

TAX POLICY MEASURES FOR DEEPENING UNITED STATES–UKRAINE ECONOMIC RELATIONS

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Tax policy plays a central role in shaping the economic relationship between Ukraine and the United States, influencing both the scale and structure of cross-border investment and trade. Although existing legal frameworks for cooperation form a solid basis, their potential has not yet been fully realized, highlighting the need for a more effective and strategically aligned fiscal approach. In this context, tax policy serves as a critical determinant of investor behavior, with the capacity to either stimulate or hinder capital flows depending on its design, stability, and administrative efficiency.

Recent reforms undertaken by Ukraine—especially in the areas of tax transparency, digitalization of tax administration, alignment legislation with OECD and EU standards—significantly strengthen the foundation for deeper integration with the United States’ economy.

This paper examines how further targeted tax measures, such as reductions in corporate and personal tax rates, accelerated depreciation mechanisms, and specialized fiscal incentives, can enhance Ukraine’s investment attractiveness, improve competitiveness, and support technological development. At the same time, it addresses key challenges, including tax system instability, administrative burdens, and the risk of inefficient or distortionary incentives. These challenges are particularly acute in Ukraine’s current economic environment, characterized by wartime fiscal pressures and heightened investment risk.

The central argument advanced in this study is that effective tax policy reform must be based on a dual approach: reducing administrative complexity and ensuring transparency, while simultaneously implementing well-designed financial incentives that align with broader economic objectives. The paper explores a range of prospective instruments and reforms aimed at achieving this balance, including improvements in tax administration, the modernization of audit procedures, and the introduction of innovative incentive regimes. The analysis proceeds by first examining the role of tax policy in bilateral economic relations, then assessing the legal framework of double

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taxation treaties, and finally evaluating specific policy instruments that could strengthen United States–Ukraine economic cooperation while maintaining fiscal sustainability.

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I. TAX INCENTIVES AND TAX POLICY: IMPLICATIONS FOR THE DEVELOPMENT OF ECONOMIC RELATIONS BETWEEN UKRAINE AND THE UNITED STATES, CROSS-BORDER TRADE, AND INVESTMENT

A. *United States–Ukraine Economic Cooperation and the Role of Tax Policy*

Global trade dynamics have significantly shifted toward protectionism.¹ The COVID-19 pandemic, rising geopolitical tensions, export restrictions on critical minerals from China to the United States,² the war in Ukraine,³ the EU’s continued dependence on Russian energy imports (exceeding €21 billion in imports in 2024)⁴, and instability in the Middle East have driven structural changes in global trade and investment. According to the United Nations Conference on Trade and Development, global foreign direct investment (FDI) flows declined by 11% in 2024, continuing a downward trend observed from 2015.⁵

These developments have profoundly affected U.S. trade policy, revealing structural deficiencies of the global economic system. In January 2025, President Donald Trump issued the “America’s First Trade Policy”

1. *Global trade in 2025: Resilience under pressure*, UNCTAD, <https://unctad.org/news/global-trade-2025-resilience-under-pressure> (last visited Apr. 11, 2026).

2. David Pierson, Keith Bradsher & Ana Swanson, China Bans Rare Mineral Exports to the U.S., N.Y. Times (Dec. 3, 2024), <https://www.nytimes.com/2024/12/03/world/asia/china-minerals-semiconductors.html>.

3. Michele Ruta, The Impact Of The War In Ukraine On Global Trade And Investment (Equitable Growth, Finance and Institutions Insight, World Bank Group, Washington, D.C. 2022), <http://documents.worldbank.org/curated/en/099750104252216595>; United Nations, *Global Impact of war in Ukraine on food, energy and finance systems*, Brief No. 1 (Apr. 13, 2022) https://unctad.org/system/files/official-document/un-gcrg-ukraine-brief-no-1_en.pdf.

4. Eurostat, *International trade in goods — detailed data*, Eurostat Data Browser (last visited Apr. 11, 2026), <https://ec.europa.eu/eurostat/databrowser/bookmark/a2226e5e-a45d-452a-8917-99295da064ea?lang=en&createdAt=2025-11-29T16:45:34Z>.

5. United Nations Conference on Trade and Development, World Investment Report 2025 (United Nations, Geneva, 2025), https://unctad.org/system/files/official-document/wir2025_en.pdf.

memorandum⁶, introducing a universal 10% tariff on imports,⁷, applicable also to Ukraine, alongside additional country-specific tariffs. Furthermore, the 25% tariff on steel and aluminum under Section 232 of the Trade Expansion Act, previously suspended due to the war in Ukraine⁸, was reinstated in February 2025 with the removal of all country exemptions, including for Ukraine, and subsequently raised to 50%.⁹

Economic exchange between Ukraine and the United States remains below potential. In 2024, Ukraine accounted for just 0.036% of U.S. imports,¹⁰ while U.S.-bound Ukrainian exports reached USD \$1.2 billion (2.9% of Ukraine's total exports of USD \$41.73 billion).¹¹ Ukraine received only USD \$3.3 million in U.S. FDI, despite the United States being the world's top investor, with USD \$226.3 million in outflows.¹² These limited flows occur against a backdrop of significant fiscal pressures in Ukraine, where defense spending, over 20% of GDP in 2022 and expected to reach 26% by 2025, along with public order costs at 9% of GDP, will require substantial budget deficits, potentially affecting overall economic stability.¹³ Under such conditions, it is necessary to develop a

6. Memorandum on America First Trade Policy, 90 Fed. Reg. 8471 (Jan. 30, 2025), <https://www.federalregister.gov/documents/2025/01/30/2025-02032/america-first-trade-policy>.

7. The White House, *Fact Sheet: President Donald J. Trump Declares National Emergency to Increase our Competitive Edge, Protect our Sovereignty, and Strengthen our National and Economic Security* (Apr. 2, 2025), <https://www.whitehouse.gov/fact-sheets/2025/04/fact-sheet-president-donald-j-trump-declares-national-emergency-to-increase-our-competitive-edge-protect-our-sovereignty-and-strengthen-our-national-and-economic-security>; Exec. Order No. 14,257, Regulating Imports With a Reciprocal Tariff To Rectify Trade Practices That Contribute to Large and Persistent Annual United States Goods Trade Deficits, 90 Fed. Reg. 15,041 (Apr. 7, 2025).

8. The White House, *Fact Sheet: President Donald J. Trump Restores Section 232 Tariffs* (Feb. 11, 2025), <https://www.whitehouse.gov/fact-sheets/2025/02/fact-sheet-president-donald-j-trump-restores-section-232-tariffs/>.

9. The White House, *Fact Sheet: President Donald J. Trump Increases Section 232 Tariffs on Steel and Aluminum* (June 3, 2025), <https://www.whitehouse.gov/fact-sheets/2025/06/fact-sheet-president-donald-j-trump-increases-section-232-tariffs-on-steel-and-aluminum/>.

10. U.S. Census Bureau, Econ. Indicators Div., *USA Trade Online: U.S. Import and Export Merchandise Trade Statistics*, <https://usatrade.census.gov> (last visited Apr. 27, 2026).

11. United Nations, *UN Comtrade Database*, <https://comtradeplus.un.org/TradeFlow?Frequency=A&Flows=unfavourablegeneralisedX&CommodityCodes=TOTAL&Partners=0&Reporters=804&period=2024&AggregateBy=none&BreakdownMode=plus> (last visited Apr. 27, 2026).

12. *Id.* at 5.

13. OECD, *Tax Effects on Foreign Direct Investment: Recent Evidence and Policy Analysis* (OECD Tax Policy Studies No. 17, 2007), <https://doi.org/10.1787/9789264038387->

well-designed policy that, even during wartime, does not exacerbate the state budget deficit. Simultaneously, the United States remains the top destination for incoming and outgoing investment globally. Global trade dynamics have significantly shifted toward protectionism.¹⁴ The COVID-19 pandemic, rising geopolitical tensions, export restrictions on critical minerals from China to the United States,¹⁵ the war in Ukraine,¹⁶ the EU's continued dependence on Russian energy imports (exceeding €21 billion in imports in 2024)¹⁷, and instability in the Middle East have driven structural changes in global trade and investment. According to the United Nations Conference on Trade and Development, global foreign direct investment (FDI) flows declined by 11% in 2024, continuing a downward trend observed from 2015.¹⁸

These developments have profoundly affected U.S. trade policy, revealing structural deficiencies of the global economic system. In January 2025, President Donald Trump issued the “America’s First Trade Policy” memorandum¹⁹, introducing a universal 10% tariff on imports²⁰,

en; OECD, *OECD Economic Surveys: Ukraine 2025* (2025), <https://doi.org/10.1787/940ccc85-en>.

14. *Global trade in 2025: Resilience under pressure*, UNCTAD, <https://unctad.org/news/global-trade-2025-resilience-under-pressure> (last visited Apr. 11, 2026).

15. David Pierson, Keith Bradsher & Ana Swanson, China Bans Rare Mineral Exports to the U.S., N.Y. Times (Dec. 3, 2024), <https://www.nytimes.com/2024/12/03/world/asia/china-minerals-semiconductors.html>.

16. Michele Ruta, The Impact Of The War In Ukraine On Global Trade And Investment (Equitable Growth, Finance and Institutions Insight, World Bank Group, Washington, D.C. 2022), <http://documents.worldbank.org/curated/en/099750104252216595>; United Nations, *Global Impact of war in Ukraine on food, energy and finance systems*, Brief No. 1 (Apr. 13, 2022) https://unctad.org/system/files/official-document/un-gcrg-ukraine-brief-no-1_en.pdf.

17. Eurostat, *International trade in goods — detailed data*, Eurostat Data Browser (last visited Apr. 11, 2026), <https://ec.europa.eu/eurostat/databrowser/bookmark/a2226e5e-a45d-452a-8917-99295da064ea?lang=en&createdAt=2025-11-29T16:45:34Z>.

18. United Nations Conference on Trade and Development, World Investment Report 2025 (United Nations, Geneva, 2025), https://unctad.org/system/files/official-document/wir2025_en.pdf.

19. Memorandum on America First Trade Policy, 90 Fed. Reg. 8471 (Jan. 30, 2025), <https://www.federalregister.gov/documents/2025/01/30/2025-02032/america-first-trade-policy>.

20. The White House, *Fact Sheet: President Donald J. Trump Declares National Emergency to Increase our Competitive Edge, Protect our Sovereignty, and Strengthen our National and Economic Security* (Apr. 2, 2025), <https://www.whitehouse.gov/fact-sheets/2025/04/fact-sheet-president-donald-j-trump-declares-national-emergency->

applicable also to Ukraine, alongside additional country-specific tariffs. Furthermore, the 25% tariff on steel and aluminum under Section 232 of the Trade Expansion Act, previously suspended due to the war in Ukraine²¹, was reinstated in February 2025 with the removal of all country exemptions, including for Ukraine, and subsequently raised to 50%.²²

Ukraine and the United States are legally connected for economic purposes through the 1994 Bilateral Investment Treaty,²³ the 2008 Trade and Investment Cooperation Agreement (TICA),²⁴ a double taxation treaty,²⁵ and a Model 1 Intergovernmental FATCA Agreement,²⁶ though their potential has not been fully realized, presenting a significant opportunity for deeper cooperation. In 2025, the United States secured access to Ukrainian critical minerals through the United States-Ukraine Minerals Agreement,²⁷ marking an initial step toward deeper economic engagement. However, this interest remains selective and resource-

to-increase-our-competitive-edge-protect-our-sovereignty-and-strengthen-our-national-and-economic-security; Exec. Order No. 14,257, Regulating Imports With a Reciprocal Tariff To Rectify Trade Practices That Contribute to Large and Persistent Annual United States Goods Trade Deficits, 90 Fed. Reg. 15,041 (Apr. 7, 2025).

21. The White House, *Fact Sheet: President Donald J. Trump Restores Section 232 Tariffs* (Feb. 11, 2025), <https://www.whitehouse.gov/fact-sheets/2025/02/fact-sheet-president-donald-j-trump-restores-section-232-tariffs/>.

22. The White House, *Fact Sheet: President Donald J. Trump Increases Section 232 Tariffs on Steel and Aluminum* (June 3, 2025), <https://www.whitehouse.gov/fact-sheets/2025/06/fact-sheet-president-donald-j-trump-increases-section-232-tariffs-on-steel-and-aluminum/>.

23. Treaty Between the United States of America and Ukraine Concerning the Encouragement and Reciprocal Protection of Investment, U.S.-Ukraine, Mar. 4, 1994, <https://investmentpolicy.unctad.org/international-investment-agreements/treaties/bilateral-investment-treaties/3054/ukraine---united-states-of-america-bit-1994->.

24. Trade and Investment Cooperation Agreement Between the Government of Ukraine and the Government of the United States of America, U.S.-Ukr., Mar. 28, 2008, https://zakon.rada.gov.ua/laws/show/840_133#Text; <https://investmentpolicy.unctad.org/international-investment-agreements/treaties/tips/3236/ukraine---us-tica-2008->.

25. Internal Revenue Serv., *Ukraine—Tax Treaty Documents*, <https://www.irs.gov/businesses/international-businesses/ukraine-tax-treaty-documents> (last visited Apr. 27, 2026).

26. Agreement Between the Government of the United States of America and the Government of Ukraine to Improve International Tax Compliance and to Implement FATCA, U.S.-Ukr., <https://home.treasury.gov/system/files/131/FATCA-Agreement-Ukraine-2-07-2017.pdf>.

27. Cabinet of Ministers of Ukraine, Order No. 416-r (Apr. 30, 2025), *On the Signing of the Agreement Between the Government of Ukraine and the Government of the United States of America on the Establishment of a United States-Ukraine Reconstruction Investment Fund*, <https://www.kmu.gov.ua/npas/pro-pidpysannia-uhody-mizh-uriadom-ukrainy-ta-uriadom-spoluchenykh-shtativ-ameryky-pro-t300425>.

oriented rather than systemic, as the agreement, while extending beyond critical minerals to include oil, gas, and related infrastructure, remains confined to the natural resource sector and primarily applies to future extraction and investment projects, rather than establishing comprehensive, economy-wide rules of cooperation.

Importantly, Ukraine has demonstrated stability and strong macro-fiscal discipline during wartime, and it has maintained tax revenue collection at proper levels despite unprecedented challenges. Such factors strengthen Ukraine's credibility as a reliable economic partner for U.S. investors. Avoiding extra fiscal and regulatory barriers is crucial. Unpredictable taxes deter investment, while a stable, transparent, and legally-protected tax system, alongside clear regulations, underpins long-term investment appeal regardless of political cycles. A substantial body of economic research shows that uncertainty about future tax policy can weaken investment activity even when tax incentives are available.²⁸ Empirical analyses exploiting natural experiments find that investment incentives implemented during periods of macroeconomic stability tend to lead to strong increases in investment, whereas similar incentives during times of high uncertainty generate weaker and more varied effects, as many firms exposed to uncertainty postpone investment decisions rather than take up fiscal incentives.²⁹ Firms that face high uncertainty often adopt a "wait-and-see" approach, delaying large capital investments in response to anticipated policy changes.³⁰ Theoretical work further demonstrates that tax policy uncertainty can distort investment decisions by reducing expected after-tax returns and raising the cost of committing capital, which in turn lowers overall investment responsiveness.³¹

B. The Impact of Tax Policy on Capital Flows, Competitiveness, and Innovation: Balancing Fiscal Sufficiency and Economic Attractiveness

Transparent and predictable taxation drives investment decisions. Research by the National Bureau of Economic Research (NBER) shows that simpler, lower corporate and personal taxes encourage foreign

28. Scott R. Baker, Nicholas Bloom & Steven J. Davis, *Measuring Economic Policy Uncertainty*, 131 Q.J. Econ. 1593 (2016), <https://doi.org/10.1093/qje/qjw024>.

29. Eric Zwick & James Mahon, *Tax Policy and Heterogeneous Investment Behavior*, 107 Am. Econ. Rev. 217 (2017), <https://doi.org/10.1257/aer.20140855>.

30. Martin Jacob, Kelly Wentland & Scott A. Wentland, *Real Effects of Tax Uncertainty: Evidence from Firm Capital Investments*, Mgmt. Sci. (2021), <https://doi.org/10.1287/mnsc.2021.4072>; Irem Güçeri & Maciej Albinowski, *Investment Responses to Tax Policy Under Uncertainty* (CESifo Working Paper No. 7929, 2019), <http://dx.doi.org/10.2139/ssrn.3485478>.

31. G. Brusco & B. Glass, *Risky Business: Policy Uncertainty and Investment*, 30 Int'l Tax & Pub. Fin. 1331 (2023), <https://doi.org/10.1007/s10797-022-09757-7>.

investors, while high or complex taxes deter them³² In addition, tax incentives, preferential regimes, and accelerated depreciation can attract foreign investment, especially in less competitive environments,³³ especially relevant for Ukraine's high-risk wartime economy.

The Organization for Economic Co-operation and Development (OECD) notes that tax incentives carry high fiscal costs and may distort business structures, raising regulatory and administrative burdens.³⁴ This occurs because tax incentives reduce government revenues by allowing certain firms to pay less tax, creating direct fiscal losses. At the same time, their selective nature violates tax neutrality, prompting firms to adjust their behavior in order to qualify for preferential treatment rather than to improve efficiency. As OECD research shows, tax rules significantly influence business decisions and can lead to resource misallocation.³⁵

Ukraine is actively working on implementation of OECD standards. This demonstrates readiness of Ukraine to integrate modern and dedicated international tax rules aimed to prevent aggressive tax planning.

On the other hand, cross-border business interests must be considered. Shifted profits are profits that multinational companies report in jurisdictions with lower tax rates rather than where the economic activity generating them actually occurs. Studies show that 70–83% of shifted profits go to jurisdictions with effective corporate tax rates below 10%, causing significant tax revenue losses.³⁶ Therefore, preferential tax regimes should protect international public tax interests without creating excessive scrutiny that could hinder cross-border capital flows.

Reallocating the tax burden from income to consumption and property is associated with positive effects on economic growth, particularly on GDP per capita, while corporate taxation exerts the strongest disincentive on economic activity³⁷.

32. David G. Hartman, *Tax Policy and Foreign Direct Investment in the United States* (Nat'l Bureau of Econ. Rsch. Working Paper No. 967, 1982), <https://www.nber.org/papers/w0967>; Joel Slemrod, *Tax Effects on Foreign Direct Investment in the United States: Evidence from a Cross-Country Comparison* (Nat'l Bureau of Econ. Rsch. Working Paper No. 3042, 1989).

33. *Id.* at 13.

34. L. Dressler & R. Warwick, *Corporate Income Tax, Investment, and the Net-Zero Transition: Issues for Consideration* (OECD Tax'n Working Papers No. 73, 2025), <https://doi.org/10.1787/08e15e33-en>.

35. OECD, *Corporate Taxation*, <https://www.oecd.org/en/topics/corporate-taxation.html> (last visited Apr. 27, 2026).

36. J. Garcia-Bernardo & P. Janský, *Profit Shifting of Multinational Corporations Worldwide*, ARXIV (2022), <https://arxiv.org/abs/2201.08444>.

37. J. Arnold, *Do Tax Structures Affect Aggregate Economic Growth?: Empirical Evidence from a Panel of OECD Countries* (OECD Econ. Dep't Working Papers No. 643, 2008),

Thus, when introducing tax initiatives, it is essential to liberalize the tax burden while simultaneously broadening the tax base.

C. Tax Policy and Tax Incentives: Ukrainian Vector

In its assessment, the International Monetary Fund (IMF) highlights that Ukrainian businesses face a high administrative burden, low trust in tax authorities, frequent legislative changes, and widespread tax evasion.³⁸ According to a 2024 World Bank report, enterprises spend on average 74.4 person-days per year on tax compliance—from 26 days for small firms without employees to up to 400 days for large companies.³⁹ For large enterprises, compliance costs amount to about 1% of annual turnover.⁴⁰

Consequently, in the Ukrainian context, tax reform should focus on two key areas: (1) reducing administrative burdens through transparent communication; and (2) providing targeted financial incentives designed to attract and retain foreign investment.

This approach is reflected in Ukraine's National Revenue Strategy until 2030,⁴¹ approved by the Cabinet of Ministers. Implementation of the Strategy will modernize the tax and customs services, raise revenues, improve the investment climate, reduce tax evasion or avoidance, and harmonize legislation with EU standards (e.g., value-added tax (VAT) and excise tax). The Strategy commits to reviewing and rationalizing corporate tax incentives and their systematic evaluation, recognizing that many existing tax privileges lack a clear overarching policy framework and transparent impact assessment mechanisms. This includes proposed reforms that examine tax preferences and aim to eliminate economically unjustified or poorly targeted incentives, improve their design, and align them with broader fiscal and economic goals. From the tax administration perspective, the Strategy provides several important steps aimed to improve the perception of the tax service by business.

<https://doi.org/10.1787/236001777843>; Young Lee & Roger H. Gordon, *Tax Structure and Economic Growth*, 89 J. Pub. Econ. (Issues 5–6) (2005), <https://doi.org/10.1016/j.jpubeco.2004.07.002>.

38. International Monetary Fund, *Ukraine: Seventh Review Under the Extended Arrangement Under the Extended Fund Facility, Requests for Modification of a Performance Criterion, Rephasing of Access, and Financing Assurances Review — Press Release; Staff Report; and Statement by the Alternate Executive Director for Ukraine* (IMF Country Report No. 25/78, Mar. 2025), <https://www.imf.org/-/media/Files/Publications/CR/2025/English/1UKREA2025001-print-pdf.pdf>.

39. World Bank, *Ukraine: 2024 Tax Compliance Cost Survey—Report on Results of a Survey* (2024), <http://documents.worldbank.org/curated/en/099122924201549223>.

40. *Id.*

41. Ministry of Finance of Ukraine, *National Revenue Strategy Until 2030*, https://mof.gov.ua/storage/files/National%20Revenue%20Strategy_2030_.pdf (last visited Apr. 27, 2026).

OECD classifies tax incentives as reduced corporate tax rates, tax holidays, profit exemptions, accelerated depreciation, and other preferential mechanisms used in most countries,⁴² while stressing that their effectiveness depends on tax system stability and predictability. This dependence can be explained through a clearer causal chain: these instruments are intended to reduce the effective tax burden and increase post-tax returns on investment, thereby stimulating firms to undertake additional or larger-scale projects. However, as the OECD emphasizes, the effectiveness of such incentives is highly context-dependent and relies on broader framework conditions, including institutional and political stability.⁴³ If the tax system lacks stability or predictability, investors tend to factor in higher regulatory risks, which diminishes the attractiveness of available incentives. Under such conditions, even substantial tax benefits may not lead to increased investment, as they cannot offset an unfavorable investment environment.⁴⁴ The OECD notes that regulatory incentives, such as simplified procedures and special investor regimes, can improve investment efficiency by lowering time and regulatory costs.⁴⁵ These incentives function through a complementary mechanism: instead of directly increasing profitability, they reduce transaction costs, administrative burdens, and uncertainty associated with compliance.

Therefore, a combined regulatory and financial approach is necessary to maximize fiscal and economic impact.

D. Enhancing Tax Transparency and Information Exchange in United States–Ukraine Economic Cooperation

A key milestone in tax policy aimed at deepening United States–Ukraine economic relations is the strengthening of tax transparency and the expansion of information exchange. Both the United States and Ukraine are focused on promoting a transparent business environment, particularly in the context of Ukraine’s post-war recovery. This creates opportunities for large U.S.-based multinational enterprises to invest in Ukraine, expand their operations, and benefit from a growing market. Such investment opportunities are expected to increase tax revenues for both the United States and Ukraine, contributing to the economic prosperity of both nations.

42. OECD, *The Role of Incentives in Investment Promotion: Trends and Practices in OECD Member Countries* (2024), <https://doi.org/10.1787/e3338264-en>.

43. OECD, *A Practical Guide to Investment Tax Incentives* (2026), <https://doi.org/10.1787/427c66a9-en>.

44. OECD, *Tax Incentives and the Global Minimum Corporate Tax: Reconsidering Tax Incentives After the GloBE Rules* (2022), <https://doi.org/10.1787/25d30b96-en>.

45. *Id.* at 33.

One tool that enhances transparency for major multinational enterprises in both countries is Country-by-Country (CbC) Reporting. CbC Reporting, as developed by the OECD within the BEPS Action 13 framework (2015), constitutes a standardized transfer pricing reporting mechanism requiring multinational enterprises to provide tax authorities with jurisdiction-by-jurisdiction information on income, taxes paid, and indicators of economic activity, thereby enabling tax authorities to assess the structure and allocation of profits of such groups.⁴⁶

Negotiations between the U.S. Department of the Treasury and the Ministry of Finance of Ukraine have been initiated, aiming to establish a bilateral competent authority arrangement (CAA) to facilitate the automatic exchange of CbC reports between the two countries' competent authorities.⁴⁷

Further promoting tax transparency, in 2019 Ukraine and the United States concluded the Agreement to Improve International Tax Compliance and to Implement FATCA (FATCA Agreement), which provides for the automatic exchange of financial account information.⁴⁸ Ukraine has consistently demonstrated reliability as a partner in ensuring transparency in international tax relations, fulfilling obligations under the FATCA Agreement and ensuring the timely collection and uninterrupted transmission of data from Ukrainian financial institutions to the Internal Revenue Service (IRS).⁴⁹

Currently, the FATCA Agreement operates under a model providing for unilateral information exchange from Ukraine to the United States. However, a transition to a bilateral exchange model for the automatic exchange of financial account information is regarded as a potential priority for Ukraine, and a shift to a reciprocal model may be considered in the future⁵⁰ This would enable Ukraine's competent authority to receive information regarding financial accounts held by Ukrainian tax residents in U.S. financial institutions.

Such an approach is expected to: improve tax control efficiency in both jurisdictions; reduce risks of tax evasion; enhance transparency of

46. OECD, *Transfer Pricing Documentation and Country-by-Country Reporting, Action 13 - 2015 Final Report*, OECD/G20 Base Erosion and Profit Shifting Project (2015), <http://dx.doi.org/10.1787/9789264241480-en>.

47. State Tax Service of Ukraine, *Multilateral Competent Authority Agreement on the Exchange of Country-by-Country Reports Entered into Force* (2024), <https://www.tax.gov.ua/en/mass-media/news/825398.html>.

48. *Id.* at 17.

49. *Id.* at 32.

50. Ministry of Finance of Ukraine, *The Ministry of Finance Welcomes Ratification of the FATCA Agreement* (2019), https://mof.gov.ua/en/news/ministerstvo_finansiv_vitae_ratifikatsiiu_ugodi_fatca-1861.

international financial flows; align with international standards for automatic exchange of information.

This approach is anticipated to mark a new chapter in successful United States-Ukraine cooperation. Consultation at the level of competent authorities is welcomed to further advance this initiative.

As a member of the OECD/G20 Inclusive Framework on BEPS⁵¹, Ukraine actively supports incentives under the Two-Pillar Solution to address tax challenges arising from the digitalization of the economy.

II. THE UNITED STATES–UKRAINE DOUBLE TAXATION CONVENTION

A. Shaping the Economic Environment Between the United States and Ukraine: Eliminating Double Taxation and Preventing Tax Evasion

International trade and investment depend on a clear legal framework that facilitates, rather than hinders, economic relations. Key instruments include trade and investment agreements and tax treaties. This study examines double taxation treaties (DTTs), which aim to eliminate double taxation and prevent tax evasion.

Double taxation refers to a situation in which the same income, profits, or capital are subject to comparable taxes more than once, most commonly by two or more jurisdictions. It typically arises due to a lack of coordination between national tax systems, where one state taxes on the basis of residence (worldwide income), while another taxes on the basis of source (income generated within its territory). As a result, the same cross-border economic activity—such as business profits, dividends, interest, or royalties—may be taxed twice, increasing the overall tax burden and creating barriers to international investment and trade.⁵²

In this context, DTTs should be understood not as isolated legal instruments, but as a structural link between domestic tax policy and cross-border economic activity. While national tax systems determine the level and design of taxation, DTTs coordinate these systems internationally by allocating taxing rights, eliminating overlapping tax claims, and reducing legal uncertainty. As international agreements, they are widely recognized

51. Cabinet of Ministers of Ukraine, *Ukraine Launches a New Roadmap for Implementing the BEPS Action Plan to Strengthen Efforts to Align the Tax System with International Tax Standards* (2023), <https://www.kmu.gov.ua/en/news/ukraina-zapuskaie-novu-dorozhniu-kartu-z-implementatsii-planu-dii-beps-z-metoiu-posylennia-zusyl-u-sferi-nablyzhennia-podatkovoi-systemy-do-mizhnarodnykh-podatkovykh-standartiv>.

52. UNCTAD Div. on Inv. & Enter., *Double Taxation Treaties and Their Implications for Investment: What Investment Policymakers Need to Know* (2024), https://unctad.org/system/files/official-document/diacpcb2024d1_en.pdf.

as central elements of the global tax architecture, facilitating trade and investment. Although DTTs have a long history, early nineteenth-century agreements mainly concerned diplomatic personnel and were not classical DTTs. More systematic regulation emerged in the early twentieth century under the League of Nations, resulting in the 1943 and 1946 Model Conventions, though these were not universally adopted.⁵³

The OECD continued developing the model double taxation convention, resulting in the OECD Model Tax Convention on Income and on Capital of 1963, revised in 1977, which has served as the basis for over 3,000 bilateral tax treaties.⁵⁴

The unification of international rules on the avoidance of double taxation has not been carried out solely by the OECD. The United Nations also contributed by adopting the UN Model Double Taxation Convention between Developed and Developing Countries in 1980, designed to better protect the interests of developing, capital-importing states in their relations with developed, capital-exporting countries.⁵⁵

Today, there are two main international model tax conventions in the field of double taxation:

(1) the OECD Model Tax Convention on Income and on Capital;⁵⁶ and

(2) the UN Model Double Taxation Convention between Developed and Developing Countries.⁵⁷

Although separate, these model conventions are similar in structure and content. The UN Model Convention adapts certain OECD rules for treaties between unequal economies.⁵⁸ While not binding, they guide treaty negotiations and harmonize international double taxation rules. States remain free to include specific provisions and maintain their own treaty

53. Brian J. Arnold, *An Introduction to Tax Treaties* 4, https://www.un.org/esa/ffd/wp-content/uploads/2015/10/TT_Introduction_Eng.pdf (last visited Apr. 27, 2026).

54. OECD, *Tax Treaties*, <https://www.oecd.org/en/topics/tax-treaties.html> (last visited Apr. 27, 2026).

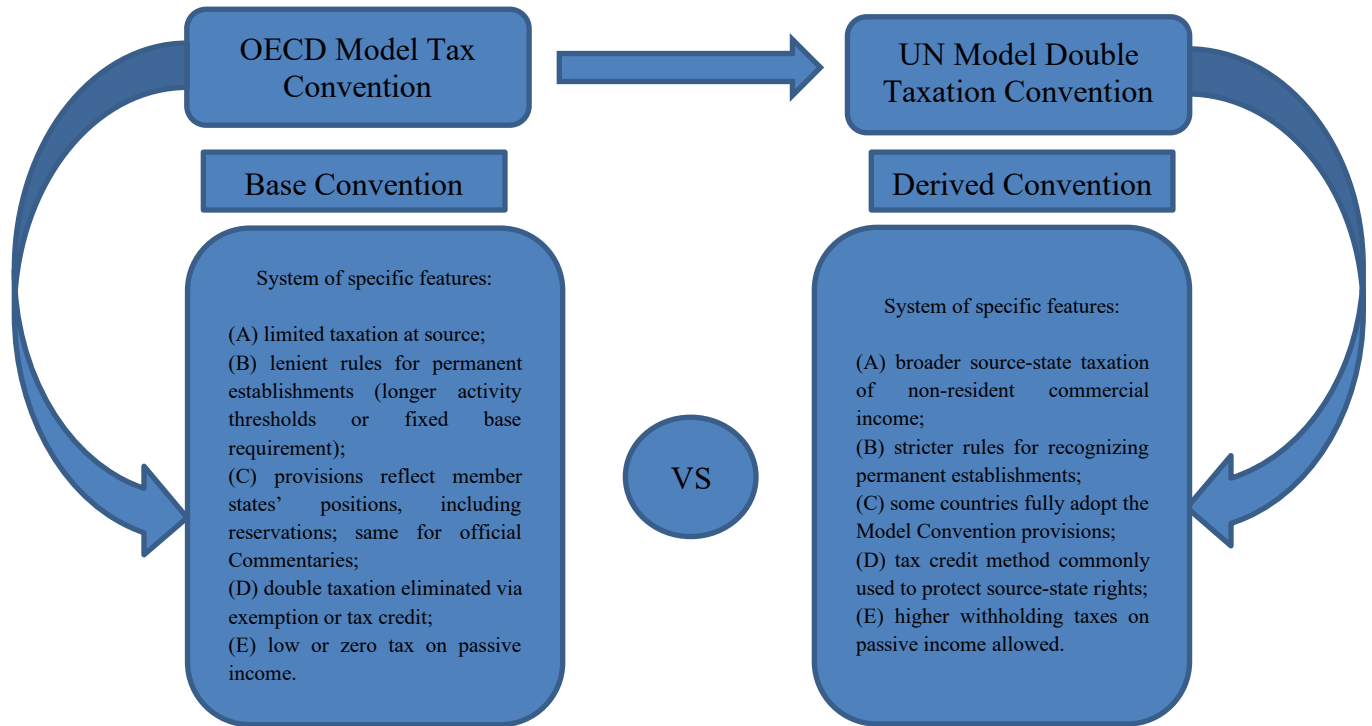
55. United Nations, *United Nations Model Double Taxation Convention Between Developed and Developing Countries* (1980), <https://digitallibrary.un.org/record/13957?v=pdf>.

56. OECD, *Model Tax Convention on Income and on Capital* (2017), https://www.oecd.org/en/publications/model-tax-convention-on-income-and-on-capital-2017-full-version_g2g972ee-en.html.

57. United Nations, *Model Double Taxation Convention Between Developed and Developing Countries* (2021), https://financing.desa.un.org/sites/default/files/2023-05/UN%20Model_2021.pdf.

58. International Monetary Fund, Fiscal Affairs Dep't, *Ukraine: Technical Assistance Report — Distributed Profit Tax; Voluntary Disclosure of Assets; and BEPs Implementation* (IMF Staff Country Reports, 2019), <https://www.imf.org/-/media/files/publications/cr/2019/1ukrea2019005.pdf>.

networks. For example, Ukraine has 70 treaties in force, and the United States has 69, with some partially suspended or terminated (for example, with Belarus and Hungary).⁵⁹



Relationship and Comparative Visualization of the Two Principal Model Double Taxation Conventions

The OECD Model Tax Convention is mainly used between developed countries and generally gives greater taxing rights to the taxpayer's residence country (where the taxpayer lives), which helps facilitate the flow of capital and promote cross-border investment. It includes clear rules on allocating different types of income, defines permanent establishment more narrowly, and tends to limit source-country withholding taxes on dividends, interest, and royalties, reducing barriers to investment. In contrast, *the UN Model Double Taxation Convention* was designed with the interests of

59. Internal Revenue Serv., *United States Income Tax Treaties—A to Z*, <https://www.irs.gov/businesses/international-businesses/united-states-income-tax-treaties-a-to-z> (last visited Apr. 27, 2026).

developing countries in mind and therefore grants broader taxing rights to the source country (where the income arises). It typically adopts a broader definition of permanent establishment and allows higher withholding taxes on passive income, which enables source states to retain more tax revenue from foreign enterprises operating within their borders⁶⁰.

Although the Model Conventions differ, they are largely equivalent. Their Commentaries guide interpretation, prevent inconsistencies, and allow flexible adaptation.⁶¹ Model tax conventions like the OECD Model Tax Convention are non-binding frameworks used as templates or guides for countries negotiating bilateral tax treaties, and they do not by themselves create legal obligations under international law. Only a specific bilateral treaty concluded, signed, and brought into force between two states is legally binding and sets enforceable rules on taxing specific income. The following analysis focuses on the Ukraine–United States treaty.

B. Overview of the United States–Ukraine Double Taxation Convention

The United States and Ukraine have an in-force bilateral double taxation treaty—the Convention between the Government of the United States of America and the Government of Ukraine for the Avoidance of Double Taxation and the Prevention of Fiscal Evasion with Respect to Taxes on Income and Capital (United States–Ukraine DTT)—which entered into force on January 1, 2001.⁶²

Although the United States usually follows its own Model Tax Convention,⁶³ the United States–Ukraine DTT is a hybrid. While it is structurally aligned with the U.S. Model, meaning its form, article layout, definitions and drafting style follow the U.S. template used in most of its treaties, its allocation of taxing rights resembles the UN Model. Specifically, it divides taxing powers between the contracting states, thus giving relatively broader source-country taxing rights (e.g., more room for

60. U.N. Department of Econ. & Soc. Affs., *New Revision of the UN Model Double Taxation Convention Adopted* (2011), <https://www.un.org/development/desa/en/news/administration/double-taxation-convention.html>.

61. OECD, *Model Tax Convention on Income and on Capital: Condensed Version 2017* (2017), https://doi.org/10.1787/mtc_cond-2017-en.

62. Internal Revenue Serv., *Convention Between the Government of the United States of America and the Government of Ukraine for the Avoidance of Double Taxation and the Prevention of Fiscal Evasion with Respect to Taxes on Income and Capital* (1994), <https://www.irs.gov/pub/irs-trty/ukrain.pdf>.

63. Internal Revenue Serv., *U.S. Model Income Tax Convention*, https://home.treasury.gov/system/files/131/Treaty-US-Model-2016_1.pdf (last visited Apr. 27, 2026).

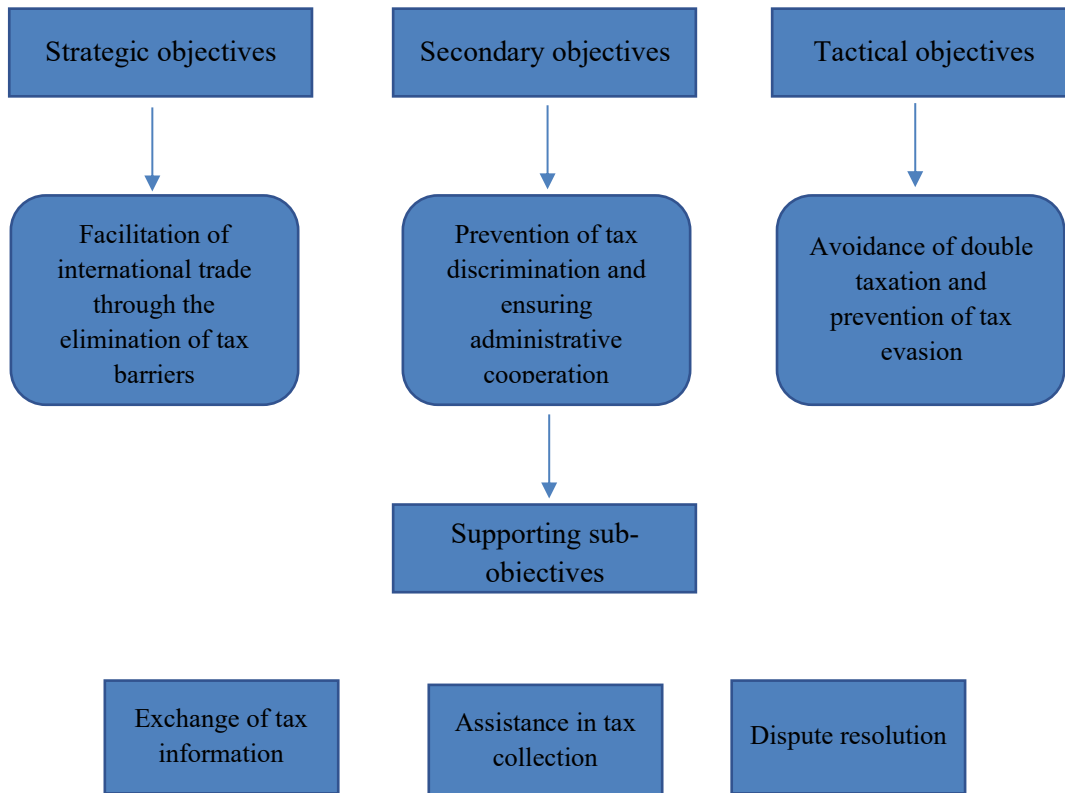
the country where the income arises to tax profits, dividends, interest, etc.) in a manner closer to the United Nations Model's emphasis on source taxation, rather than just residence-based taxation typical of the U.S. and OECD models.⁶⁴ It preserves the United States' right to tax its residents and citizens, provides that residents of a Contracting State who derive income from the other Contracting State are entitled under the Convention to relief from taxation in that other State, and includes a Limitation on Benefits (LOB) clause (Art. 22), which is designed to prevent treaty shopping by granting treaty benefits only for residents or entities with a genuine economic connection or substantial business purpose in one of the contracting states⁶⁵, as is typical of U.S. treaties. Overall, the United States–Ukraine DTT combines the formal structure of U.S. treaties with a UN-style allocation of taxing rights, blending residence-based and source-based taxation principles.

The objectives of double taxation treaties have been extensively analyzed by Brian J. Arnold, who developed a matrix of treaty objectives.⁶⁶ From the perspective of promoting cross-border investment, these objectives may be grouped as follows:

64. M. Lennard, *The UN Model Tax Convention as Compared with the OECD Model Tax Convention – Current Points of Difference and Recent Developments*, 15 Asia-Pac. Tax Bull. No. 1 (2009), <https://doi.org/10.59403/2ds8pmt>.

65. Internal Revenue Serv., *Treasury Department Technical Explanation of the Convention and Protocol Between the United States of America and Ukraine for the Avoidance of Double Taxation and the Prevention of Fiscal Evasion with Respect to Taxes on Income and Capital Signed at Washington on March 4, 1994* (1994), <https://www.irs.gov/pub/irs-trty/ukraine-te-1994.pdf>.

66. *Id.* at 44.



DTTs have a direct impact on investment, which can be summarized as follows:

- (a) Removal of tax barriers to international investment (i.e., the elimination of double taxation);
- (b) Certainty for taxpayers and stability of tax rules; and
- (c) Ensuring mutual interest of the parties in maintaining long-term trade and investment relations, as the treaties help establish a formula for allocating tax revenues arising from such activities between the parties.

DTTs encourage investment by preventing double taxation, ensuring legal certainty, and fostering long-term trade through agreed taxing rights. In the United States and Canada,⁶⁷ DTTs cover only federal taxes, meaning that benefits generally apply only at the national tax level and may not

67. *Id.* at 8.

protect against separate state or provincial taxation, which Ukrainian investors should note.

Overall, the United States–Ukraine DTT is a necessary tool for encouraging long-term capital inflows into Ukraine. But enhancing Ukraine’s investment appeal also requires domestic tax reforms to remove barriers and boost international trade, discussed below.

III. PROSPECTIVE TAX POLICY INSTRUMENTS AND REFORMS IN UKRAINE

A. Stability and Predictability of the Tax Framework

The Tax Code of Ukraine guarantees tax law stability: changes to taxes or rates must be made at least six months before a new budget period, and no changes can occur during the budget year.⁶⁸

B. Tax Consultation – Legal Guarantees for Foreign Investors

Ukrainian tax legislation provides two types of tax consultation:

1. Individual tax consultations are issued by the State Tax Service (STS) in response to a written request from a specific taxpayer regarding the application of tax legislation to their particular factual situation.

2. General tax consultations are issued by the Ministry of Finance of Ukraine and address recurring or systemic questions of tax law application that are broadly relevant to taxpayers. They are published on the official website of the Ministry of Finance⁶⁹ and are binding for the STS: the tax authority is obliged to apply legislation consistently with the positions set out in a general tax consultation and may not deviate from them in its enforcement activity.

Where a taxpayer acts in accordance with an individual or general tax consultation, there is an exemption from financial liability (i.e., fines and penalties), but additional tax assessments still may be charged if the approach on application of the legislation is changed.

C. Minimizing Administrative Burdens: Modernization of Tax Audit Procedures, Moratorium on Tax Audit for Newly Established

68. World Trade Organization, *The Tax Code of Ukraine*, WTO Doc. WT/ACC/UKR/88/LEG/3 (2001), https://www.wto.org/english/thewto_e/acc_e/ukr_e/wtaccukr88_leg_3.pdf.

69. Ministry of Finance of Ukraine, *Set of Summarizing Tax Consultations*, <https://mof.gov.ua/uk/set-of-summarizing-tax-consultations> (last visited Apr. 27, 2026).

Companies

Other barrier to foreign investment in Ukraine is the often adversarial character of the relationship between tax authorities and taxpayers. Reforming audit procedures may be further important step in its solution and improving Ukraine's investment climate.

Ukraine's National Revenue Strategy until 2030 explicitly addresses the modernization of tax audit practices. Planned measures to improve the organization and conduct of tax audits in Ukraine include strengthening the risk-based approach to audit selection by enhancing the accuracy of the current risk assessment system, expanding risk criteria and introducing systematic pre-audit analytical procedures, implementation of and expanding electronic audits (E-audit) based on the OECD Standard Audit File for Tax (SAF-T) (described in more detail in Section 3.11), the development of specialized software for automated data processing, the creation of analytical algorithms to identify risky transactions, digitalizing materials of factual audits to reduce time costs, improving audit outcomes through automation, and decreasing the influence of the human factor. Implementation on these initiatives is intended to improve the efficiency of tax audits and minimize cases of poorly targeted audits, which consequently reduce the administrative burden for taxpayers.

D. The "Diia City" Digital Economy Regime

The Diia.City legal regime is a key innovation in Ukraine's digital economy, offering 25 years of legal stability to support innovation and attract investment.⁷⁰ This long-term framework is intended to provide a predictable regulatory environment for technology-driven enterprises, fostering domestic innovation and attracting foreign investment. However, the current design of Diia.City does not extend these stability guarantees to tax legislation. This limitation introduces a degree of uncertainty for investors, particularly those engaged in long-term strategic planning, as changes in tax rules could materially affect expected returns.

Ukraine's National Revenue Strategy until 2030 prescribes revision of the investment incentive regimes to eliminate corporate profit tax exemptions. Instead, a new cost-based approach should be defined by introducing rules on full deduction of costs (instant depreciation).

E. Adaptation of Singapore (PC&DEI) Framework for Investment

70. On Stimulating the Development of the Digital Economy in Ukraine, Law of Ukraine No. 1667-IX (2021) (Ukr.), <https://zakon.rada.gov.ua/laws/show/1667-20?lang=en#Text>.

Promotion

Singapore uses preferential tax regimes to boost high-value activities.⁷¹ Under the PC&DEI model, projects with technological innovation, skilled staff, and profit reinvestment can get 5–15 years of tax exemptions. High-value manufacturing may enjoy 5–15% corporate tax for up to 10 years, extendable to 40.⁷²

For Ukraine, adopting a tailored adaptation of this framework could stimulate foreign high-tech investment, particularly in sectors that generate skilled employment and foster technological spillovers. These measures would not only attract foreign capital but also facilitate the transfer of knowledge and skills, supporting the long-term development of Ukraine's industrial and innovation ecosystems. By linking tax incentives to measurable performance metrics, policymakers can ensure that fiscal benefits translate into tangible economic outcomes, including job creation, revenue generation, and domestic capacity-building.

F. Commercialization of Intellectual Property Rights

Intellectual property (IP) commercialization is a pivotal instrument for attracting foreign investment and enhancing domestic innovation capacity. Tax policy can support this process through a combination of preferential measures. These may include: (a) application of a minimal corporate tax rate on IP assets created within Ukraine, provided that income derived from their sale originates from foreign markets; and (b) allowing companies to deduct research and development (R&D) expenditures from the corporate tax base.

Such measures have a dual impact. First, they reduce the effective tax burden on high-value, knowledge-intensive investments, making Ukraine more competitive relative to other emerging economies. Second, they incentivize domestic innovation and the generation of globally marketable IP, which contributes to export growth, technology transfer, and the development of specialized human capital. Empirical studies suggest that tax incentives for IP commercialization can substantially influence the location choices of multinational corporations, particularly in high-tech

71. Economic Expansion Incentives (Relief from Income Tax) Act 1967 (Sing.), <https://sso.agc.gov.sg/Act/EEIRITA1967>.

72. I.J. Mosquera Valderrama & M. Balharová, *Tax Incentives in Developing Countries: A Case Study — Singapore and Philippines*, United Nations University Series on Regionalism, in *Taxation, International Cooperation and The 2030 Sustainable Development Agenda* 119 (D. Lesage & W. Lips at al. eds., 2021), https://doi.org/10.1007/978-3-030-64857-2_7.

sectors, by lowering the cost of capital and enhancing the expected net return on investment.⁷³

G. *Qualified Refundable Tax Credits (QRTC) Mechanism*

Qualified Refundable Tax Credits (QRTCs) are a tool to attract foreign investment by granting a corporate income tax credit equal to a set percentage (usually 20–50%) of eligible investment costs over four to five years. They can apply either as sector-specific investment credits or to qualified project expenditures such as plant construction or research facilities.⁷⁴

Under the United States' Inflation Reduction Act (IRA), companies like Albemarle, Cummins, and Siemens Energy received significant credits to support clean-energy manufacturing facilities. Their credits amounted to millions of dollars in tax relief tied to capital investments in battery and electrical grid technology plants—boosting domestic manufacturing and creating jobs.⁷⁵

Eligibility criteria for QRTCs are generally tied to local production, job creation, and economic spillover effects. Importantly, this framework can also be extended to M&A transactions involving foreign investors acquiring shares in Ukrainian companies, thereby promoting both capital inflow and corporate restructuring aligned with national development priorities. By providing a structured and predictable tax incentive, QRTCs can reduce investment risk, encourage reinvestment of profits, and enhance the overall attractiveness of Ukraine as a destination for foreign direct investment.

H. *Tax Reliefs for Reinvestment of Profits in Ukraine*

A preferential regime designed to encourage the reinvestment of corporate profits within Ukraine can take the form of either a full exemption or a reduced withholding tax rate on repatriated income. Typically, these measures are contingent on a foreign investor refraining from dividend distributions for a defined period, ranging from two to five years.⁷⁶

73. Rachel Griffith, Helen Miller & Martin O'Connell, *Ownership of Intellectual Property and Corporate Taxation*, 112 J. Pub. Econ. 12 (2014), <https://doi.org/10.1016/j.jpubeco.2014.01.009>.

74. *Id.* at 33.

75. Reuters, *Albemarle, Cummins Receive Tax Credits Under Biden's Clean Energy Drive* (Apr. 19, 2024), <https://www.reuters.com/sustainability/sustainable-finance-reporting/albemarle-cummins-receive-tax-credits-under-bidens-clean-energy-drive-2024-04-19/>.

76. Tax Code of Ukraine: art. 170, para. 170.5, subpara. 170.5.5; Notice on Expanding the Scope of the Policy of Temporary Exemption from Withholding

This approach has several strategic advantages. It creates strong incentives for reinvestment in productive domestic activities, supports the accumulation of domestic capital, and reinforces long-term engagement with the Ukrainian economy. By reducing the immediate fiscal benefit of profit repatriation and emphasizing reinvestment, such a regime can stimulate sustainable growth, encourage the development of strategic sectors, and provide investors with predictable financial returns.

I. Exemption of Outbound Dividends to Foreign Parent Companies from Withholding Tax

Exempting outbound dividends to foreign parent companies from withholding tax represents a straightforward, highly effective mechanism for attracting foreign investment. By removing an immediate fiscal cost on profit repatriation, Ukraine can enhance its investment

competitiveness. At the same time, Ukraine already provides the possibility to reduce the withholding tax rate on dividends paid to non-residents under its network of double tax treaties, including the Convention between the United States and Ukraine, which provides application of lower tax rates compared to the domestic statutory rate.

However, it is essential that such exemptions are designed with robust safeguards to prevent abuse. Consistent with both OECD anti-avoidance standards, preferential rules should not apply where non-resident entities act merely as intermediaries or where the ultimate beneficial owners are Ukrainian residents. This ensures that the exemption serves its intended purposes: attracting foreign capital and investments and preventing treaty shopping or other forms of tax avoidance.

J. Reforming Controlled Foreign Corporation (CFC) Rules

Ukraine has introduced Controlled Foreign Company (CFC) rules that apply to Ukrainian tax residents—both legal entities and individuals—who meet the criteria of controllers of a CFC. While these rules represent an important step toward aligning Ukraine with international tax transparency standards, they still contain certain administrative and technical shortcomings.

Income Tax for Foreign Investors Directly Reinvesting Distributed Profits, State Council of the People's Republic of China (Dec. 31, 2018), https://www.gov.cn/zhengce/zhengceku/2018-12/31/content_5441290.htm; *Act of 15 February 1992 on Corporate Income Tax*, Dz.U. 1992 nr 21 poz. 86 (Pol.), https://isap.sejm.gov.pl/isap.nsf/download.xsp/WDU19920210086/U/D19920086_Lj.pdf; *Income Tax Act 1967* (Act 53), Inland Revenue Bd. of Malaysia, <https://phl.hasil.gov.my/pdf/pdfam/4544.pdf>.

Ukraine is actively working to improve its CFC framework, including through the implementation of the EU Anti-Tax Avoidance Directive (ATAD).⁷⁷ This process is expected to introduce clearer and more harmonized standards, including rules governing the loss of control status and the termination of CFC obligations.

K. Gradual Introduction of the Standard Audit File for Tax (SAF-T)

Ukraine is introducing a comprehensive Standard Audit File for Tax (SAF-T) system⁷⁸, and although the selected model is relatively complex (similar to the Romanian approach), most technical requirements can be automated with properly designed software solutions, thereby reducing the administrative burden on both taxpayers and the tax authority.⁷⁹

At the same time, Ukraine recognizes that several technical elements of the current SAF-T design require additional refinement to make the submission process more convenient for taxpayers.

IV. CONCLUSION

This study demonstrates that tax policy is a key instrument in shaping and deepening economic relations between Ukraine and the United States. The existing legal and institutional frameworks provide a strong foundation upon which a substantially deeper partnership can be built. The current level of trade and investment does not reflect its full potential, having a significant growth opportunity. The findings suggest that an effective tax policy must combine two complementary components: on the one hand, reducing administrative burdens while ensuring stability, transparency, and predictability of the tax system; on the other hand, implementing targeted financial incentives aimed at attracting investment and fostering innovation. In the context of a wartime economy and significant fiscal constraints, achieving a balance between investment attractiveness and fiscal sustainability is of critical importance.

The analysis of international approaches and bilateral instruments, particularly the double taxation treaty, confirms their important role in

77. Council Directive 2016/1164, *Laying Down Rules Against Tax Avoidance Practices That Directly Affect the Functioning of the Internal Market*, 2016 O.J. (L 193) 1, <https://eur-lex.europa.eu/eli/dir/2016/1164/oj/eng>; *Minfin Invites Public Discussion of the Draft Law on Implementation of Anti-Tax Avoidance Rules (ATAD)*, Ministry of Finance of Ukraine, <https://www.mof.gov.ua/uk/news/-5602> (last visited Apr. 29, 2026).

78. State Tax Service of Ukraine, *Introduction of the E-Audit: 34 Payers Submitted 261 Standard Audit Files (SAF-T UA) in the Test Mode* (2025), <https://www.tax.gov.ua/en/mass-media/news/904255.html>.

79. OECD, *OECD Economic Surveys: Romania 2026* (2026), <https://doi.org/10.1787/4844067e-en>.

reducing tax barriers, enhancing legal certainty, and promoting long-term economic cooperation. However, their effectiveness largely depends on the quality of the domestic tax environment.

The tax policy measures proposed in this paper, including the modernization of tax administration, the introduction of investment incentives (such as qualified refundable tax credits, reinvestment reliefs, and incentives for intellectual property development), and the adaptation of international best practices, have the potential to significantly improve Ukraine's competitiveness as a destination for foreign investment. It is essential that these instruments be implemented within a transparent, stable, and predictable tax framework.