

Investment into Ukraine: Capital repatriation regime and currency control restrictions

Despite the ongoing war and significant challenges, the Ukrainian legal framework continues to encourage an **open and flexible** investment environment. Specifically, it expressly recognizes a wide variety of investment forms and ways to repatriate investments. Below we summarize the **current status of capital control rules** as they apply to the key types of investment instruments:

- Cross-border lending,
- Equity investments (including dividend repatriation), and
- Sales of equity or other assets.

In response to the declaration of martial law following the 2022 invasion, the National Bank of Ukraine (NBU) enacted strict capital control and currency restrictions¹. The general principle remains straightforward: cross-border currency operations are prohibited unless expressly permitted.

Nevertheless, over the past three years, the NBU has consistently eased currency control restrictions. Presently, options are available for the successful structuring of investments and the repatriation of proceeds abroad.

Read more



¹ Resolution "On Banking System Operations During the Period of Martial Law" No. 18, dated February 24, 2022 (the "Martial Law Resolution")



Cross-border loans remain one of the most accessible and flexible instruments for foreign investors:

- **No licensing requirement for lenders** – loans to Ukrainian borrowers can be provided by foreign banks, funds or corporates without registration or local licensing.
- **Currency flexibility** – loans are generally denominated in hard currencies (USD or EUR), which helps shield both sides from hryvnia (UAH) volatility.

However, **under the current martial law regime** Ukraine has imposed strict currency controls. These controls **directly impact** the ability of Ukrainian borrowers to service external debt.



Permitted payments include:

Loans obtained after 20 June 2023	Loans obtained before 20 June 2023	Loans from IFIs and certain special lenders
Full repayment of loans is permitted. Loans repayment must follow certain conditions (see below).	Only interest payments under certain additional conditions are permitted. <i>! Principal repayments remain prohibited.</i>	Repayments under loans involving international financial institutions, such as the EBRD or IFC (“IFIs”), foreign export credit agencies, or foreign states (directly or indirectly via state-owned companies and banks) are allowed.



Conditions for repayment of loans obtained after 20 June 2023:

- **Interest rate cap:** maximum **12%** per annum, which covers interest, fees, commissions, and other charges (excluding principal and transfer fees).
- **Use of foreign currency:** during the first year of a loan, the principal must be repaid from the borrower’s own foreign currency holdings (not borrowed or purchased on the market).
- **Servicing of interest:** interest, commissions, and fees may be paid using newly purchased foreign currency.
- **Early repayment:** is currently prohibited.



Note

Preferential treatment: loans from IFIs, export credit agencies, and entities controlled by foreign states are not subject to the 12% cap, borrowers may freely access the FX market to purchase foreign currency and repay such loans in full – both principal and interest.

1. Repayment of cross-border loans (cont.)



Security over loans:

Ukrainian law permits a wide range of **security instruments** to secure repayment obligations under cross-border loans. The most commonly used forms include:

- **Pledges of movable property** (equipment, goods in circulation, receivables, bank accounts);
- **Mortgages** over immovable property;
- **Share pledges** (of Ukrainian company shares or of participatory interest);
- **Suretyships and guarantees.**



From a capital-control perspective:

- **Payments under guarantees/suretyships** (for example, when a guarantor pays a foreign lender under a guarantee) are permitted only if the underlying loan qualifies as a “permitted” loan under the Martial Law Resolution.
- **Enforcement proceeds:** where a foreign lender enforces a pledge or mortgage in Ukraine, the resulting proceeds may not be repatriated abroad. The investor can generally use those funds in Ukraine, but transfers abroad are prohibited by the Martial Law Resolution.

2. Dividend payments



Foreign investors are essentially free to contribute capital and to acquire equity in Ukrainian companies. **Applicable restrictions arise at the stage of profit repatriation.**

Dividend payments to non-residents are permitted if all of the following conditions are met:

1. Eligible profits

Only dividends accrued from profits earned on or after **1 January 2023** may be repatriated. Earlier retained earnings must remain in Ukraine.

2. Operational history

The Ukrainian company must have operated for at least **12 consecutive months** before paying dividends abroad.

3. Holding period

The foreign shareholder must have held its equity interest for at least **6 months** before repatriation.

4. Repatriation limit

The monthly cap of **EUR 1 million** (or its equivalent) per legal entity.

5. Payment mechanics

Dividends must be transferred **directly** to the non-resident's account or via the national depository system. Routing through a Ukrainian account for onward transfer abroad is not permitted.

These rules mean that dividend repatriation is possible, but only on a **go-forward basis** and subject to rules concerning the timing and amounts.

3. Sale of equity or other assets



The ability to exit an investment through the sale of shares, the participatory interest, real estate, or other Ukrainian assets remains **heavily restricted under current martial law regulations**.

No repatriation of proceeds	Retention of proceeds in Ukraine
At present, foreign investors cannot receive funds abroad from the sale of Ukrainian assets to domestic buyers. This applies equally to sales of corporate equity, immovable property, securities, or other assets located in Ukraine.	Where a sale is executed and the purchase price is paid in Ukraine, the foreign seller may hold those proceeds locally (e.g., on a bank account) but is prohibited from transferring them outside the country.

! Note on Offshore Settlements

Current NBU regulations on capital controls, including the Martial Law Resolution, apply only to cross-border transfers of funds from Ukraine. They do not restrict transactions where the purchase price is settled abroad.

Accordingly, foreign investors may still sell their equity interests or other Ukrainian assets to another investor, provided that the settlement of the purchase price takes place outside Ukraine (for example, from the buyer's foreign account to the seller's foreign account).

4. Additional options: "Investment limits"



Beyond the main mechanisms described above, the Martial Law Resolution also provides for several **special exceptions** that may be apply in certain cases. In particular, in order to encourage additional capital inflows, the regulator has introduced an **"investment limit" regime**.

The investment limit is defined as the total amount of foreign currency contributed by a foreign investor into the charter capital of a given Ukrainian company **on or after 12 May 2025**. Within this limit, Ukrainian companies are allowed to carry out a number of otherwise restricted foreign currency transactions, including, among others:

repayments of loans obtained before **20 June 2023**

dividend repatriations in excess of available restrictions

The current investment limit regime should not be taken to be a universal solution. Nevertheless, it may provide **targeted flexibility** for companies backed by fresh foreign capital. Investors should take into consideration such additional fund repatriation options when evaluating new equity injections into Ukraine.



For more information on the capital repatriation regime and currency control restrictions in Ukraine, please contact:



Illya Muchnyk

Partner, Head of Banking and Finance Practice at Kinstellar Kyiv office and Firmwide Head of FinTech at Kinstellar

+380 44 490 9575

illya.muchnyk@kinstellar.com



Oleksandra Poliakova

Managing Associate

+380 44 490 9575

oleksandra.poliakova@kinstellar.com



Zakhar Oprysko

Junior Associate

+380 44 490 9563

zakhar.oprysko@kinstellar.com



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