

DENTONS

The New Defence City — Between Promise and Practice

*The question is not only what is
written, but **how will it work?***

ADVANTAGES

vs. CHALLENGES

Tax Benefits (CIT with reinvestment; land/real estate/environmental taxes)

Simplified Imports/Exports (no authorizations of the Government; accelerate import; temporary admission and processing regimes of goods)

Legal Guarantees (restricted access to public registers, “sham” legal address, no disclosure of financial statements)

Mixed-Type of Business (defence, R&D, innovations, Diia City projects)

Liberalised currency control and accompanying regulations

Reinvestment of tax-exempt profits (upgrade of material and technical assets, R&D, innovation, etc.)

No general customs/VAT exemption on equipment and materials imported by Defence City residence (special import exemptions for defence needs)

Eligibility tests must be maintained continuously (75%/50% qualified income, compliance clean-room, adding monitoring and audit exposure)

Structuring and tax planning, legal compliance (additional time, resources and costs)

Missing by-laws (When and how will it be implemented?)

The idea is right, but the next step is to make these laws work in practice:

Policymakers

must complete the framework with **coherent and practical by-laws**

Business

should engage early, help shape the implementing rules, and demonstrate that **defence production in Ukraine** can be **competitive and profitable**

We

the legal and advisory community — must bridge the gap between law and reality, ensuring that what's written on paper **becomes investment, production, and results on the ground**



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Valeria is a tax advisor in Dentons' Kyiv office, and a member of the Firm's Tax Group. Valeria specializes in national and international tax law. She advises national and multinational companies on tax structuring, assessment of tax risks, cross-border taxation and application of international tax treaties as well as on matters related to OECD's Base Erosion and Profit Shifting (BEPS).

Valeria has extensive experience in solving tax disputes and supporting tax litigations in all phases of litigation process.

Valeria also holds a master's degree in international tax law and has extensive experience in cross-border tax planning. She advises multinational companies on tax structuring, compliance, permanent establishment issues, application of international tax treaties and optimization of tax leakages.