



Legal Alert

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Land market in Ukraine

Opening up the land market in Ukraine

On 1 July 2021, the law on the release of agricultural land circulation in Ukraine came into force. For the first time in Ukraine's history, the owners of agricultural land may sell their land. However, it should be emphasised that agricultural land trading will still be subject to restrictions both in terms of subjects and objects.

Restrictions in the terms of subjects

From 1 July 2021 to 1 January 2024, land trading is allowed only between Ukrainian citizens, i.e. natural persons; the state, i.e. Ukraine; and territorial communities. Only from 1 January 2024, will access to the land market be granted to legal entities registered under the law of Ukraine whose shareholders are exclusively citizens of Ukraine, the state, or territorial communities.

Foreigners

Restrictions on foreigners remain in place. They are both prohibited from acquiring shares in the share capital, shares, or membership in legal persons that own agricultural lands, and from acquiring agricultural lands.

The admissibility of the acquisition of agricultural land by foreigners is subject to a decision by referendum, the date of which has not yet been set. If the referendum returns a result in favour of foreign investors, they will have the same opportunities as those currently available to national subjects.

Agricultural land may still be leased to foreigners for a period not exceeding 50 years.

Restrictions in terms of objects

At the same time, it should be noted that, as of 1 July 2021, only trading in land of up to 100 hectares - with respect to one acquirer - is allowed. Such restrictions will be in force until the end of 2023. From 1 January 2024, the limit will be increased to 10,000 hectares.

Can you buy everything, everywhere?

Notwithstanding the gradual liberalization of the land market, it is not permitted to trade: (i) in agricultural land owned by the state and municipalities; or (ii) in land that is closer than 50 kilometers from the Ukrainian border (except for Ukrainian's state sea border).

Sanctions for infringements

The Ukrainian legislator has provided for severe sanctions for any violations of the new regulation. In particular, the failure to comply with the requirements constitutes grounds to declare the transaction resulting in the acquisition of the ownership of land as invalid, or provide justifiable grounds to confiscate the land.

If you have any questions regarding the above or would like further information about land acquisition in Ukraine, please contact us.



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