

Tax Exemptions and Benefits for CSOs in Ukraine

In the ongoing development of civil society in Ukraine, non-governmental organizations (CSOs) play a vital role in promoting social protection, human rights, and democratic values. Ensuring the financial stability and sustainability of these organizations is fundamental to their effectiveness and long-term impact. CSOs, formally registered in Ukraine, are entitled to certain tax exemptions, particularly regarding income tax, provided they meet the established criteria for non-profit organizations.

According to Article 157 of the Tax Code of Ukraine, non-profit organizations may be exempt from paying income tax under specific conditions. To obtain and maintain non-profit status, CSOs must:

- Register in the register of non-profit organizations: an CSO must submit the relevant documents to the tax service to obtain non-profit status
- Comply with the conditions of non-profitability: the organization must use all of its income for its statutory activities and cannot distribute profits among its founders, members, employees, or other related parties.

To be registered in the register of non-profit organizations and obtain non-profit status, a representative of a CSO must submit a completed Form No. 1-RN to the state registrar or the State Tax Service at the place of registration. Alternatively, the form can be submitted online if the CSO possesses an electronic signature.

Name of the report	Deadlines for submitting reports of a non-profit organization	Notes
Report on the use of income (profits) of a non-profit organization + Annual financial statements, usually called "Financial statements of a microenterprise	Within 60 calendar days following the last calendar day of the reporting (tax) year	Trade unions are an exception, as they submit a report on the use of income only in case of violation of the non-profit status. If a non-profit organization has violated its non-profit status
Combined report on the single social contribution	Quarterly, within 40 calendar days following the reporting period (quarter)	Such a report is submitted if the non-profit organization has employees

Transparency in financial reporting plays a crucial role in fostering trust in CSOs by providing external stakeholders with insight into the utilization of CSOs' funds and confirming compliance with national laws. Openness and transparency in financial processes and reporting contribute significantly to building robust public relations and enhancing the organization's reputation, which is essential for ensuring sustained support, credibility, and success.

When CSOs publicly disclose information about the use of financial resources, it allows stakeholders to observe that funds are utilized efficiently and purposefully. This transparency is particularly important for Ukrainian CSOs, which often rely on grants and donor support. Demonstrating transparency and value for money becomes a pivotal aspect of attracting and retaining funding.