to those who apply for compensation. Additionally, the Cabinet imposed obligation on recipients of compensation to send the information on the commitment of reparatory works via DIIA app.

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⁷ For more information, please see [DRC Legal Alert Issue 93](#).