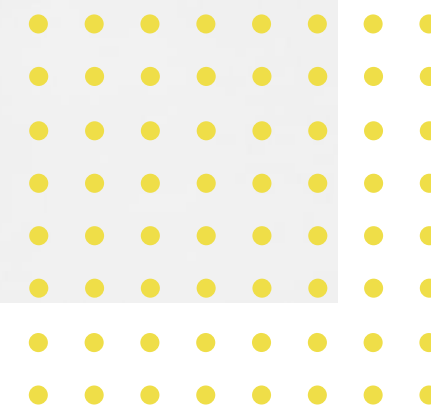




# CONDITIONS FOR THE FUNCTIONING OF SMALL BUSINESSES DURING MARTIAL LAW IN UKRAINE



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**SMALL AND MEDIUM BUSINESSES ARE THE BACKBONE OF UKRAINE'S ECONOMY. GENERATING 60% OF SMALL AND MEDIUM BUSINESSES. PROVIDING 7 MILLION JOBS AND 40% OF TAX REVENUES.**

Small and medium business provides 73% of jobs in Ukraine.

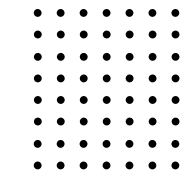
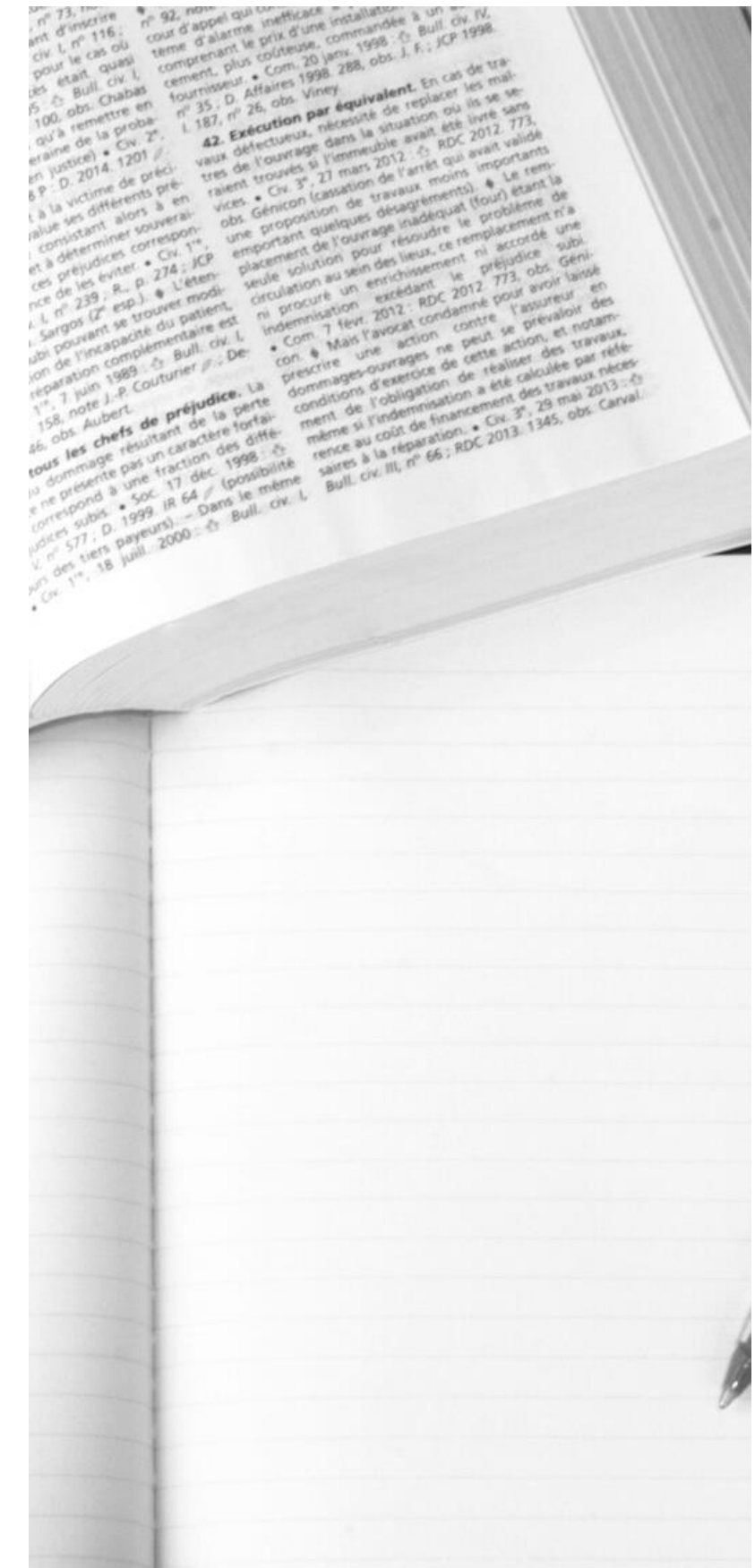
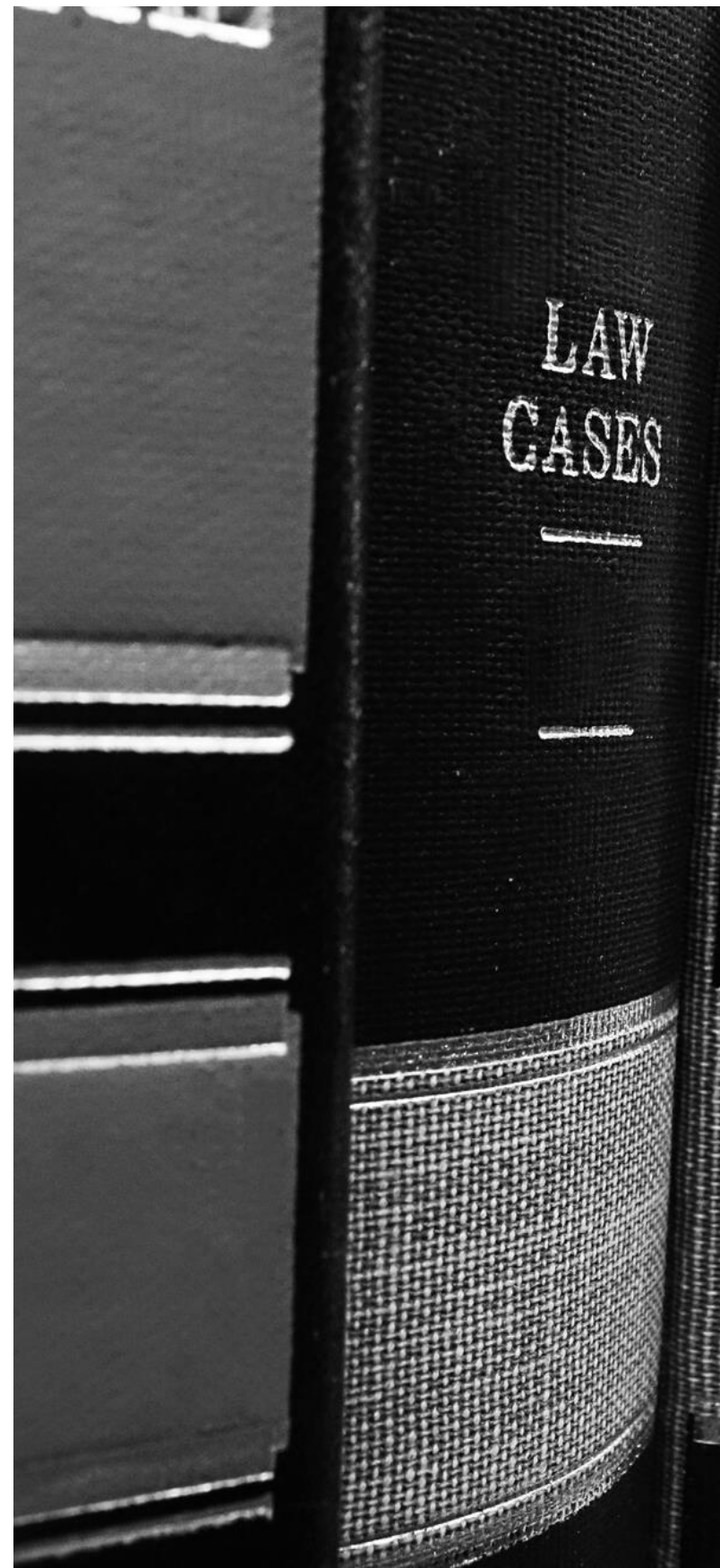
The development of small and medium businesses is an important priority for the Ukrainian government and the entire state. One year ago the forum "Ukraine 30. Small and Medium Business and State" took place. At the forum, the President said: The state and business should work in a team, not as two parallel worlds that do not hear, do not understand each other, but to be allies of common interest - to make a successful and prosperous country.



# AFTER RUSSIA'S FULL-SCALE INVASION OF UKRAINE, THERE HAVE BEEN CHANGES IN UKRAINIAN LEGISLATION THAT ALSO APPLY TO SMALL BUSINESSES.

ON FEBRUARY 24, 2022, MARTIAL LAW WAS IMPOSED IN UKRAINE.

Martial law is a special legal regime imposed in Ukraine or in certain localities in the event of armed aggression or threat of attack, threat to Ukraine's state independence, its territorial integrity and provides for the relevant state authorities, military command and local authorities to prevent the threat and ensure national security, as well as temporary, threatened, restriction of constitutional rights and freedoms of man and citizen and the rights and legitimate interests of legal entities, indicating the duration of these restrictions.





# THE CABINET OF MINISTERS AMID MARTIAL LAW HAS SET UP NEW RULES FOR THE EXPORT OF A NUMBER OF AGRICULTURAL GOODS.

"In order to prevent the humanitarian crisis in Ukraine, market stability and meet the needs of the population in critical food products, the Government has established new rules for the export of agricultural goods," said Minister of Agrarian Policy and Food of Ukraine Roman Leshchenko.

In particular, according to the resolution it is forbidden to export:

- oats;
- millet;
- buckwheat;
- sugar;
- salt;
- wheat;
- cattle, alive
- meat and by-products from cattle, frozen brine, etc.

This means allowing the export with the appropriate information to the Government and the issuance of a free license during the day.

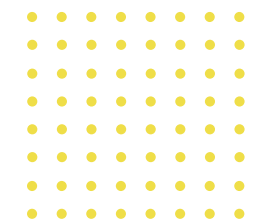
Everything else not listed can be exported freely according to standard procedure.



# WHAT ARE THE BENEFITS FOR ENTREPRENEURS?

During the martial law, Sole proprietor 3 groups were allowed to switch to a reduced tax rate: from 2% instead of 5%, and Sole proprietor 1 and 2 groups pay taxes voluntarily. Entrepreneurs on the single tax are also exempt from paying Single social contribution for themselves until the termination or abolition of martial law in Ukraine and for one year after the abolition of martial law. During martial law and 3 months later, fines and penalties are not levied on Single social contribution and no inspections are carried out.

IN ADDITION, THE UKRAINIAN GOVERNMENT ABOLISHED CUSTOMS DUTIES AND VAT ON IMPORTED GOODS.



## «IF YOU CAN'T PAY, NO QUESTIONS ASKED”: ZELENSKY SAYS PAYING YOUR TAXES IS NOW VOLUNTARY FOR SMALL BUSINESSES IN UKRAINE

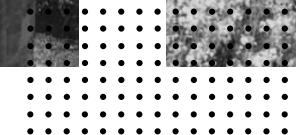
Zelenskyy simplifies burdens on Small and Medium businesses as the war-torn country instead finances its army through the issue of its first U.S. dollar-denominated war bond.

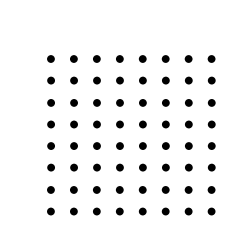
Amid massive destruction in major cities like Kharkiv and Mariupol, Zelenskyy on Tuesday unveiled the first steps of a plan to bring maximum relief to Ukraine’s crippled economy, which is operating under martial law.

These included the introduction of a simplified flat tax that is entirely voluntary: “If you can, pay,” he said in a statement. For those small businesses that cannot, however, there will be “no questions asked” by the government.

Instead of income tax and a value-added tax, the government is going to levy only a simple rate of 2% of turnover.

Further measures are already under consideration as part of a second stage of tax reform. Zelenskyy added that his government also plans a bonfire of its regulatory regime to facilitate commerce amid the warfare



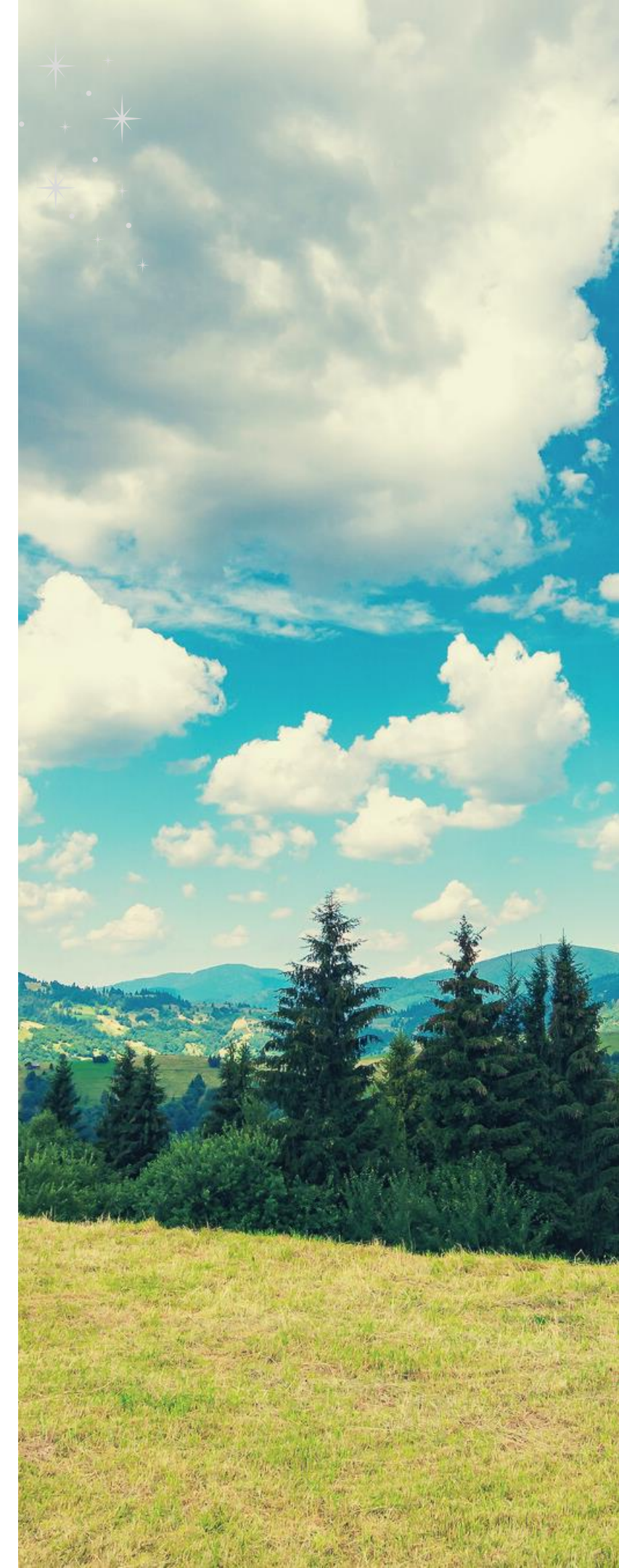


«We cancel all inspections for all businesses—so that everyone works normally, so that the cities come to life, so that life continues wherever there are no hostilities,” he said.

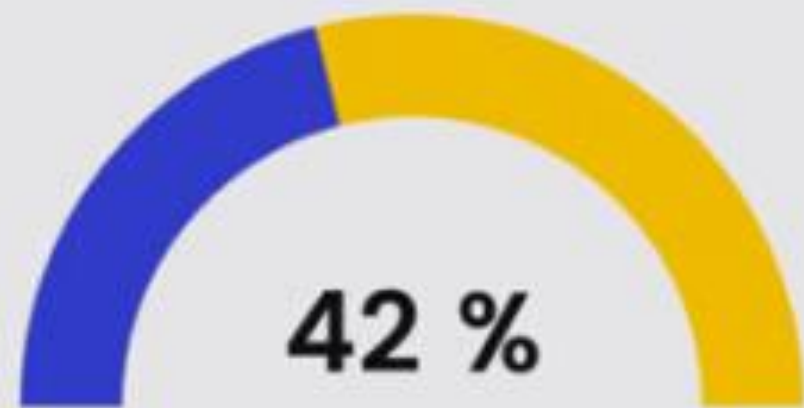
“The only condition is that you ensure the normal operation of your business in the framework of Ukrainian law.”

The measures announced by Zelenskyy should provide at least some measure of relief to an economy that has already sustained \$600 billion in damages.

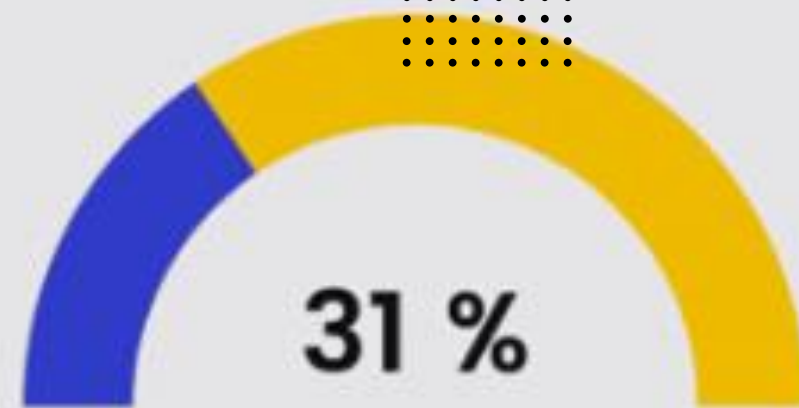
Previously the only estimate of the scale of the destruction was a figure of \$10 billion in damage to the country’s roads, bridges, and infrastructure since the invasion, given at the start of military invasion. However, this figure is constantly increasing.



# UNLIMIT UKRAINE SURVEY: HOW SMES WORK IN WARTIME



of small businesses do not operate at all



have suspended their operations with plans for resumption



have limited the geography of activities



continue to work in full



have gone online



plan to close their business





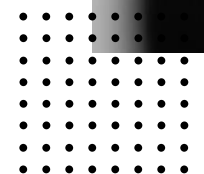
# WHAT IS THE CURRENT STATE OF ENTREPRENEURS?



Unlimit Ukraine is a small business and microbusiness development platform created on the basis of the European Business Association. The project provides comprehensive support for small and microbusinesses through educational events and consultations, participation in special projects, diagnostics of business problems, and discussion of issues relevant to it.

According to the EBA Unlimit Ukraine survey, 24% of SMEs have already exhausted their financial resources. However, a third of respondents, namely 32%, say that their financial resilience will last several months, while for another 22% is just one month. Also, 9% of respondents expect to hold out financially for another half a year, and only 5% – for a year or more if it is still not possible to resume operations.

Thus, 42% of small businesses do not operate at all, 31% have suspended their operations with plans for resumption in the future, 14% have limited the geography of activities, 13% continue to work in full, 13% have gone online, 4% plan to close their business

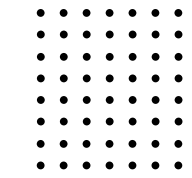


Despite limited resources, business owners try their best to support their employees. Almost a third, namely 27% continue to pay wages in full, another 8% pay extra money or salary in advance. Besides, 29% of entrepreneurs surveyed took additional measures to support their employees by providing material and psychological assistance, evacuation and shelter. Business owners tend to help employees at their own expense.

However, 21% reported not being able to pay wages, another 19% were forced to cut pay, 17% introduced unpaid leave, and 8% resorted to staff reduction.

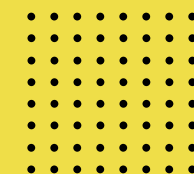
Also, 51% of the SMEs are going to apply for state aid of UAH 6,500, and 19% either do not plan to do so or are not eligible for the payment.

Small businesses are also actively involved in helping the army and territorial defense groups. The vast majority of respondents, namely 67% help financially, 26% provide services, 24% supply products, 10% – medicines, 9% – means of protection/defense. Another 18% of companies support their employees, who are currently defending the country. Entrepreneurs also join the information resistance, volunteer, provide transport, and support displaced persons and refugees.



# CONCLUSION

Now we see that the entire economy has suffered, including the small business sector. The government is introducing benefits and simplifications for the existence of business. These measures should help save small businesses. It is worth noting that the government is already working on post-war economic recovery. We hope that small businesses and other sectors of the economy will continue to withstand the crisis and recover in the future.





WE WANT TO SAY



**THANK  
YOU!  
FOR COMING**

