



**Business
Ombudsman
Council**

Quarterly report

July 1–September 30,
2025

Report
focus: Tax
inspections
trends



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The abbreviations “BOC” and the “Council” are used throughout the text of the report to refer to the Business Ombudsman Council.

Companies, whose names are mentioned in the report, gave permission to disclose their names.



European Bank
for Reconstruction and Development

The Business Ombudsman Council is financed by the EU and from the Ukraine Stabilization and Sustainable Growth Multi-Donor Account (MDA) managed by the EBRD.



Austria



the Netherlands



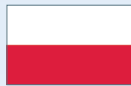
Denmark



Norway



Finland



Poland



France



Slovenia



Germany



Sweden



Italy



Switzerland



Japan



the United Kingdom



Latvia



the United States

Foreword



Roman Waschuk,
Business Ombudsman

As I look back while writing the last introduction to this last BOC Quarterly Report to be issued under my signature, forty-eight is a number to reckon with.

At the end of December 2025, it will have been 48 months since I took the helm as Business Ombudsman. Tumultuous, albeit risk-managed, months of pre-invasion tension, full-scale assault, heroic defence, precarious stabilization, entrepreneurial wartime early recovery, and constantly postponed hopes for peace and reconstruction.

Through it all, our BOC Team has rolled with the punches – and delivered some of its own! My immense respect goes out to those five of our colleagues who are serving Ukraine in various defence capacities. No less important has been the resilience of our remaining team, dedicated to securing positive and just outcomes for our complainants and stakeholders.

48 is also the percentage of complaints which, in this third quarter of 2025, relate to the work of the State Tax Service. Is that number a little or a lot? Compared with the last quarter of either 2021 (68% tax cases) or 2022 (79% tax cases), the current figure is a significant reduction that validates both the individual casework of our Investigative team, as well as the systemic impact of our own-initiative reports on key taxation issues.

The impact of our work is often not immediate (nor are we the only factor in pushing change). Nine months after the publication of our 2021 report on “How Business Can Seek Execution of Court Decisions in Ukraine”, the quarterly case count for unexecuted rulings stood at 184; forty-eight months later, it’s down to 11, a decrease of over 90%.

Nine months after the publication of our March 2023 investigation into the SMKOR VAT administration system, the quarterly VAT case count stood at 65. By this quarter in 2025, that number had dropped by more than half, to just 27.

The same observation on medium to long-term impact can be made concerning our December 2021 on “Abuses and Pressures Inflicted by Law Enforcers on Business”. With its publication initially overshadowed by the outbreak of full-scale hostilities, our criminal law experts kept grinding away at implementation, feeding key elements into Draft Law 12439 (now in second reading in late 2025), including an amendment into the Criminal Procedural Code to prevent repeat confiscations of business property.

Another part of our organization that is producing measurable results is our Policy and Recovery Team. Having successfully ramped up, their single yet sizeable case success in this quarter

moved the financial effect needle by UAH 2.2 billion (out of our near-record total of UAH 2.7 billion). With more cases of this magnitude and policy impact in the hopper, and the Ministry for Development of Regions and Territories of Ukraine incorporating BOC systemic recommendations into their reconstruction regulatory framework, our Supervisory Board and donor confidence in this first of its kind forward-looking innovation in the Ombudsman world is also being validated.

While it's gratifying to register progress, there is no denying that major challenges remain that bedevil Ukraine's business climate, both in the fiscal space and in terms of law enforcement.

While showing more openness to dialogue and the "Consult First" approach, the State Tax Service needs to do more to overcome the punitive organizational culture that continues to drive its approach to tax audits. The State Customs Service cannot yet break the habit of marking up customs value without reasonable justification, though we are succeeding in reversing some of these decisions on appeal. I was pleased to present the BOC's criteria for a good change manager to the Selection Committee searching for a new Head of Customs.

The continuing addiction of Ukraine's "power vertical" to politically-motivated prosecutions – ostensibly about anti-corruption, but really about instilling dependence and fear – is not only toxic to the country's international reputation, but also profoundly inimical to the horizontal and collaborative nature of Ukraine's business community and society at large. BOC is proud to partner with those institutions genuinely fighting graft and the unfair shadow economy, such as the newly-rebooted Economic Security Bureau (BEB). And we will continue to point out malfeasance where businesses and their owners are unjustly targeted.

All of these accomplishments and ongoing initiatives boil down to teamwork. Over the past 48 months, the BOC team and I have benefited from the support and understanding of the Supervisory Board, the EBRD operational team, partner Ministries and Agencies in the Government of Ukraine, our online and social media partners, and of course the in-house talent of our legal and professional staff.

In doing the job, submitting these reports, and trying to act on their implementation, I have learned a lot. I hope that you, our stakeholders, have learned, too, and will continue the fight for a free, fair, peaceful and prosperous Ukraine.

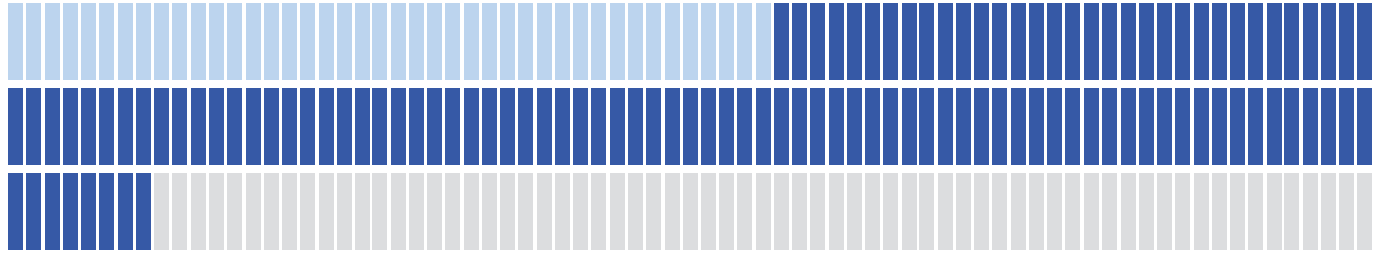


1. Q3 2025 in Review

1.1 Key performance indicators

In July-September 2025, the Business Ombudsman Council received

225 complaints



Closed

116 cases

Investigation of

67 cases
is ongoing.

The financial effect in Q3
2025 amounted to

UAH **2.7** bn

Cumulative financial effect
(since 2015) reached

UAH **31** bn

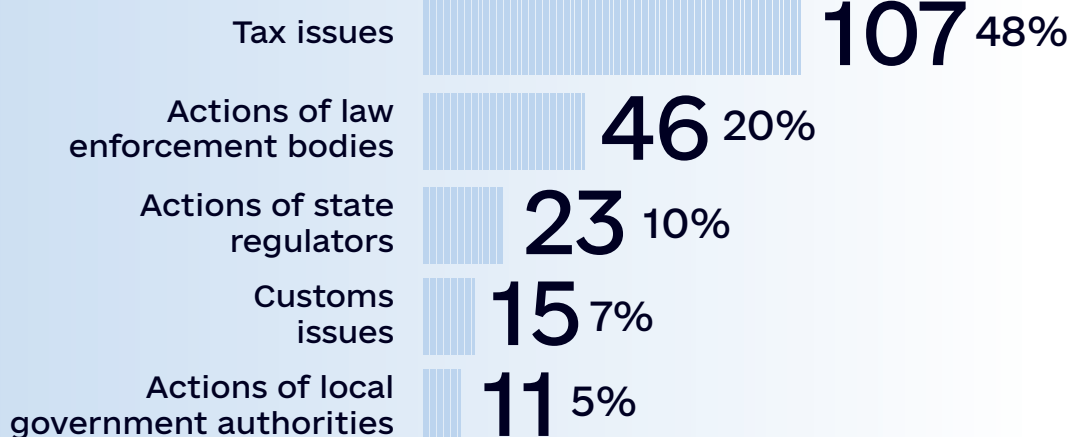
In Q3 2025, the complainants'
satisfaction level with BOC
services was

100%

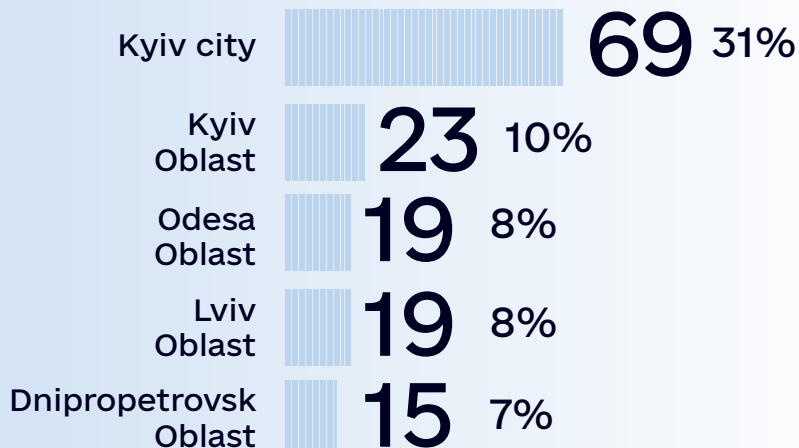
(based on answers provided
in feedback forms)



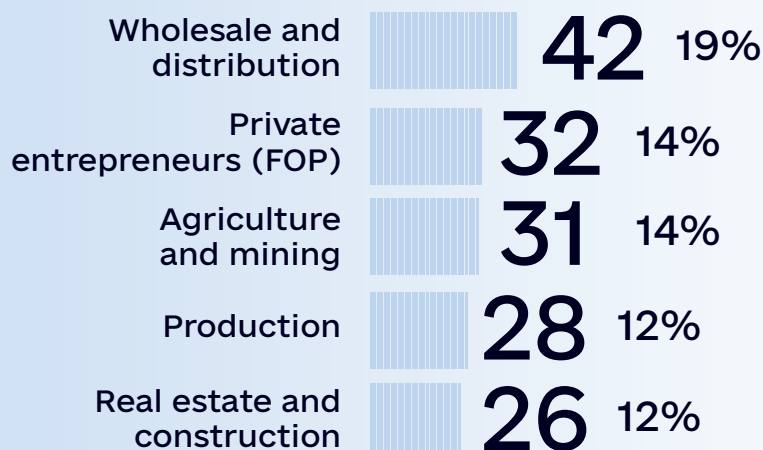
TOP-5 subjects of complaints



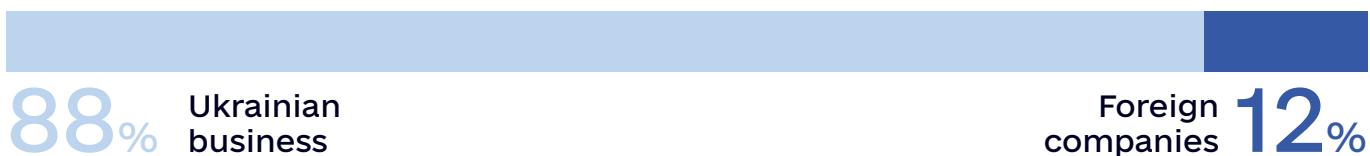
TOP-5 most active regions



TOP-5 industries



Origin of capital



Size of business



1.2 Volume and complaints trends

In July-September 2025,
BOC received

225 complaints

Tax Issues	107	Actions of local councils/ municipalities	11
Tax inspections	48	Local councils/municipalities – other	7
Tax other	20	Local councils/municipalities – landplots	3
VAT invoice systemic suspension	17	Local councils/municipalities – rules and permits	1
VAT invoice court decision	11		
VAT risky taxpayer	8	Legislation drafts/amendments	7
VAT refund	1	Deficiencies in regulatory framework – other	3
VAT electronic administration	1	Deficiencies in regulatory framework – tax	2
		Deficiencies in regulatory framework – customs	1
		Deficiencies in regulatory framework – state regulators	1
Actions of law enforcement bodies	46	Other	7
Bureau of Economic Security of Ukraine	15	Actions of state companies	3
Prosecutor's office – procedural abuse	8	State companies – abuse of authority	2
Prosecutor's office – inactivity	5	State companies – other	1
National Police – procedural abuse	4		
National Police – criminal case initiated	3	Actions of the Ministry of Justice	3
National Police – other	3	MinJustice – enforcement service	2
Prosecutor's office – other	2	MinJustice – registration department	1
Ministry of Internal Affairs – other	2		
National Police – inactivity	1	Courts actions	2
State Security Service – procedural abuse	1	Courts delayed – trial proceeding	1
State Security Service – inactivity	1	Courts other	1
National Bureau of Investigation of Ukraine	1		
		Permits and licenses export/import	1
Actions of state regulators	23		
Other state regulators	21		
National regulatory agencies – NBU inactivity	2		
Customs Issues	15		
Customs valuation	5		
Customs clearance delay/refusal	5		
Customs administrative proceedings	3		
Customs – other	2		

Tax Issues

In Q3 2025, complaints about tax authorities amounted to almost half of all appeals to the Business Ombudsman Council – 48%.

In absolute figures, this is one complaint fewer than in the previous quarter (108 appeals) and 58 fewer compared to Q3 2024 (165 appeals).

Over the past several quarters, there has been a noticeable decline in the total number of tax-related complaints filed by businesses.

Q3 2024	165	
Q4 2024	172	
Q1 2025	116	
Q2 2025	108	
Q3 2025	107	

A decline has been observed in the number of complaints related to issues with SMKOR (the System for Monitoring Tax Invoice Risk Criteria). In the reporting quarter, there were 36 such complaints.

The SMKOR category includes appeals concerning the blocking of tax invoices, refusal to consider data tables, failure to enforce court decisions regarding invoice registration, and inclusion in the list of risky taxpayers.

Between July and September, SMKOR-related complaints accounted for 34% (36 complaints) – 2 more than in Q2 2025 (34 complaints), but 67 fewer than in the same period of 2024 (62%).

This trend became possible due to a reduction in appeals concerning non-enforcement of court decisions on invoice registration and invoice blocking, as well as the enactment of amendments to legislation that increased several indicators for the unconditional registration of tax invoices (amendments to Cabinet of Ministers Resolution No. 1165 of 11.12.2019).

Changes in the SMKOR system began to take place, among other things, after the BOC conducted an own-initiative investigation on the subject.

Based on its results, the Council developed and submitted recommendations to the Ministry of Finance of Ukraine and the State Tax Service of Ukraine to improve the system's functioning.

For two years since the report's publication, the Council has been providing quarterly updates on observed system changes.

Progress in improving tax administration is covered on page 15-17 of this report.

The second most common category of business appeals to the Council concerns tax audits.

In the reporting quarter, they topped the list of tax-related complaints – 48 appeals, remaining at the same level Q2 2024 (48 complaints).

The Council dedicated its second own-initiative investigation to the issue of tax audits.

A special section on tax audits can be found on pages 18-23 of this quarterly report.

The other issues category included complaints regarding return of erroneously or excessively paid tax liabilities; non-enforcement of court decisions concerning the attachment of property in tax liens; refusal to register as a single tax payer; revocation of licenses for alcohol production; refusal to confirm tax residency status; and appeals against tax notifications-decisions determining real estate tax amounts.

The Council sees potential in introducing ADR mechanisms in the tax sphere.

The concept of tax mediation is currently being developed jointly by the Council's team and the State Tax Service of Ukraine.

Meanwhile, ongoing complaints continue to be resolved through regular monthly meetings of the Expert Group, involving the responsible departments of the State Tax Service.

Actions of law enforcement bodies

In the reporting quarter, the number of business complaints against law enforcement agencies increased. The Council received 46 complaints on this subject, accounting for 20% of all appeals. This represents 17 more complaints compared to Q2 2025 (29 complaints) and 5 more compared to Q3 2024 (41 complaints).

At the end of September, the Council held a meeting of the Expert Group jointly with the Prosecutor General's Office (PGO), resuming working contacts after the renewal of the PGO leadership. Following the meeting, both parties agreed to continue regular interaction and review of business-related issues, as provided for in the Memorandum of Partnership and Cooperation between the BOC and the PGO.

Between July and September 2025, entrepreneurs mostly complained about the initiation of criminal proceedings, including those based on analytical

materials, possible misconduct by law enforcement officers during investigative and procedural actions, delays in enforcing investigative judges' rulings on the return of property whose arrest had been lifted, and inaction by law enforcement agencies during investigations within criminal proceedings.

The number of complaints regarding the Bureau of Economic Security (BEB) increased from 5 in Q2 2024 to 15 in Q3 2025.

During the quarter, the Council received 4 such complaints for investigation and successfully closed one case.

However, half of the complaints concerning actions or inaction of the BEB received in Q3 2025 could not be accepted for review, as their subject matter was related to investigative actions authorized by the courts (limitations established by Clause 6.1.3 of the Council's Regulations).

Actions of state regulators

In the reporting quarter, the Council received 23 complaints regarding the actions of state regulators, accounting for 10% of all appeals.

The Council received 5 complaints for investigation and closed 9 cases.

The complaints concerned inspections by the State Labour Service of Ukraine; failure of State Labor Service to respond to a request for access to public information; imposition of a fine by the

State Service of Ukraine on Medicines and Drugs Control; and the inability to obtain financing for the restoration of assets destroyed during Russia's military aggression.

Additionally, in Q3 2025, the Council continued to work on complex systemic issues, including problems with the import of medical gauze and denials of permits for waste processing operations, which were described in more detail in the previous report.

Customs issues

In Q3 2025, the Council received 15 complaints on customs-related matters.

Their share has remained stable – at 7–9% depending on the quarter.

In this period, most customs complaints were evenly divided between two main categories: adjustment of customs value (5 complaints), and delays in customs clearance of goods at the border (5 complaints).

Other complaints received during the quarter included: results of customs inspections (1 complaint), and obstacles to applying reduced anti-dumping duty rates (1 complaint).

To resolve complex issues businesses face in interactions with customs authorities, the Council regularly holds Expert Group meetings with the State Customs Service of Ukraine.

During the reporting quarter, the parties discussed a number of business challenges related to customs clearance.

In particular, the Council continued to address difficulties in obtaining EUR.1 certificates for exported goods; obstacles in customs clearance of medical gauze in rolls as a medical product subject to a reduced VAT rate (7%); and issues related to the import of aromatic mixtures for meat products containing nutmeg, which includes the natural substance safrole, classified as a precursor.

This quarter, it was finally possible to enable the import of products containing natural safrole through amendments to the Cabinet of Ministers Resolution No. 770 of May 6, 2000, and administrative annulment of customs decisions refusing clearance.

Beyond discussing customs-related complaints within the framework of the Expert Group, the Council also assists entrepreneurs in pre-trial appeals of customs actions or decisions and facilitates communication between businesses and customs authorities to promote understanding and effective solutions.

Actions of local government authorities

Entrepreneurs submitted 11 complaints to the Council regarding the actions of local governments.

The complaints concerned the failure of local authorities to respond to applications about potential land

contamination with explosive objects; rejection of tender proposals for participation in public procurement; and enforcement of a court decision on compensation for property damage from the city budget.

1.3 Timeframe for preliminary review of complaints

In Q3 2025, the preliminary review of business complaints took an average of

13 working days.

1.4 Number of investigations conducted and grounds for dismissing complaints

In Q3 2025,
the BOC received

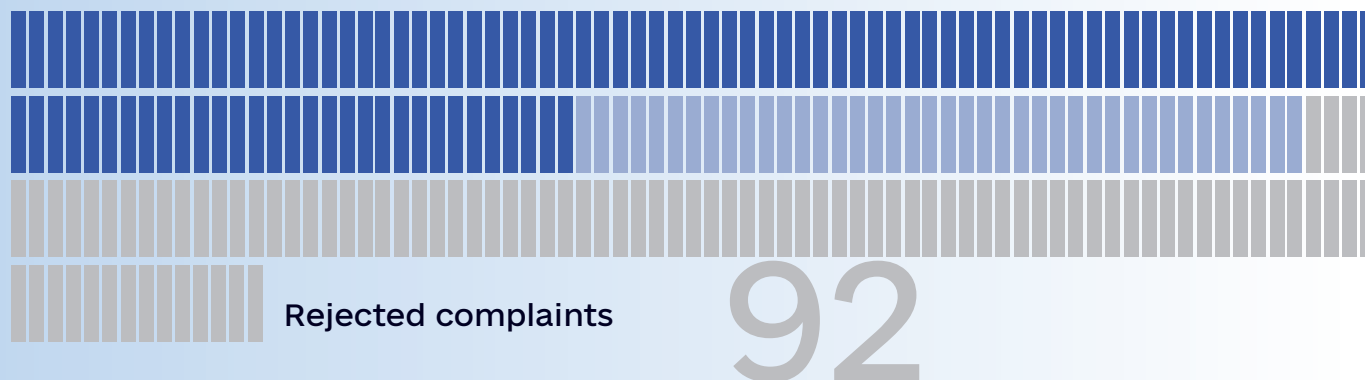
225 complaints

Investigations

116

Complaints in preliminary
assessment

40



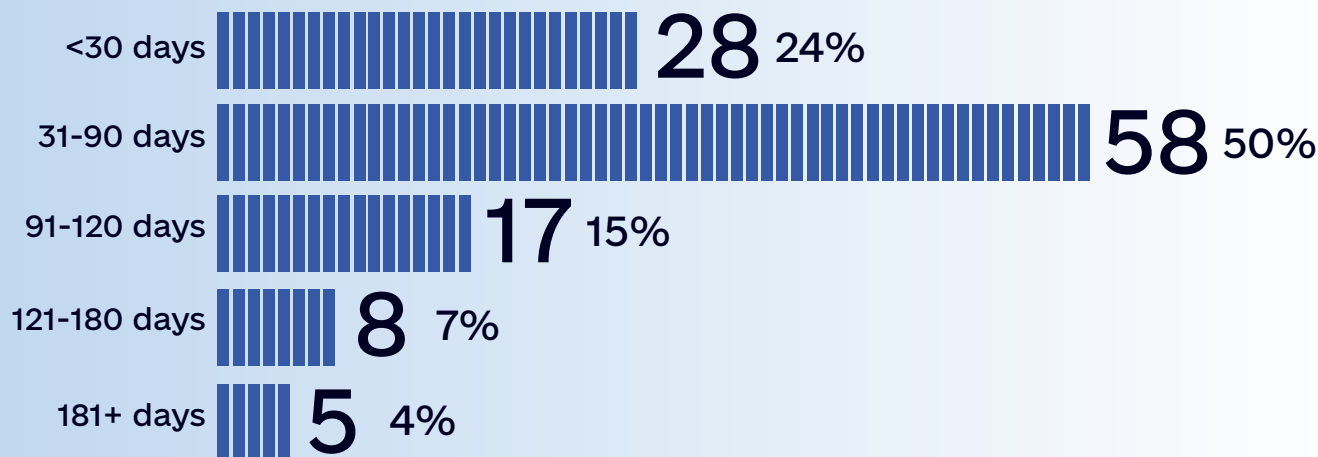
1.5 Main reasons for complaints dismissal in Q3 2025

Subject of the complaint is outside Business Ombudsman's competence	54
The complaint is ungrounded or other bodies/institutions already consider such a case	12
Complaints subject to any court or arbitral proceedings, or in respect of which a court, arbitral or similar type of decision was made	9
According to the Business Ombudsman, the complainant did not provide sufficient cooperation	8
Other circumstances in which the Business Ombudsman, at its sole discretion, determines that the review of the complaint is not necessary	3
An investigation of a similar case by the Business Ombudsman is pending or otherwise ongoing	2
A complaint relates to an issue that has already been addressed by the Business Ombudsman in his/her previous decisions	1
If the complainant requests the withdrawal of the complaint, the Business Ombudsman must terminate its review	1
A complaint submitted to the Council again after a decision on its rejection shall not be considered, except in cases where the complainant presents genuinely new circumstances or provides new facts or substantial evidence	1
Any submissions that do not contain complaints regarding misconduct, but instead constitute requests for clarification, other information, or documents, shall not be considered complaints and are not subject to review by the Business Ombudsman	1
Total	92

1.6 Timelines of conducting investigations

The average duration of investigation was **70 days** which is 20 days less than the deadline set by the Rules of Procedure.

Ration of closed cases by days



We processed **74%** of all closed cases within 90 days in Q3 2025, thus meeting the requirements of the BOC's Rules of Procedure.

Thank you to the Business Ombudsman Council for the support!

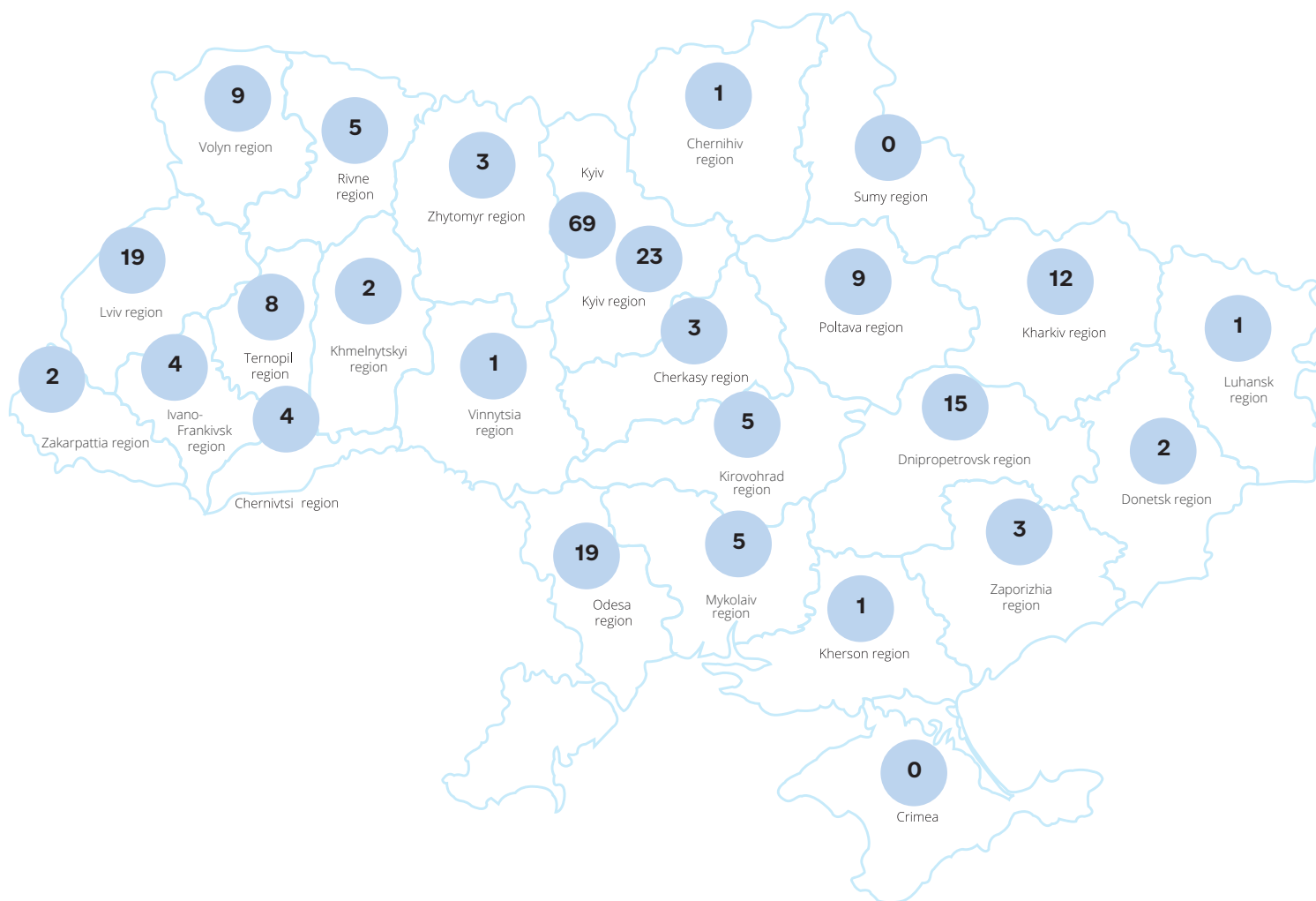
It is very nice to know that businesses can rely on the Council's help in challenging situations and also celebrate successful cases together, as they bring strength and positive expectations for the future.

That is why we sincerely hope that our joint achievement – in the form of the pre-trial resolution of this case and the change in approach by the State Employment Service (SES) as a whole to such situations – will also help dozens / hundreds, of other entrepreneurs across the country (participants of the first wave) avoid becoming victims of unlawful actions and inconsistent behavior by officials of regional SES offices.

Such unlawful actions by officials indeed undermine trust and willingness to take advantage of this excellent state program supporting entrepreneurship.

Complainant's representative

1.7 Complaints' portrait



Origin of capital

88% Ukrainian business

Foreign business **12%**

The majority of complaints to the BOC come from Ukrainian companies – 88%. The share of complaints from foreign businesses in Q3 2025 amounted to 12%.

Size of business

30% Large

SMEs **70%**

Traditionally, more than half of the complaints submitted to the Business Ombudsman Council are received from representatives of small and medium-sized enterprises (SMEs).

In Q3 2025, SMEs accounted for 70% of all appeals, while large businesses made up 30%.

2. Problems in the VAT system: monitoring the implementation of recommendations by state bodies based on our own-initiative investigation results

The Business Ombudsman Council keeps a close eye on changes in the VAT administration system and regularly meets with the Ministry of Finance and the State Tax Service to discuss ways to improve VAT administration and build trust between fiscal authorities and business. Such interaction responds to the high social and economic demand for transparent, fair and predictable VAT administration that does not create unnecessary obstacles for bona fide taxpayers.

The Council formulates its proposals for improving the tax system in reports based on its own-initiative investigations results. In particular, by examining problems in the [SMKOR](#) functioning (2023) and [tax inspection](#) system (2024),

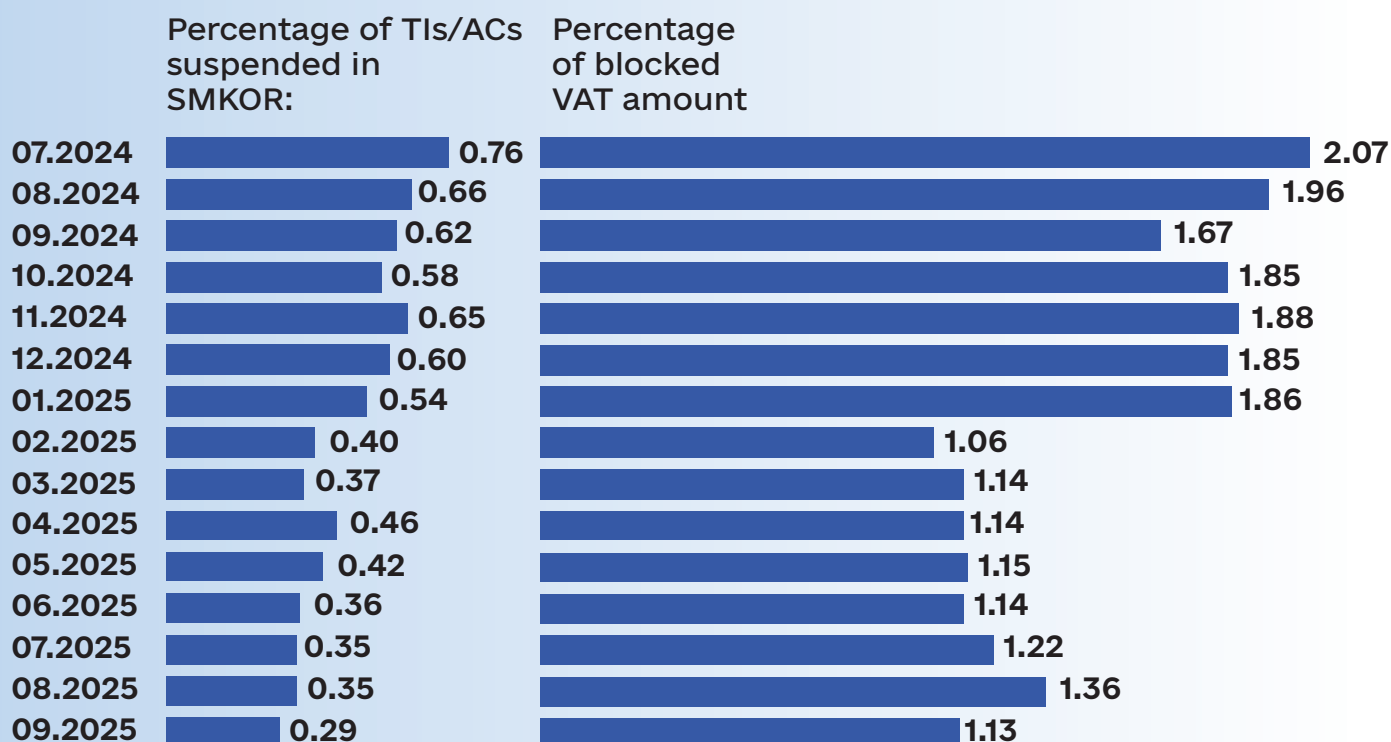
the Council identified a number of shortcomings in tax administration and emphasized the need to ensure real tax fairness and restore business trust in tax authorities.



Following the results of its own-initiative investigation into the SMKOR operation, the Council provided a number of recommendations to state bodies. In particular, they concerned:

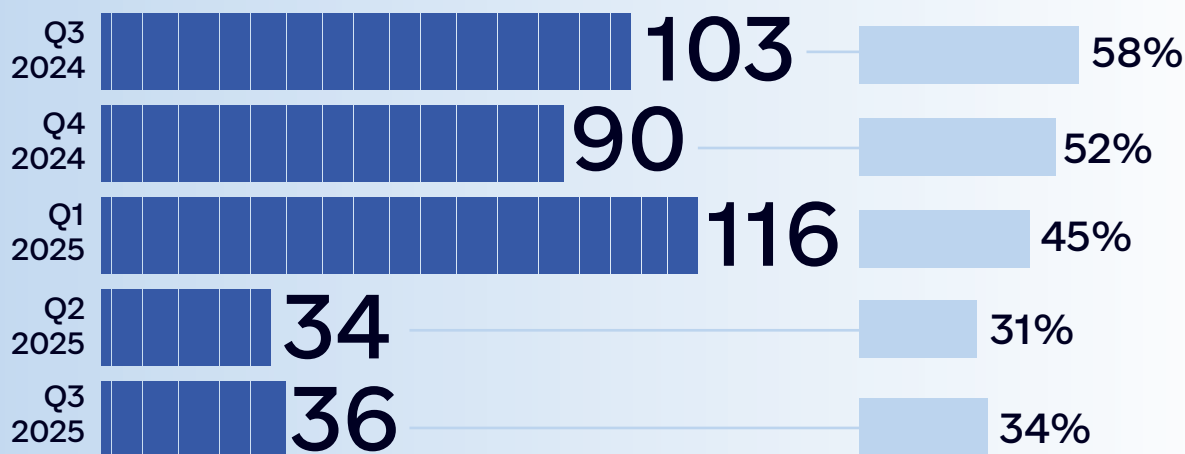
- introducing the administrative appeal against decisions on riskiness of taxpayers;
- reviewing approaches to accepting data tables;
- improving the system analytical functions and its adaptation to changes in legislation;
- improving forms of decisions on riskiness of payers and non-acceptance of data tables;
- expanding the positive tax history indicators list;
- creating regional communication platforms for discussing problematic issues;
- involving parliament in discussing business proposals and receiving feedback.

Dynamics of TIs/ACs registration suspensions and blocked VAT amount



According to statistics received from the State Tax Service, the Council observes a stabilization trend of tax invoices suspension. This may indicate a gradual leveling of the control process and a decrease in cases of unlawful suspensions having a positive impact on the business climate and trust in the tax system.

Dynamics of SMKOR-related business complaints in 2024-2025



The dynamics of SMKOR business complaints received has shown a decrease in the number of complaints about tax invoices suspension since the beginning of 2025. Thus, their proportion dropped from 52% to 34% in the Q3 2025 compared to 58% in the same quarter of 2024. SMKOR-related complaints decreased in annual terms by two thirds compared to Q3 2024.

The Council reminds the State Tax Service of Ukraine of current SMKOR recommendations

- Intermediate stages before applying adverse consequences to payers
- Riskiness of the payer: transparency, proportionality, effectiveness of procedures
- Adjustment of administrative practice taking into account court decisions
- Availability of data on key indicators
- A balanced attitude towards taxpayers and adherence to the principles of good governance

The Council openly offers the State Tax Service of Ukraine expert and advisory assistance on changes in tax administration and the implementation of the “Consult First” principles in order to improve the interaction of taxpayers with the tax service and improve trust between them.



We would like to sincerely thank you and the entire team of the Business Ombudsman Council for the attention, support, and high level of professionalism you demonstrated by accepting our appeal regarding the non-fulfillment of financial obligations by the Ministry of Internal Affairs of Ukraine.

We deeply appreciate the principled position with which your Council protects the interests of businesses, especially in matters related to the post-war recovery of the country. We are especially grateful to the investigator who is handling our case with exceptional carefulness and responsibility. Her competence and responsiveness are truly admirable.

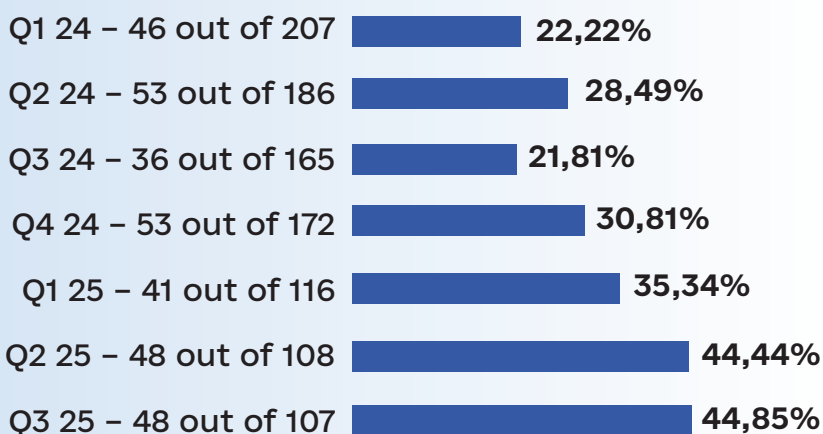
We are convinced that your support plays a crucial role in restoring the trust of international partners in Ukraine's business environment, and it contributes to attracting new investments for the country's recovery.

Once again, we sincerely thank you for your assistance and look forward to the further progress of our case.

Consulting company

3. Report focus: Tax inspections trends

The Business Ombudsman Council continues observing a downward trend in the number of business appeals on tax issues, while recording a gradual increase in the share of complaints related to tax inspections.



Therefore, the Council pays special attention to tax inspection issues and monitors the status of implementation of recommendations set out in the report based on our own-initiative investigation results. “Tax Inspections: Rebuilding Tax Trust by Dropping the Presumption of Bad Faith”. During the reporting quarter, the Council noted some progress in implementing recommendations, especially the implementation of “Consult First” approach.

Consult First

Transparency and openness of data through KPIs

Trust level assessment

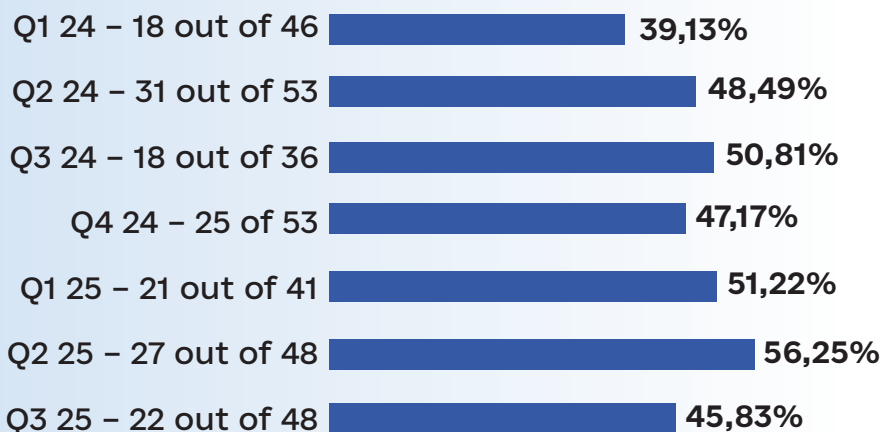
Considering judicial system realities

Fair and reasonable administration

Mandatory legal assessment of conclusions of reports

Spot improvements

The BOC also observes a consistent fluctuation towards an increase in the share of complaints about inspections from large taxpayers:



A shift towards an increasing focus on large taxpayers, which is evident in business appeals, prompted the Council to participate in a joint event with the Ukrainian Network of Integrity and Compliance (UNIC) on the topic “Compliance and Tax and Customs Regulation: the Path to Trust and Transparency” (July 2025), which was joined by the State Tax Service of Ukraine.

During the discussion, the business community and government jointly considered the issue of tax integrity and the possibility of creating incentives to promote integrity. It urged the Council to further reflect on the tax compliance level that can be considered sufficient, as well as on whether the level of inspections among large taxpayers is consistent with a risk-based approach.

By industry structure, the majority of tax audit requests this quarter concerned the following industries:

- production – 18.75%,
- agriculture and mining – 14.58%,
- wholesale trade, real estate and construction - 10.42% each.

Regionally, about half of appeals to the Business Ombudsman Council traditionally come from businesses in Kyiv and Kyiv Oblast (47.92% in Q3 2025).

It is noteworthy that in Kyiv region, due to liquidation of Kyiv City Administrative District Court, there are significant complications with the duration of court proceedings delaying coordination of tax audits findings in cases with multi-million VAT reassessments or amounts to be refunded. The BOC’s recommendations on options for resolving the situation remain relevant in the reporting quarter. The Council continued working with the State Tax Service of Ukraine on the implementation of tax dispute alternative resolution tools.

Although some of moratoriums on inspections are still in effect (those introduced in 2022 and later by the National Security and Defense Council of Ukraine decision of July 21, 2025), inspections are ongoing and cover a wide range of issues.

Problematic aspects of tax inspections in taxpayers' complaints

The Council receives **complaints** about **multi-episode inspections**, findings of which result in reports sometimes exceeding 100 pages and dozens of tax notices that need careful analysis.

Alongside that, **tax audits often cover wider periods of time** (up to seven years), due to Covid and war moratoriums, thus increasing the amount of work in processing primary documents.

Supporting a single tax audit and administrative appeal procedure requires significant resources and time from all parties – businesses, tax authorities (both regional and central level), and the Council itself.

During inspections, many issues are raised, both quite common ones that have already been assessed in courts on numerous occasions and on which the position of the Supreme Court is mandatory to take into account, and new ones.

One of the new areas has become fines for failure to issue fiscal slips when sending goods via Nova Poshta on cash on delivery terms. According to individual business appeals to the Business Ombudsman Council, the amount of such fines has already reached about UAH 20 million, which is due to application of sanctions in the amount of 100–150% of all settlement transactions carried out via the NovaPay system over a long period.

The appropriateness and proportionality of such sanctions raise reasonable questions, especially when it comes to non-cash transactions, for which taxes are paid and concealment of income is obviously impossible.

The BOC highlighted its views on legality and fairness of such fine practices, both during individual complaints consideration and during a number of public events and discussions. The Council hopes that the Supreme Court's practice will help put an end to this issue and contribute to establishing legal, fair and proportionate approaches to applying sanctions.

The BOC also continues to observe that, as a result of tax audits of businesses, significant amounts are often added, sometimes over UAH 100 million per audit report.

In most cases, businesses use the administrative appeal procedure, which the Council also joins in. In the third quarter of 2025, the Council managed to achieve a successful outcome for complainants for a total of **UAH 425 mn in canceled tax reassessments under tax notices**.

The Council is convinced of the importance of the administrative appeal procedure effective functioning, where the highest supervisory authority provides final certainty on disputed issues, and also helps prevent disputes that are unlikely to have a judicial perspective.

Follow-up inspections after the administrative appeal procedure

In its practice, the Council records cases when, after an administrative appeal and of tax reassessments cancellation, the issue is sent for further review under para 78.1.12 of Article 78 of the Tax Code, which often ends up with the

same opinion. In Q3 2025, a case was even recorded when, as a result of an administrative appeal, the same issue was sent for further review four times in a row.

Such a “closed loop” in procedures creates an excessive burden on businesses, tax authorities, and even the Council, increasing time and resources spent.

In the BOC’s view, it is expedient **to invigilate follow-up inspection institution application effectiveness** under para 78.1.12 of Article 78 of the Tax Code through analyzing disciplinary proceedings launched and assessing their effectiveness.

After the administrative appeal is complete, a significant portion of reassessments based on tax audits findings still end up in courts resulting in lengthy coordination of audit results and hinders strategic planning of both business and the state.

The BOC will continue paying close attention to tax inspection issues, monitoring the implementation of recommendations published in its own-initiative investigation report results and promote implementation of integrity, proportionality, and fairness principles in tax administration.

Current cases

With the BOC’s facilitation, the STS cancels tax notifications-decisions totalling over UAH 120 mn

A Ukrainian company belonging to a well-known international group engaged in the production and sale of pharmaceuticals, healthcare products, and household goods submitted a complaint to the Business Ombudsman Council regarding the results of a tax audit.

According to the tax authority, the company overstated the amount of VAT subject to budgetary reimbursement and the tax credit carried forward to subsequent periods by a total amount exceeding UAH 120 mn.

The tax authority’s claims concerned the company’s purchase of advertising and marketing services in pharmacy chains. The tax officials insisted that the advertising was carried out for trademarks owned by a non-resident and that the marketing services were not substantiated, since no photo evidence was provided and the activities were allegedly not aimed at generating the company’s income.

During the complaint review involving representatives of the State Tax Service of Ukraine (STS), the company, and the Business Ombudsman Council, the Council supported the company’s position and emphasized that the company had provided a complete set of primary documents confirming that the advertising referred specifically to the products rather than to trademarks.

The Council also noted that the legislation does not require photo documentation of marketing services, and that the effectiveness of advertising and marketing activities is by nature delayed – it does not necessarily result in an immediate increase in sales or revenue. The Council set out these arguments in detail in its official letter to the STS of Ukraine.

Following the review, the STS of Ukraine took into account the company’s position, supported by the Council, and cancelled the tax notifications-decisions totalling over UAH 120 mn.

Council helps leading wood-based panel manufacturer cancel nearly UAH 40 mn in tax and penalties

The company, which is part of an international group and a leading manufacturer of wood-based panels, filed a complaint with the Council regarding tax assessments totaling nearly UAH 40 mn.

The tax authority disputed the company's application of reduced withholding tax rates under the Double Taxation Avoidance Convention with Cyprus concerning the payment of interest on a loan. The tax authority argued that the Cypriot company receiving the income was not the beneficial owner of such income, as it allegedly did not have the right to further dispose of it.

The Council participated in the company's appeal before the State Tax Service of Ukraine and supported

the company's position, noting that the company had provided sufficient evidence of the Cypriot entity's tax residency and of its active business operations and economic presence in Cyprus.

The Council also pointed out that financial statements and auditors' reports supporting the company's position were available but had not been taken into account during the audit. These arguments were detailed by the Council in an official letter to the State Tax Service of Ukraine.

As a result, the State Tax Service of Ukraine accepted the company's position, supported by the Council, and canceled the additional tax assessments and penalties totaling nearly UAH 40 mn.

With the Council's assistance, a well-known passenger car brand distributor, succeeds in having tax assessments totaling UAH 100 mn canceled through an administrative procedure

An official distributor of a well-known passenger car brand filed a complaint with the Council regarding the results of a tax audit.

The tax authority concluded that the distributor had overstated the amount of VAT carried forward to the tax credit of subsequent periods and imposed penalties for failing to register tax invoices in the Unified Register of Tax Invoices.

The tax authority argued that the storage agreements concluded by the distributor with dealers were, in fact, commission agreements. Therefore, according to the tax authority, the distributor should have recognized tax liabilities on the date the cars were transferred to the dealers' warehouses.

The Council established that the company imports cars and transfers

them to dealers under responsible storage agreements, while the company sells the cars with VAT applied in the ordinary course. In turn, the dealers sell the cars to consumers independently and at their own expense, with the company providing certain support, including marketing and service assistance.

During the complaint review, which involved representatives of the State Tax Service of Ukraine, the company, and the Business Ombudsman Council, the Council's investigators supported the company's position and emphasized that the responsible storage agreements concluded by the distributor did not bear the characteristics of commission agreements. The transactions were not performed at the distributor's expense, the dealers did not receive any commission fees, and the distributor did

not retain ownership of the vehicles. The Council also presented these arguments in an official letter to the State Tax Service of Ukraine.

As a result, the State Tax Service of Ukraine accepted the company's position, supported by the Council, and canceled the additional tax assessments and penalties totaling nearly UAH 100 mn. and fines totaling almost UAH 100 mn.

Well-known producer of plant protection products and seeds faces fourth consecutive referral for re-audit

A company that is one of the leading producers of plant protection products and seeds turned to the Business Ombudsman Council regarding the tax authority's claims about the accounting of retro discounts. As a result of these claims, the tax authority concluded that the company had overstated the amount of budgetary VAT refund by UAH 67 mn and imposed an additional UAH 17 mn fine.

This was not the first time the company had approached the Council with this issue. Previously, after applying for a VAT refund, the results of a documentary audit were successfully appealed to the regional tax authority through the objection procedure, which led to a repeat (second) audit being ordered. Later, with the Council's involvement, the results of this second tax audit were successfully appealed in the administrative appeal procedure to the State Tax Service of Ukraine (STS), which again overturned the tax authority's conclusions and ordered yet another (third) audit.

Thus, in Q3 2025, the Council once again reviewed the company's complaint regarding the third tax audit. The Council prepared an official letter in support of the complainant's position and participated in the consideration of the complaint by the STS.

The Council once again noted the poor quality of the materials of the repeated tax audit and emphasized the uncertainty in which the company was forced to operate regarding the correct provision and accounting of retro discounts, which are an essential part of business processes and the functioning of the agricultural market.

The results of the repeated (third) audit were again overturned by the STS of Ukraine. The case was once more (for the fourth time) referred for a new audit.

The Council discussed the company's situation with the STS of Ukraine within the framework of the Expert Group and asked that it be taken into account that multiple repeated audits on the same issue do not comply with the principles of good governance and legal certainty and constitute an excessive administrative burden for the taxpayer.

The Council proposed involving its mediators in the process of conducting the fourth audit of the company to facilitate communication between the taxpayer and the tax authority. However, this idea was rejected due to the absence of corresponding legal grounds in the Tax Code of Ukraine.

4. Administrative procedure: implementation of Law on Administrative Procedure (LAP)

The Business Ombudsman Council is actively involved in the process of implementing the Law of Ukraine “On the Administrative Procedure” (LAP). For many years, the Council has consistently advocated for its adoption as a key step towards formation of transparent and predictable relations between the state, citizens and business, and ensuring an effective administrative appeal mechanism.

Presently, the Council participates in practical implementation of the law through helping authorities implement its provisions, arranging training events for officials and business representatives, and developing practical recommendations.

The Framework Law on the Administrative Procedure is designed to make the activities of state and local government authorities more unified, open and easy to understand. Its implementation creates effective

mechanisms for businesses for pre-trial appeal of decisions, actions or omission of government bodies, contributes to building trust in public administration and improving the quality of interaction between the state, citizens and entrepreneurs.

The Council is working on implementing LAP in partnership with experts from the EU-funded EU4PAR2 project. Jointly with them and the Lviv City Council (LCC), the BOC launched the pilot project “Lviv: implementation”.

The goal

The project aims to improve the public administration system at the local level by consistently implementing the requirements of the Law on Administrative Procedure into the work of the Lviv City Council, as well as to raise awareness of pre-trial alternative dispute resolution mechanisms.

The main areas of cooperation include:

- improving the practice of issuing administrative acts;
- introducing an effective administrative appeal procedure;
- promoting pre-trial dispute settlement and reducing administrative pressure on business;
- raising awareness of alternative dispute resolution mechanisms, including mediation.

In the reporting quarter

The Council, jointly with EU4PAR2 and the LCC, held a series of meetings during which it examined in detail the areas in which the largest number of negative and aggravating decisions were generated. These were urban planning, landscaping, outdoor advertising, and land relations.

After processing the statistical information, the Council moves on to the next stages of the project, which include developing and conducting training on the LAP, as well as creating a City Commission for Reviewing Complaints.

Next quarter

The Council will work on modeling the work of the Complaint Commission for further discussion with LCC and experts.

Also, in October, BOC investigators are going to participate in the III School of Administrative Procedure with a speech on how the LAP works for business. In November, an induction training for LCC employees on applying the LAP is planned. By the end of 2025, in cooperation with the Entrepreneurship

and Export Promotion Office, the Council will hold the first webinar for business on the operation of the Law on the Administrative Procedure and its application opportunities by business entities.

We will tell you more about the progress and results of the Lviv LAP project implementation and thematic educational events in the next quarterly report.



5. From analytics to action:

how Business Ombudsman Council systemic recommendations shape approaches to Ukraine's recovery

Ukraine's recovery processes began with eliminating the first consequences of the full-scale russian troops invasion of Ukraine. Despite its involvement in all recovery processes, the Council launched full-scale work of the relevant Policy & Recovery Unit only in September 2024, and the first developments of the team were devoted to systemic challenges. Critical infrastructure – energy, transport, social facilities lies at the core of this process. The viability of the economy, business confidence, and restoration of normal life in communities depend on how coordinated, open, and fast reconstruction projects are implemented.

In its systemic report *Challenges in Protecting and Restoring Critical Infrastructure Through Private Sector Engagement*, the Business Ombudsman Council identified the primary barriers inhibiting and creating obstacles to implementing relevant projects. The spectrum of “hot” issues concerns both legal certainty in the field of critical infrastructure construction (at the time of the report preparation), as well as fragmentation and opacity of procurement, an imperfect public-private partnership system, and legal and institutional mechanisms

restrictions for involving the private sector in restoration processes.

Formed by the Council, together with business representatives and the expert community, the systemic recommendations are gradually being embedded into key decisions of the Government and Parliament with a real impact on business environment and economic processes. Below are four recommendations of the Business Ombudsman Council, the implementation of which has already demonstrated its effect on the private sector restoration and development.

1. Addressing issues related to critical infrastructure construction and protection

One of the first pressing issues that the Council drew attention to in its report was the lack of a stable regulatory framework for the rapid fuel and energy sector critical infrastructure facilities construction, reconstruction and repair. For a long time, these works

were carried out under an experimental project (CMU Resolution No. 1482 of December 27, 2022), which was temporary in nature and left contracting companies in a state of legal uncertainty after its expiration.

Example: Legal uncertainty regarding the implementation of critical infrastructure restoration projects

One of the largest construction companies in Ukraine filed a complaint with the Business Ombudsman Council, in which, among other things, it raised the issue of legal uncertainty regarding the implementation of such projects in the future. The problem was that state programs for the construction and strengthening of critical infrastructure facilities operated based on temporary government decrees, the term of which expired at the end of 2024. After that, contractors actually had no legal mechanism in place to continue operation – no clearly defined procedure for approving projects, no financing guarantees, no rules for concluding contracts. It created a situation where businesses, even having technical capabilities and resources to participate in the restoration, could not confidently plan their activities, conclude long-term agreements, or invest in production facilities. The lack of a stable regulatory framework led to delays in implementing important infrastructure projects and reduced the interest of private companies in cooperating with the state.

In its recommendations, the Council insisted on the need to create a permanent legal mechanism that would ensure transparent and predictable conditions for implementing such projects. The Council and the market were heard and this position was taken into account when adopting the Decree of the Cabinet of Ministers of Ukraine No. 142 of February 7, 2025, which expanded the legal regulation of work on critical infrastructure facilities. The document introduced a comprehensive procedure for construction, reconstruction, overhaul and engineering and technical protection measures, laying down the legal basis for long-term investments in restoration. For businesses, this means the emergence of a predictable and protected regulatory field where it is possible to conclude multi-year contracts, forecast financial flows and

avoid delays due to uncertainty or contradictions in legislation. Companies received clear rules reducing the risks of inspections and allowing them to act confidently even in difficult conditions of martial law. The legal regime steadiness also stimulates the inflow of investments into the construction and energy sectors, expands opportunities for international contractors and suppliers participation, thus increasing the competition level, the quality of work, as well as technological level implementation.

Thus, the Council's recommendation implementation contributed to creating a stable legal environment in which energy facilities and transport routes restoration becomes not only a technical process, but a driver of business activity, boosting the country's economic stability.

2. Centralized Procurement Organization (CPO) at the Restoration Agency

Fragmentation and lack of transparency in procurement in the reconstruction sector were among the most burning issues identified by the Council in the report. Clients conducted tenders

independently, often without uniform requirements and standards reducing competition, increasing risks of abuse and discouraged businesses from participating in projects.

Example: Almost 97% of procurements without competition – lack of coordination between customers and weak competition

In 2024, over 134,000 procurements in the “Construction Works and Current Repairs” category (covering most restoration activities) were completed through Prozorro system for the amount of UAH 271.6 bn. Of these, 96.6% of procurements (about UAH 224 bn) took place with only one participant, i.e. without competition. Meanwhile, only 300 procedures (for the amount of UAH 2.2 bn) provided for the participation of five or more companies – that is, real competition¹. Analysts also recorded a massive fragmentation of procurements: about 12,000 procedures were carried out for amounts of UAH 190–200k – i.e., on the verge of the threshold below which it is allowed to avoid open bidding. There are 27 times such procurements more than with an amount slightly above the threshold (UAH 200–210k). It shows that some customers deliberately “split” large volumes into small to avoid competitive procedures.

Conclusion: This example clearly shows that in the absence of coordination between customers and uniform procurement standards, competition practically disappears, and market prices do not go down.

The Business Ombudsman Council recommended the creation of a centralized procurement organization in the reconstruction field, which would ensure unity of approaches, transparency of procedures and professionalization of procurement. This recommendation was implemented: the Government of Ukraine adopted the Decree No. 362 of April 1, 2025, which established the Centralized Procurement Organization in the field of management of the State Agency for the Restoration and Development of Infrastructure of Ukraine. In accordance with this decree, the Centralized Procurement Organization carries out procurement for the needs of infrastructure reconstruction, holds open tenders and concludes framework agreements, ensuring transparency and effectiveness of public funds use. In May 2025, the Agency approved the Centralized Procurement Organization Corporate Governance Concept determining the supervisory board structure, and reporting and control mechanisms. The Centralized Procurement Organization creates unified procurement standards, forms a professional team of purchasers,

unifies documentation and pricing. This model significantly increases the predictability of procedures, reduces costs of the state and business for preparing tenders, and opens the way for participation of small and medium-sized business, as well as international suppliers.

For business, it means forming an open, competitive recovery market, where decisions are made based on professional criteria rather than subjective agreements. Trust in bidding results increases, the administrative burden is reduced, while opportunities and partnerships market for Ukrainian and foreign companies expand. For the state, it means strengthening the ability to implement large-scale infrastructure programs, increasing cost efficiency and donor trust. Centralization of procurement shapes common goalposts of the game, increases accountability, and creates prerequisites for long-term reconstruction planning. In a broader sense, introducing the CPO has become an example of institutional development – when recovery field reforms create a new quality of interaction between the state, business,

¹ <https://epravda.com.ua/finances/torik-mayzhe-usi-publichni-zakupivli-na-vidnovlennya-proyshli-bez-konkurenciji-803134/>

and society, based on transparency, professionalism, and trust. Centralization of procurement transforms a fragmented system into a structured, transparent mechanism capable of providing large-scale recovery programs.

The Business Ombudsman Council is currently finalizing preparation of an analytical note “Centralized Procurement

Organization – New Approaches to Procurement Related to Recovery Issues” analyzing the CPO model in detail and providing recommendations for improving its effectiveness. The presentation of the document will take place in the nearest future.

3. Improving the public-private partnership system

One of the key areas identified in the Business Ombudsman Council’s recommendations was ensuring international access and harmonization of procedures in the field of public-private partnerships (PPPs). The Council emphasized that large-scale reconstruction is impossible

without attracting private capital. According to the World Bank, the need for reconstruction in Ukraine exceeds 524 billion US dollars (joint assessment of the World Bank, the European Commission, the UN and the Government of Ukraine – RDNA4, February 25, 2025).

Example: Olvia Port – suspension of the concession project due to the lack of flexible mechanisms in legislation

The Olvia Port (Mykolaiv Oblast) was awarded a 35-year concession to QTerminals Olvia in December 2021, which was to be one of the first major public-private partnership investment projects in Ukraine. After the beginning of the full-scale invasion, the implementation of the concession project was actually ceased, as the investor was unable to fulfill its obligations, and the state had no legislative mechanisms to adapt or temporarily change the terms of the contract to martial law circumstances.

In August 2025, the Government of Ukraine and QTerminals Qatari company signed a memorandum on the renewal of cooperation, which already provided for the possibility of adjusting the contract based on the provisions of the updated law on public-private partnerships. The new legislation creates a legal basis for suspending, revising or changing the financial terms of concession agreements in the event of force majeure, which allows for maintaining the partnership even in crisis situations².

It is exactly this recommendation implemented through the adoption of the Law of Ukraine “On Public-Private Partnership” No. 4510-IX, entering into force on October 31, 2025. The law harmonizes PPP rules

with European legislation, clearly separates partnership agreements from public procurement, introduces new terminology (“grant for PPP”, “payment for operational readiness”, “ancillary property”), introduces sub-

2 https://interfax.com.ua/news/general/1096208.html?utm_

threshold projects (up to EUR 5.538 mn) with a simplified procedure, and also expands the scope of application – from energy and transport to healthcare, digital infrastructure and social housing. The law enshrines the principles of sustainable development in accordance with the UN goals, provides for the possibility of using arbitration, mediation and international investor protection mechanisms. For the first time, grant support for PPP projects is also provided, which opens up horizons for wider participation of donors and international financial institutions.

These legislative changes open up the opportunity for businesses to participate in large infrastructure projects on clear

and predictable terms. There is flexibility in forms of cooperation, transparency in risk sharing, and guarantees of contract stability. For foreign investors, it means lowering barriers to entry into the Ukrainian market and increasing trust in partnership with the state. The law creates a modern investment climate – when private capital becomes not a donor, but a full-fledged partner of the state in reconstruction. For the economy, this means new sources of financing, increased competition, and accelerated infrastructure modernization, while for communities – implementing projects that really improve the quality of life.

Example: Chornomorsk port – launch of a concession project within the framework of the updated legislation on public-private partnership

The Port of Chornomorsk (Odesa Oblast) became the first concession project in the port industry to be launched during a full-scale war. Previously, similar initiatives faced a number of systemic problems – lengthy coordination procedures, unclear requirements for investor selection and the lack of transparent financial mechanisms, which actually slowed down new concessions preparation. On September 3, 2025, Oleksii Kuleba, the Deputy Prime Minister for the Reconstruction of Ukraine – Minister for Communities, Territories and Infrastructure Development signed an order to set up a tender commission to launch an international procedure for selecting a private investor for the development of the First and Container Terminals of the port. The International Finance Corporation (IFC), the European Bank for Reconstruction and Development (EBRD) and leading international consultants were involved in tender documentation preparation³.

What has changed under the new PPP Law: The Law of Ukraine “On Public-Private Partnership” No. 4510-IX, adopted in 2025, harmonized Ukrainian legislation with European standards. It introduced transparent tender procedures, flexible financial instruments (including combined financing with the participation of donors and private capital), and balanced risk sharing between the state and the partner. This made it possible to launch the Chornomorsk port concession under updated rules – with clear guarantees for the investor, predictable contract terms, and an international level of transparency.

3 <https://pppagency.gov.ua/uk/ukrayina-zapuskaye-najbilshyj-investycijnyj-proyekt-na-umovah-publichno-pryvatnogo-partnerstva-u-portovij-sferi/>

4. Dropping the practice of direct contracts and PPP operational mechanisms regulation

The Law of Ukraine “On Public-Private Partnership” No. 4510-IX takes into account the recommendation of the Business Ombudsman Council to abandon the practice of direct contracts during martial law for procurements aimed at protecting critical

infrastructure. Earlier, such a practice, although justified by urgent need, created risks of opacity, selectivity and legal uncertainty, thus limiting access of bona fide businesses participation in reconstruction.

Example: Repair of Mykolaiv CHP without competition

In 2025, a direct contract for the repair of the Mykolaiv Thermal Power Plant without competitive procedures was concluded, citing the Decree of the Cabinet of Ministers No. 1178, allowing for the conclusion of contracts without bidding during martial law. The works, worth almost UAH 23 mn, included the overhaul of power equipment damaged by shelling. The procurement was carried out without the use of an electronic system, which eliminated competition and raised questions about the reasonableness of the price and contractor selection transparency⁴.

Additionally: In 2024, in the South alone (Odesa, Mykolaiv, Kherson Oblasts), 5,624 purchases were made without using the Prozorro electronic system for UAH 18.3 bn – i.e., outside of competition, which increases the risks of inefficient use of funds and distrust of business⁵.

The new legislative approach has replaced these exceptional mechanisms with transparent, competitive procedures for determining the private partner—open tenders, restricted tenders, and a competitive dialogue. This provides a level playing field for business, enhances trust in government processes, and creates a fair competitive business environment where the private sector can invest and grow without the risk of legal confusion.

Meanwhile, Law No. 4510-IX provides for a clear procedure for the application of direct contracts within the PPP in exceptional cases – when it comes to urgent solutions in the critical infrastructure area. Such contracts are possible only under conditions of justification, reporting and control, which allows the state to act promptly,

but without losing transparency. Thanks to this, entrepreneurs receive a protected environment for work even in crisis conditions: clear legal guarantees, protection against ungrounded accusations of “uncompetitiveness” and the opportunity to promptly join key recovery projects without risking their reputation. Such regulation strengthens the investment climate, stimulates participation of private capital in reconstruction and increases business confidence in state procedures. As a result, a mature system of cooperation is formed, in which transparency and speed become not mutually exclusive, but mutually reinforcing elements of the development of the business environment in the conditions of post-war reconstruction.

4 <https://cpi.org.ua/news/mikolayivsku-tec-vidremontuye-za-23-miljoni-kompan/>

5 <https://cpi.org.ua/analytics/najdorozhchi-zakupivli-yaki-proveli-bez-konkursu-n/?utm>

6. Examples of successfully closed investigations

Successful Appeal of Tax Notification-Decision: VAT Refund Denial Worth Over UAH 50 mn Overturned



An importing company filed a complaint with the Business Ombudsman Council regarding a tax notification-decision issued by the tax authority. The Main Department of the State Tax Service of Ukraine (STS) conducted an unscheduled on-site documentary audit to verify the accuracy of the VAT refund claimed to the taxpayer's current account. Although the audit did not reveal any actual violations of tax legislation, the tax authority still denied the company a VAT refund of over UAH 50 mn.

The STS argued that the input VAT should be “offset” in the future against the taxpayer's VAT liabilities arising from the sale of the imported goods. However, the audit report clearly stated that the taxpayer had met all the conditions required for a VAT refund, and an inventory check (in the presence of an STS representative) confirmed no discrepancies between accounting records and the actual stock of goods in the warehouse.

The company disagreed with this approach, having submitted all primary documentation proving the import of goods and payment of VAT, sufficient VAT registration limit, and documentary and physical evidence of the goods being in stock.

The Council supported the complainant, sent its legal opinion to the State Tax Service of Ukraine, and participated in the consideration of the complaint at the central level. During the review, it was possible to uphold the position that, in the absence of any specific facts or circumstances indicating tax violations that would cast doubt on the formation of the negative VAT value claimed for refund, there were no legal grounds to deny the VAT refund. Furthermore, the tax authority does not have the power to unilaterally decide to carry the negative VAT value forward to offset future tax liabilities without the taxpayer's explicit consent.

In the course of the complaint review, the STS failed to provide substantiated arguments in support of its position, whereas the complainant and the Council presented arguments that convinced the State Tax Service of Ukraine to uphold the complaint and cancel the disputed tax notification-decision.

A Fine of UAH 480k: How the Business Ombudsman Council Helped a Non-Governmental Organization Defend Its Rights



A non-governmental organization reached out to the Business Ombudsman Council with a complaint concerning the calculation of administrative and economic sanctions amounting to over UAH 480k. The Fund for Social Protection of Persons with Disabilities considered that the organization had violated legal requirements regarding the creation of jobs for persons with disabilities.

According to the Fund, the applicant had an average number of 10 employees in 2024. By law, this means the organization was required to create at least one job for a person with a disability. Since this requirement was allegedly not met, the organization was ordered to pay a fine.

However, the complainant had different calculations. According to its data, the first employees were hired only in June 2024, and from January to May, the organization had no staff at all. Therefore, the actual average number of employees for the year, calculated in accordance with State Statistics Instruction No. 286, was only six. This meant there was no obligation to create jobs for persons with disabilities.

Despite the submitted complaint, the Fund refused to consider it, citing a missed appeal deadline. Yet, the administrative act itself failed to specify the appeal deadline or how it should be calculated, which violates legal requirements.

The Council's investigators thoroughly analyzed the case and concluded that the Fund had incorrectly applied the method for calculating the average number of employees—failing to account for the months when no staff was employed and basing the calculation only on seven months of active operations, rather than the full calendar year as required by Instruction No. 286.

Moreover, the Council noted that the data for calculating the average number of employees should be taken from tax reporting. That tax data confirmed there were no employees in April and May, making the calculation of 10 employees incorrect even based on available records.

The Council sent an official letter to the Fund's central authority, requesting an impartial review of the complaint, consideration of the legal arguments, and a joint meeting with representatives of the complainant and the Council.

As a result of the meeting, the Fund recommended its regional office to cancel the disputed sanction calculation. Shortly thereafter, the complainant confirmed that the calculation had been annulled and the issue resolved in its favor.

The Council Helped Reinstate the License After a Violation of the Inspection Procedure



A company engaged in wholesale fuel trade contacted the Business Ombudsman Council with a request to reinstate a license that had been suspended by a decision of the tax authority.

The decision was grounded on an act on the impossibility of conducting a factual inspection – tax inspectors did not record the presence of company representatives at the place of business, despite a notice on the office door indicating remote work. At the same time, the complainant was not provided with any supporting materials required by law, such as the actual date of the visit or a request from the tax authority for representatives to be present in the office. The company discovered the license suspension accidentally – through its taxpayer e-cabinet.

After analyzing the circumstances of the case, the Council identified a number of significant procedural violations by the tax authority. In particular, the inspection was carried out before the officially designated start date, the act on the impossibility of inspection was registered with a delay, and the referenced photo evidence lacked both the date and time of capture. Moreover, the tax authority did not provide other evidence that would justify the impossibility of conducting the inspection.

The company submitted documents to the Council confirming its presence at the registered business address – a lease agreement, premises handover acts, regular rental payments, photos of the workplace, as well as an internal order transferring all employees to remote work due to martial law. One of the tax authority's own photos even showed the notice on the office door about remote work and listed contact phone numbers. However, there was no evidence that tax officials attempted to call these numbers or contact the company's representatives.

The Council addressed the State Tax Service of Ukraine with a reasoned letter outlining its position and drawing attention to the violations of the inspection procedure, the lack of valid evidence, and the legal inappropriateness of suspending the license.

Thanks to the Council's intervention, the complaint was considered on the merits, and within a few weeks, the company received notification that the tax authority's decision had been canceled. The license was reinstated, and the business was able to resume lawful economic activity without obstacles.

Business Ombudsman Council Helps Freight Carrier Avoid UAH 3.9 mn in Unlawful Additional Tax Assessments



An individual entrepreneur providing freight transportation services in the Kyiv region turned to the Business Ombudsman Council for help. The entrepreneur operates under the general taxation system and pays tax on net profit – the amount of income reduced by business-related expenses.

The issue arose after the Main Department of the State Tax Service in the Kyiv region conducted a scheduled tax audit of the entrepreneur's activities for 2019–2023. Following the audit, the tax authority assessed UAH 3.9 mn in additional taxes.

The grounds cited were an alleged mismatch between the entrepreneur's fuel and spare parts expenses over four years and the "average" consumption rates for that type of vehicle, discrepancies with average annual fuel prices, and the absence of detailed records of spare parts installed on each individual vehicle.

The entrepreneur disagreed with these conclusions and filed complaints with the State Tax Service of Ukraine and the Council.

The Council thoroughly reviewed the audit materials and found that the tax authority's conclusions relied on averaged fuel consumption indicators taken from the Internet, which do not account for the real operating conditions of a carrier (such as local terrain, loading in the fields, and weather factors). The Council also determined that using average annual fuel prices to recognize expenses in an individual entrepreneur's accounting is unjustified, since expense accounting is based on primary documents (including receipts showing the actual price paid for fuel), rather than on annual averages. In addition, under the current

procedure for keeping income and expense records for sole proprietors, maintaining detailed spare-part installation logs for each vehicle is not mandatory.

The Council set out these findings in writing and presented them to the State Tax Service of Ukraine during the complaint review. As a result, the State Tax Service of Ukraine took into account the entrepreneur's and the Council's arguments and canceled the decision to assess UAH 3.9 help in additional taxes.

Real Transactions – Real Production: Tax Decision Cancelled



One of the largest Ukrainian manufacturers of veterinary medicines, premixes, and compound feed – LLC SPE “Ukrzoovetprompostach” – turned to the Business Ombudsman Council. Following the results of an unscheduled audit, the tax authority questioned the reality of certain raw material purchase transactions for 2020–2021.

The company, however, insisted otherwise and submitted primary documents confirming the purchase of raw materials and their use in production. Without these raw materials, the production of goods would have been physically impossible. Moreover, the audit report did not contain any evidence of violations by the company itself – all arguments concerned only its counterparties.

The Business Ombudsman Council took the case into consideration, joined the complaint review at the State Tax Service of Ukraine, and submitted a written position in support of the complainant. We also visited the complainant's production facilities to better understand the circumstances of the complaint and the specifics of the manufacturing processes. Within just two weeks, we achieved a positive result – the case was successfully resolved!

As a result, the State Tax Service of Ukraine agreed with the Council's arguments and cancelled the disputed tax decision.

Groundless Customs Delay: How the Business Ombudsman Council Defended Business Interests



A company representing power industry turned to the Business Ombudsman Council with a complaint about the unjustified delay of vehicles carrying solar panels at Lviv Customs. The equipment had been imported for the construction of the company's own solar power plant, intended as a contribution to the development of "green" energy and strengthening the country's energy security.

The cargo was blocked at the customs clearance stage, while customs officials could not clearly specify for a long time which additional documents were required to complete the procedure.

A Senior Investigator of the Council sent official requests to Lviv Customs and the State Customs Service of Ukraine asking for clarification of the reasons behind the delay. Later, representatives of the State Customs Service explained orally that, in their view, the value of the solar panels was overstated. Lviv Customs also forwarded this information to the Bureau of Economic Security, which recommended intensified control. At the same time, the customs authorities based their assessment solely on general import statistics from China, disregarding the fact that the company had purchased equipment from a more expensive segment with different specifications and capacity.

Additionally, the company repeatedly appealed to Lviv Customs and the State Customs Service regarding the inaction of officials during clearance.

As part of reviewing one of the complaints, the State Customs Service arranged an online meeting to discuss the case, which was also attended by the Council's Senior Investigator. During this call, for the first time, the State Customs Service presented a clear list of documents and information required for finalizing the clearance.

The company promptly provided all the requested information, and as a result, customs clearance was successfully completed: the vehicles with solar panels were released from the customs control zone.

The Business Ombudsman Council Protected an Entrepreneur in a Dispute Related to the Use of State Grant Support

The private entrepreneur received a state grant, but in the course of developing her business, she faced an inconsistent position of a government authority. The entrepreneur followed the advice of the program administrator at the employment center, yet her actions were later interpreted as violations. The situation posed risks not only for the entrepreneur herself but also threatened to undermine trust in state programs supporting business.

One of the grant conditions was the creation of two job positions. Due to massive attacks and prolonged power outages, she was forced to abandon her initial business plans for offline sales, including expanding the number of jobs.

To act properly, the entrepreneur sought official advice from the city employment center. An official explained that it was possible to employ one person and keep the unused grant funds in a special account for repayment. No changes to the business plan or additional applications were required. The entrepreneur faithfully followed this guidance: she hired one employee, returned the remaining funds, and underwent several inspections without any remarks.

Later, the regional employment center changed its position: it informed her that the second job position still had to be created and advised her to at least temporarily hire another employee

“for the record.” To avoid risks, the entrepreneur created the second position and employed another worker. The next inspection confirmed full compliance with the conditions.

Despite this, the same authority later drew up an act citing “violations” – allegedly, the job creation deadlines were missed, contributions were paid incorrectly, and part of the funds was misused. These conclusions contradicted earlier inspection reports and the official advice provided before.

Disagreeing with these findings, the entrepreneur turned to the Business Ombudsman Council. The Council carefully examined the circumstances and emphasized to the state authorities the importance of adhering to the principle of good governance. If an authority provides official clarifications, responsibility for its mistakes cannot be shifted to an entrepreneur who acted in good faith. The Council’s investigators also stressed that contradictory behavior was unacceptable: first the authority approved the entrepreneur’s actions, and then declared those same actions unlawful.

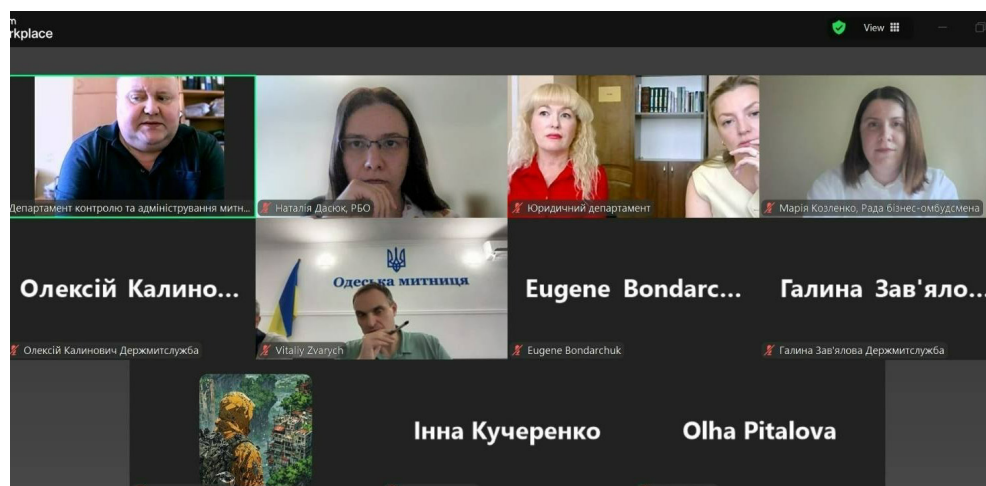
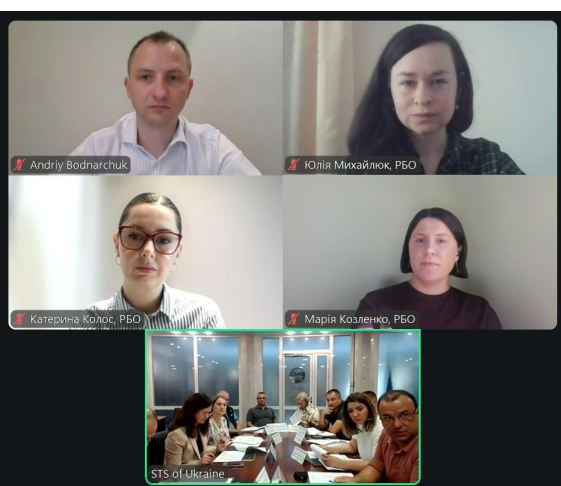
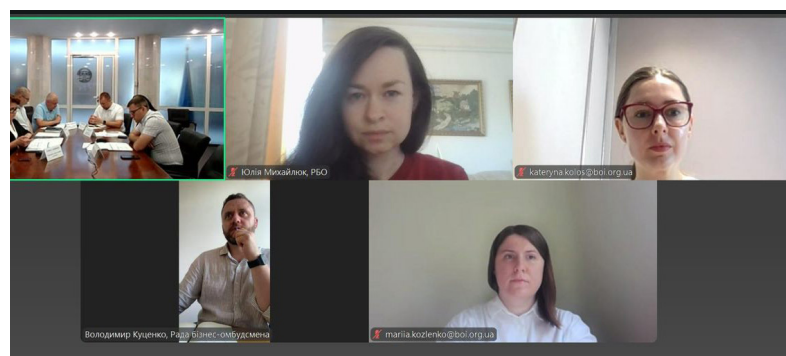
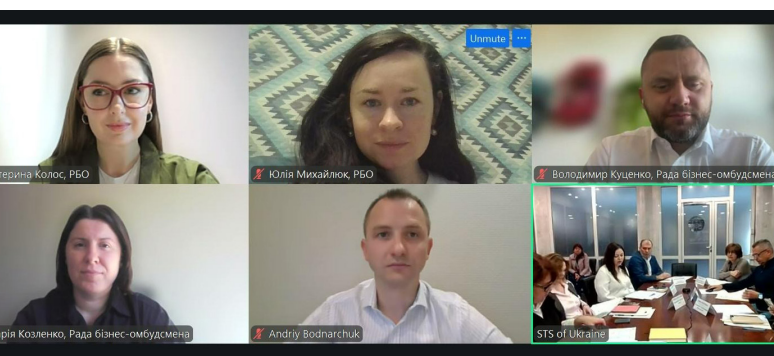
Following the Council’s intervention, the regional employment center recognized that the grant conditions had been fully met. The State Employment Center confirmed the absence of any claims, and the case was closed in favor of the complainant.

7. Cooperation with stakeholders

7.1 Expert groups

Expert groups enable prompt discussions of cases of business handled by the Council. These meetings allow the Council to communicate directly with officials, clarify the positions of the parties, coordinate approaches to problem-solving, and facilitate the accelerated resolution of entrepreneurs' complaints.

	Amount of meetings in the reporting quarter	Amount of cases considered in the reporting quarter
State Tax Service	3 	34 
State Customs Service	1 	5 
Prosecutor General's Office	1 	14 

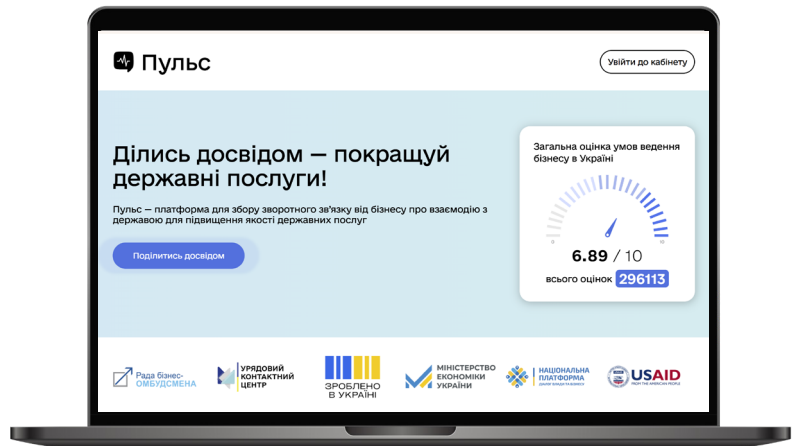


7.2 Cooperation with the Ministry of Economy within the “Pulse” Platform

The Business Ombudsman Council closely cooperates with the Ministry of Economy of Ukraine in simplifying the regulatory environment and creating favorable conditions for doing business.

Since the launch of the “Pulse” platform by the Ministry, the Council has been invited to participate in the analytical review of entrepreneurs’ submissions left on the platform regarding their interactions with public authorities.

The Council has full access to all information received through the platform; to the selection of business appeals for processing within the existing complaint review procedure of the Business Ombudsman Council; to the identification of systemic issues faced by businesses; and to providing recommendations to government authorities on how to address them.



Check out the platform

7.3 Regional visits

During the quarter, the Business Ombudsman Council continued its series of regional visits aimed at strengthening cooperation with local authorities and the business community. The Council’s team visited Chernivtsi, Kamianets-Podilskyi, and Khmelnytskyi.

Chernivtsi

During the visit, the Council held separate meetings with Ruslan Zaparaniuk, Head of the Chernivtsi Regional Military Administration; Roman Klichuk, Mayor of Chernivtsi; and the leadership of the Chernivtsi Customs Office. The conversations focused on the state of the regional business environment, the challenges faced by local entrepreneurs, and ways to establish effective cooperation between businesses and government authorities.

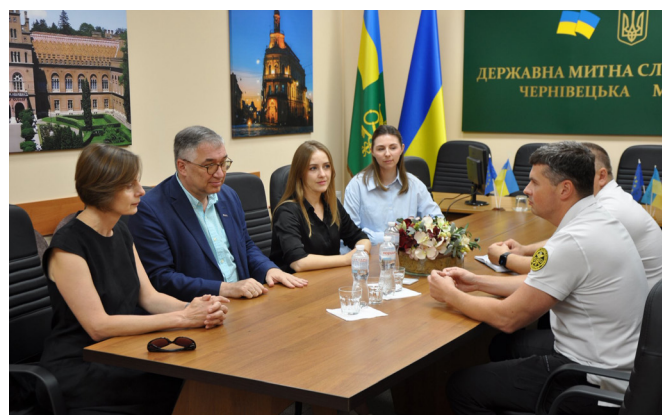


Chernivtsi Mayor Roman Klichuk emphasized the openness and transparency of the city authorities in their cooperation with businesses. This is evidenced by Chernivtsi's high position in the Transparency International ranking, where the city is among the leaders in terms of transparency.

During the meeting with customs representatives, particular attention was paid to improving customs administration, introducing innovative IT solutions at the border—such as the “eQueue” system and the SEED+ pilot project, as well as

enhancing mechanisms for information exchange with customs authorities of neighboring countries.

As part of the visit, an open event was also held at the Chernivtsi Entrepreneurship Development Center for local entrepreneurs. Participants learned more about the activities of the Business Ombudsman Council and how to apply for assistance in case of problems in their interactions with government authorities. Entrepreneurs actively asked questions and shared their experiences, fostering an open and constructive dialogue.



Kamianets-Podilskyi

During a brief stop in the city, the Council's team took the opportunity to meet with local entrepreneurs. The participants shared their business experiences and spoke about the challenges and opportunities for developing entrepreneurship in the region.



Khmelnyskyi

As part of the visit, meetings were held with Oleksandr Symchyshyn, Mayor of Khmelnytskyi, and Serhii Tiurin, Head of the Khmelnytskyi Regional Military Administration. The discussions focused on supporting businesses under martial law, creating a favorable environment for entrepreneurship, and exploring opportunities for cooperation between the Council and regional authorities.



Following a constructive dialogue and a shared vision of good governance principles, the Khmelnytskyi City Council joined the Declaration of Fair and Reasonable Administration.

The Business Ombudsman and the Council's team also held an open discussion with local entrepreneurs, representatives of the legal community, and the tax service. During the event, participants received practical recommendations on how to appeal to the Council and learned about successful

cases of business protection. The meeting was marked by openness and mutual trust, serving as a positive signal for continued cooperation between business and government.

The Business Ombudsman Council continues its regional visits to gain a deeper understanding of local contexts, respond more promptly to the needs of businesses, and strengthen partnerships with authorities and business communities across Ukraine.

7.4 Visit to complainants

The Business Ombudsman Council visited the production facilities of Ukrzoovetprompostach LLC – one of Ukraine's leading manufacturers of veterinary medicines, premixes, and compound feeds.

The company approached the Council with a complaint regarding the results of an unscheduled on-site tax audit. The tax authority, without sufficient evidence, questioned transactions from 2020–2021 related to the purchase of raw materials, disregarding primary documents confirming their use in production. The Council provided a well-reasoned written position and succeeded in achieving a positive resolution of the case in favor of the company. Read more about the case on p.35.



After the case was closed, the company shared a positive feedback on its cooperation with the Council.

“LLC SPE “Ukrzoovetprompostach” sincerely thanks the team of the Business Ombudsman Council for their professional assistance and support during the appeal of the tax notifications-decisions issued by the Main Department of the State Tax Service in Kyiv region to the State Tax Service of Ukraine.

Following the visit of Mr. Roman Waschuk, Ms. Yulia Andrusiv, and Ms. Anastasiia Tuz to our enterprise – a plant producing veterinary medicines, premixes, and compound feed located in the village of Plakhtyanka – we had the opportunity to demonstrate openness, transparency, and responsibility in our operations, including cooperation with counterparties in the procurement of raw materials.

Thanks to the coordinated and principled work of the Business Ombudsman Council, the State Tax Service of Ukraine took into account the Council’s conclusions and recommendations and cancelled the tax notifications-decisions amounting to over UAH 1 million. This became a significant example of the real protection of business rights and the promotion of fair entrepreneurship in Ukraine.

We sincerely appreciate your support, constructive dialogue, and contribution to restoring justice.

“LLC SPE “Ukrzoovetprompostach”



Such visits make it possible to see firsthand how businesses operate, gain a deeper understanding of the circumstances behind complaints, and help the Council form more precise positions when reviewing cases. At the same time, they serve as a source of inspiration – because behind the names of Ukrainian companies are modern production processes, innovative technologies, and people who continue to strengthen Ukraine’s economic potential even in wartime.

7.5 Events Calendar

2.07.2025



EU4Business SMEPIS: key results & stepping stones to facilitate continuity (GIZ)

Organizer

EU4Business

2.07.2025

Meeting with the Acting Head of the State Tax Service of Ukraine Lesia Karnaukh

Organizer

State Tax Service of Ukraine

2.07.2025

Nomination Committee meeting

Organizer

Ministry of Economy of Ukraine

4.07.2025

Meeting with the Prosecutor General Ruslan Kravchenko

Organizer

Prosecutor General's Office of Ukraine

4.07.2025

International Invest Summit. Jazz Business

Organizer

Ukrainian Centre for Analysis and Intelligence

7.07.2025

Nomination Committee meeting

Organizer

Ministry of Economy of Ukraine

9.07.2025

Event "Connecting for Ukraine's Prosperity" (Rome)

Organizer

Deloitte

9.07.2025

Event "EU-Ukraine Business Partnership Roundtable" (Rome)

Organizer

European Commission and the Ministry of Economy of Ukraine

10.07.2025

Event "EU Reforms Dimension" (Rome)

Organizer

Ukraine Recovery Conference

11.07.2025

Event "Human Capital Resilience Charter Presentation" (Rome)

Organizer

Ministry of Economy of Ukraine

22.07.2025

IV Business & Legal Infrastructure Forum

Organizer

Yurydychna Praktyka publishing house

30.07.2025

Extended Meeting of the Confederation of Builders of Ukraine

Organizer

Confederation of Builders of Ukraine

8.08.2025

Nomination Committee meeting

Organizer

Ministry of Economy of Ukraine

12.08.2025

Meeting with H.E. Ambassador of Norway Helene Sand Andresen

Organizer

Business Ombudsman Council

14.08.2025

Nomination Committee meeting

Organizer

Ministry of Economy of Ukraine

15.08.2025

Nomination Committee meeting

Organizer

Ministry of Economy of Ukraine

15.08.2025



Meeting with the Director of Bureau of Economic Security

Organizer

Bureau of Economic Security

18.08.2025

Nomination Committee meeting

Organizer

Ministry of Economy of Ukraine

26.08.2025

Meeting with EU4PAR2 and Lviv City Council

Organizer

Business Ombudsman Council and EU4PAR2

27.08.2025

Round table “De-Shadowing the Security Market: Challenges and Prospects”

Organizer

European Business Association

28.08.2025



Meeting with Ukrainian and Polish Business Representatives “The City as a Space for Business” (Warsaw)

Organizer

Polish-Ukrainian Chamber of Commerce (PUIG)

3.09.2025

Boosting Subcontractor Readiness Conference

Organizer

U.S.-Ukraine Business Council

3.09.2025

Discussion “Prospects for Business Development in Ukraine in the Context of European Integration”

Organizer

Research Service of the Verkhovna Rada of Ukraine

5.09.2025



IV Customs Law and International Trade Forum (Chernivtsi)

Organizer

Ukrainian Bar Association

8.09.2025



Online meeting with Register of Damage for Ukraine

Organizer

Business Ombudsman Council

9.09.2025

Nomination Committee meeting

Organizer

Ministry of Economy of Ukraine

11.09.2025

Business Breakfast “State Control over Capital Markets and Organized Commodity Markets: Issues and Challenges for Business during Martial Law”

Organizer

Sayenko Kharenko

11.09.2025



Breakfast Round Table with the Participation of the British-Ukrainian Chamber of Commerce, the U.S.-Ukraine Business Council, and British Parliamentarians

Organizer

U.S.-Ukraine Business Council and British-Ukrainian Chamber of Commerce

12.09.2025

Forbes Manufacturers' Forum: Made in Ukraine
Organizer
Forbes

16-17.09.2025



Defense Tech Valley

Organizer

BRAVE1

19.09.2025

AUK Leadership Talks

Organizer

American University Kyiv (AUK)

22.09.2025



Meeting with Ruslan Mahomedov, Chairman of the National Securities and Stock Market Commission (NSSMC)

Organizer

National Securities and Stock Market Commission (NSSMC)

22.09.2025

Webinar “Investment Opportunities for Canadian Companies in Ukraine”
Organizer
Ukraine Invest

23.09.2025

5th Meeting of the Strategic Advisory Working Group on the Establishment of a State Regulatory Authority in the Pharmaceutical Sector

Organizer

Ministry of Health of Ukraine

24.09.2025

Business Breakfast “Investing in Ukraine: Challenges and Opportunities”

Organizer

Polish Embassy in Ukraine, We Build Ukraine and EY

29.09.2025

Breakfast Roundtable with the Leadership of the U.S. Embassy Economic Section and U.S. Commercial Service

Organizer

U.S.-Ukraine Business Council та Sayenko Kharenko

30.09.2025



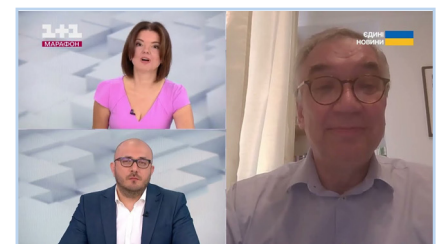
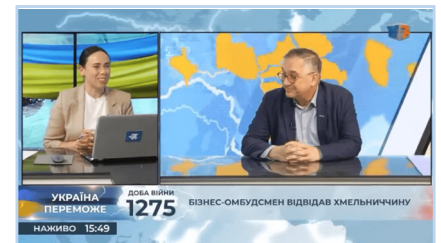
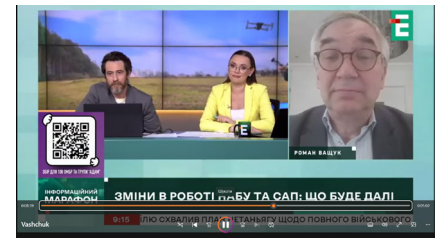
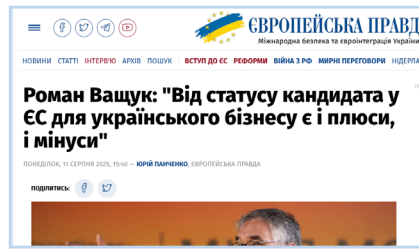
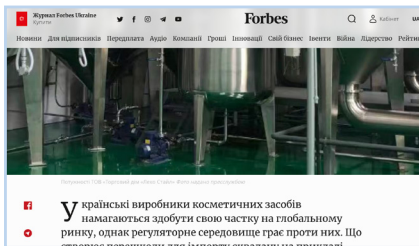
Meeting with the Acting Head of the State Tax Service of Ukraine Lesia Karnaukh

Organizer

State Tax Service of Ukraine

7.6 Cooperation with the media

The Business Ombudsman Council openly interacts with the media. In the reporting quarter we collaborated with:



We received the Decision from the State Tax Service of Ukraine on the results of of the complaint review via electronic cabinet today.

We are pleasantly surprised by the outcome. The tax notifications-decisions were cancelled for a total amount of UAH 3,957,930.12.

We are infinitely grateful for your assistance. This is simply outstanding. We are very satisfied with the result. Thank you for being there. Cooperating with the BOC is a true pleasure.

Complainant's representative

Eliminating barriers to doing business in Ukraine

