

Year in review 2023



Real Estate and Construction



The most relevant changes in the real estate sector in the recent period concern the opening of the agricultural land market to legal entities

Despite the legislative initiatives to extend the moratorium on private agricultural land introduced in 2023 (in particular, draft laws No. 10366, No. 10367, and No. 10369), the second stage of the land reform successfully came into force on January 1, 2024, **namely:**

- the total area of agricultural land owned by a citizen of Ukraine is **increased from 100 hectares to 10 thousand hectares;**
- the purchase and sale or other types of alienation of agricultural land plots **in favor of legal entities are allowed.**

As a reminder, the Law of Ukraine "On Amendments to Certain Legislative Acts of Ukraine Regarding the Terms of Agricultural Land Turnover" dated 31 March 2020 opened the agricultural land market for Ukrainian citizens with a limit of 100 hectares per person starting from 21 July 2021.

Below we provide a brief infographic on the current restrictions as of 1 January 2024:

Individuals:



Citizens of Ukraine



Up to 10 thousand hectares

Legal Entities:



- Established and registered under the laws of Ukraine;
- participants (shareholders, members) and ultimate beneficial owners are only citizens of Ukraine and/or the state and/or territorial communities.

Maximum area of land plots owned:

The total area of agricultural land plots that may be owned by all its participants (members, shareholders), but **may not exceed 10 thousand hectares.**¹

1. For the purposes of the calculation, it is considered that, in addition to land plots owned by a citizen privately, he also holds ownership over land plots owned by legal entities in which he has a share in proportion to the size of his share (expressed as a percentage). Land plots owned by spouses under the right of joint co-ownership are attributed only to the spouse for whom the ownership right is registered.

Thus, the moratorium on the acquisition of agricultural land still applies to foreigners, stateless persons and foreign legal entities, as well as any legal entities with foreign founders and/or foreign beneficial owners. In particular, foreigners, stateless persons and legal entities are prohibited from acquiring shares in the charter capital, stocks, or membership in legal entities (except for the charter capital of banks) that own agricultural land.

The decision to lift this moratorium and allow foreign participation in the agricultural land market may be made only at an all-Ukrainian referendum. However, such a referendum is not expected to be held soon.

It is important to note that even if the referendum is held and the respective decision is approved, it would **remain impossible** for the following foreign legal entities to acquire ownership of agricultural land:

- Foreign legal entities – in regard to land plots located closer than 50 kilometres from the state border of Ukraine;
- Legal entities whose shareholders or beneficial owners are citizens of a state recognized by Ukraine as an aggressor or occupying state;
- Persons who belong or have belonged to terrorist organizations;
- Legal entities whose participants (shareholders, members) or ultimate beneficial owners are foreign states;
- Legal entities whose ultimate beneficial owner cannot be identified;
- Legal entities whose ultimate beneficial owners are registered in offshore zones included in the list of offshore zones (Cayman Islands, Marshall Islands, Vanuatu, etc.) approved by the Cabinet of Ministers of Ukraine;
- Individuals and legal entities subject to special economic and other restrictive measures (sanctions) in accordance with the Law of Ukraine "On Sanctions";
- Legal entities established under the laws of Ukraine that are controlled by individuals and legal entities registered in the countries included by the International Group on Combating Money Laundering (FATF) in the list of countries that do not cooperate in the field of combating money laundering (Barbados, Cambodia, Senegal, etc.).