



**Business
Ombudsman
Council**



annual report

www.boi.org.ua

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The abbreviations “BOC” and “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



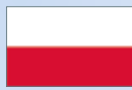
Denmark



Norway



Finland



Poland



France



Slovenia



Germany



Sweden



Italy



Switzerland



Japan



the United Kingdom



Latvia



the United States

Foreword



**Anka
Feldhusen,**
Business
Ombudsman

The year 2025 of the Business Ombudsman Council was marked by tangible results for the business community.

During the reporting year, the Council received 820 complaints from business and closed 415 cases. The financial impact of assistance provided to companies amounted to UAH 4.2 bn, becoming one of the highest annual figures.

Businesses most frequently complained about tax issues, actions of law enforcement agencies, regulatory authorities, customs, and local self-government bodies. Tax matters, accounting for 52% of all complaints, were in particular focus, as the Council continued to monitor changes in the VAT system and observed a decrease in the blocking of tax invoices thanks to progress in implementing the Council's VAT recommendations and ongoing dialogue with the State Tax Service. At the same time, tax audits topped the list of tax-related complaints. These are complex, cover broader periods, and their outcomes can hinder business operations under the extremely challenging conditions of wartime.

In an effort to find new ways to resolve business issues, the Council updated its Memorandum of Cooperation with the State Tax Service to launch a pilot tax mediation case. As a result, it was possible to resolve the issue of repeated tax audits and frozen capital of a large taxpayer.

In addition to its ongoing work on entrepreneurs' complaints, in 2025 the team of investigators, under the leadership of Deputy Business Ombudsman Yulia Andrusiv, initiated additional projects related to the implementation of the Law on Administrative Procedure at the level of the Lviv City Council, as well as tackling shadow economy issues in the electronics and technology market. Our institution acts as a mediator in the dialogue between business and the state, drawing the government's attention to pressing issues requiring urgent action and consistently emphasizing the importance of good governance and predictable policy.

At the same time, during the reporting year, the Council strengthened its cooperation with the Ministry of Economy in processing entrepreneurs' appeals

received via the “Pulse” platform. These complaints concerned the non-enforcement of court decisions regarding the registration of tax invoices and the inactivity of law enforcement agencies.

The Council values the opportunity to have access to the government platform where businesses provide feedback. In particular, as I have been serving as the Business Ombudsman for two months now, I appreciate our agreement with Prime Minister of Ukraine Yuliia Svyrydenko regarding regular meetings to discuss urgent business issues.

During the reporting year, the Policy and Recovery Team, led by Deputy Business Ombudsman Tetiana Korotka, worked on addressing private sector challenges in recovery, focusing both on analytics and on communicating the Council’s positions and recommendations to government officials and stakeholders.

In particular, the Policy and Recovery Team processed 13 requests related to reconstruction. As a result of one closed case, UAH 2.2 billion was returned to the complainant – one of the most notable outcomes for business in a case closed by the Council since the start of Russia’s full-scale invasion.

In addition, the Council participated in the annual Ukraine Recovery Conference in Rome, Italy, and the Rebuild Ukraine 2025 Conference in Warsaw, Poland, where meetings and numerous discussions with stakeholders on reconstruction took place. We engaged with representatives of the European Commission’s Directorate-General for Internal Market, Industry, Entrepreneurship and SMEs (DG GROW) on business climate issues, as well as with construction clusters regarding public procurement rules for construction projects.

The Council began 2025 with the publication of a study on the protection of critical infrastructure, including systemic recommendations to the Government, as well as a report on investment appetite. The year concluded with the development of new recommendations on pricing in construction and an analytical note on approaches to establishing a Centralized Procurement Organization under the Recovery Agency.

Finally, in 2025, the Council continued its regional visits, engaging with local businesses and their challenges, as well as with local self-government bodies. It is important for the Council that a wider audience becomes aware of the institution, as its legal services for businesses are free of charge and provide an opportunity to attempt dispute resolution with state authorities at the pre-trial stage.

I would like to acknowledge the tremendous work of the Business Ombudsman Council team in 2025, which operated throughout the reporting year under the leadership of my predecessor Roman Waschuk, and to thank the European Union, the EBRD, and donor countries for their continued support of such an important institution for Ukraine’s business environment.

Looking ahead, we still have much work to do, particularly in the areas of European integration and recovery. I hope that our efforts will continue to deliver practical results for entrepreneurs in Ukraine and make a meaningful contribution to the future.



1. Work priorities in the fourth year of russia's full-scale invasion

Our mission:



to help remove barriers to doing business and attracting investors



to resolve systemic issues faced by businesses



to facilitate dialogue between the private sector and the government

Key principle:

Institutional, functional, and financial independence, which ensures objective review of complaints and fosters trust from the business community.

The Council's services are free of charge.

Priorities for 2025:

1

Resolving individual complaints and systemic business issues

2

Launching new initiatives and projects to improve interaction between business and the state

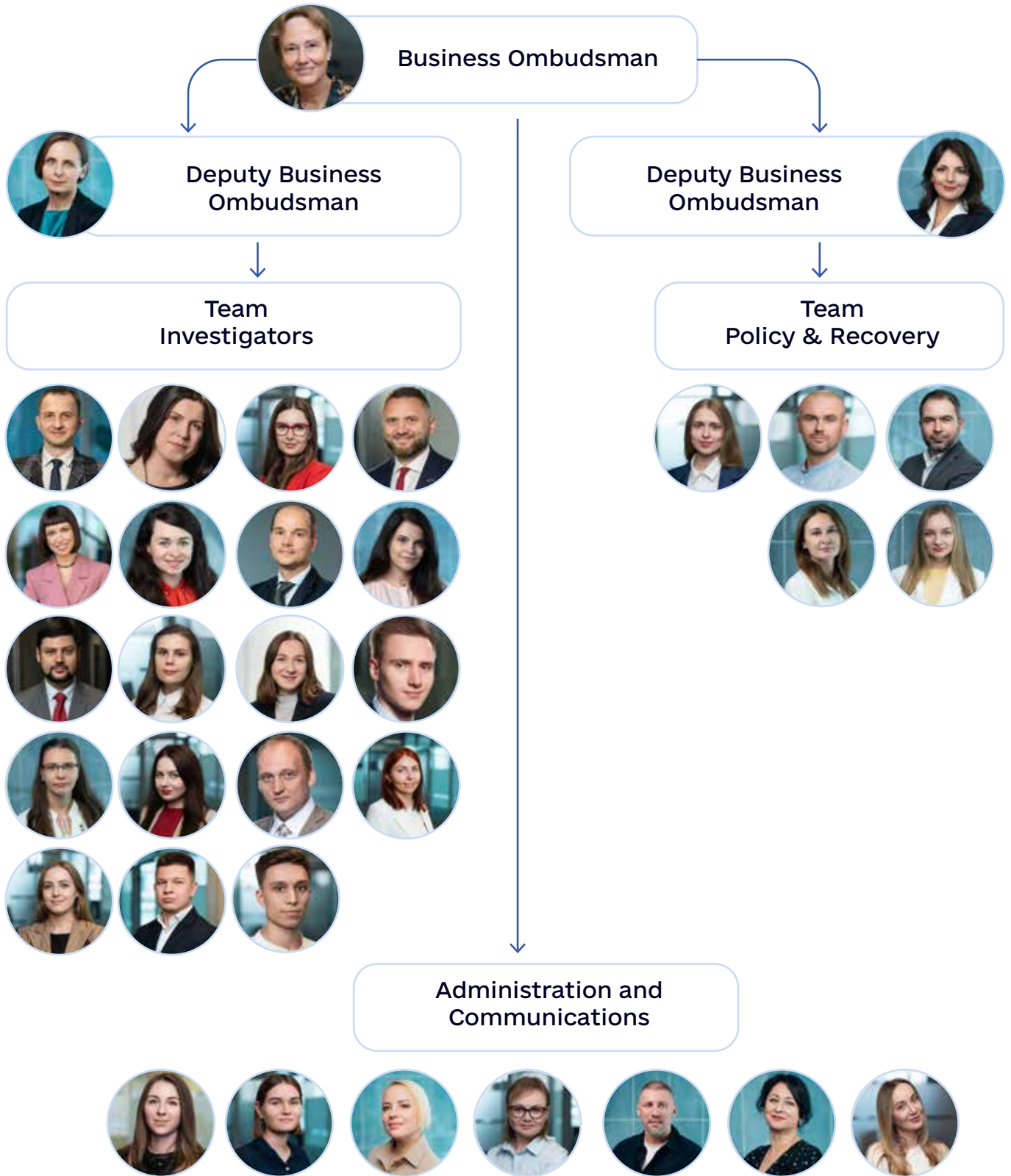
3

Engaging businesses in Ukraine's recovery and addressing challenges related to overcoming the consequences of the war

4

Promoting the principles of good governance to build trust

Team



As of early 2026, the Council employs **35** professionals with relevant education and experience in law, economics, engineering, and government relations GR.

2. 2025 in review

In 2025, the Business Ombudsman Council received

820 complaints



Closed

415 cases



The financial effect in 2025 amounted to

UAH **4.2** bn

Since launch of operations, the Council has helped businesses return or save over

UAH **31.6**
bn

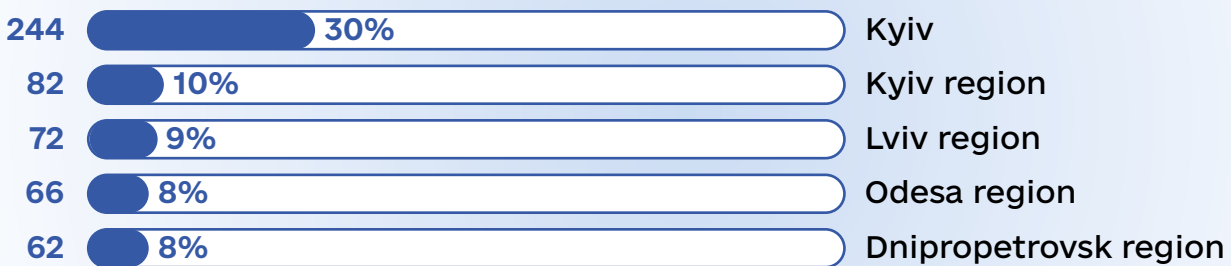


98% satisfaction rate with cooperation with the Council.

TOP-5 subjects of complaints



TOP-5 most active regions

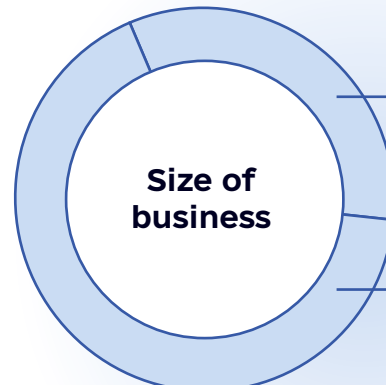
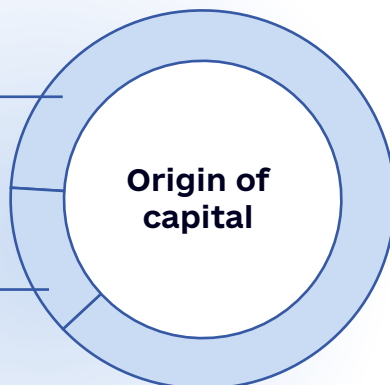


TOP-5 industries



717 | 87%
Ukrainian companies

103 | 13%
Companies with foreign investments



271 | 33%
Large companies

549 | 67%
Small and medium-sized enterprises

Number of complaints received in 2025

In 2025, the overall number of business complaints to the Business Ombudsman amounted to

820 complaints

Tax issues

425

Tax audits

173

83 Tax issues – other

57 Non-enforcement of court decisions on tax invoices registration

47 Inclusion in risky taxpayers' lists

47 Systemic tax invoices registration suspension

12 VAT refund

6 Electronic VAT administration

129 Actions of law enforcement bodies

37 Bureau of Economic Security

31 Prosecutor's Office – procedural abuses

15 Prosecutor's Office bodies – inaction

3 Prosecutor's Office bodies – other

17 National Police – procedural abuse

5 National Police – other

4 National Police – inaction

3 National Police – criminal case initiated

6 State Bureau of Investigation

3 Ministry of Internal Affairs – other

2 Security Service of Ukraine procedural abuse

2 Security Service of Ukraine – inaction

1 State Border Service

68 Actions of state regulators



56 State regulators other

6 Antimonopoly Committee of Ukraine

3 NBU – inaction

2 NBU – other issues

1 NEURC – other

61  Customs issues27  Customs valuation18  Customs clearance delay/refusal6  Administrative proceedings4  Customs issues – other3  Overpaid customs duties refund3  Changing UCGFEA codes40  Actions of local councils/municipalities26  Local government bodies – other7  Local government bodies – land plots7  Local government bodies – permits24  Legislation drafts/amendments9  Deficiencies in regulatory framework state regulators9  Deficiencies in regulatory framework other6  Deficiencies in regulatory framework tax issues17  Actions of the Ministry of Justice8  Enforcement service9  Registration department10  Actions of state-owned companies8  State-owned companies – abuse of power2  State-owned companies – other10  Actions of courts3  Courts – delay in trial7  Courts – other4  Utility services2  Permits and licenses1  Import/export permits and licenses1  Permits and licenses for land use21  Other issues7  B2B complaints1  Territorial recruitment and social support centers1  ARMA

Tax issues

Як показує статистика скарг бізнесу As statistics of business complaints to the Business Ombudsman Council show, in 2025, entrepreneurs were most concerned about tax issues – 425 complaints or 52% of the total number of appeals.

Tax complaints dynamics on a quarterly basis

Q1 2025	116
Q2 2025	108
Q3 2025	107
Q4 2025	94

The Council received 305 fewer tax complaints than in 2024, due to a decrease in the number of SMKOR-related complaints. Thus, the proportion of the most common tax complaint subjects is as follows: 36% – SMKOR and 41% – Tax audits in 2025 vs 57% – SMKOR and 26% – Tax audits in 2024.

We can see how, due to changes in the tax sphere, particularly the implementation of the Council's VAT recommendations, the SMKOR category in 2025 moved to the second place in the structure of tax appeals, while in 2024 this category remained among the leaders of this category of complaints.

The SMKOR category included problems of tax invoices registration suspension, refusals to accept data tables, non-

enforcement of court decisions on tax invoices registration, and inclusion in risky taxpayers' lists.

Paying special attention to the VAT systemic issues in view of the previously conducted own-initiative investigation, the Council monitors changes in the VAT system on a quarterly basis and shares its own assessment of the year-end results on the VAT system on pp. 18-20 of the report.

In 2025, the tax audit category topped the ranking of business appeals in the tax sector. Although in absolute terms the number of complaints about audits decreased by 14, their percentage increased from 26% in 2024 to 41% in 2025.

During the reporting year, the Council recorded cases of multi-episode tax audits and audits covering wide periods, particularly due to introduction of moratoriums on audits during the pandemic first and later – a full-scale invasion. Such complaints usually take a lot of time to analyze and further process them.

It was a tax audit related complaint that became a successful pilot case that the Council helped to resolve using tax mediation tools in cooperation with the State Tax Service of Ukraine.



We received the Decision on our complaint review results from the State Tax Service of Ukraine via the Electronic Office today.

We are pleasantly surprised by the result. Tax notices totaling UAH 3,9 mn dropped.

We are extremely grateful for your help. It is simply unbeatable. We are very pleased with the result. Thank you for being here. Working with BOC is a delight.

Complainant's representative

The first tax mediation case in history

Tax mediation is one of tools for resolving disputes, which in difficult situations can give taxpayers a chance to reach an understanding with tax authorities without going to court. Part of the Council's team are certified mediators.

Throughout 2025, the Council worked on a pilot case within the project.

The case concerned one of the largest seeds and plant protection products suppliers, for which the tax authorities scheduled repeated inspections on the same issue.

The enterprise underwent four inspections and repeatedly appealed the decisions of the State Tax Service.

The situation was complicated due to the specifics of the company's business model with a complex pricing and discount system.

Discounts were provided in various ways, including through mutual offsetting of funds between the parties. These transactions were confirmed by a significant number of documents and calculations. The last unscheduled inspection established that all discounts were processed correctly and complied with Ukrainian legislation.

An important step in resolving the situation was the company's decision to change the manner of use of funds and instead of directly refunding the VAT, the company redirected these amounts to pay the tax in the future. As a result, thanks to the Council's mediation, the parties managed to avoid a protracted trial and obtain the desired outcome for the complainant.

*Information source: <https://www.kmu.gov.ua/news/dps-ta-rada-biznes-ombudsmena-spilno-realizuvaly-pershyi-v-istorii-ukrainy-keis-podatkovoi-mediatsii>.

Also, in 2025, the Council continued working on the systemic problem of delays in enforcing court decisions on budget refund. Based on the outcome of processing some of the appeals, the Council managed to help resolve issues in favor of taxpayers, while consideration of other complaints on this topic will continue in 2026.

In addition to SMKOR and tax audits, 83 complaints fell under the "other tax issues" category

Complaints in this category are usually related to various procedural issues. The appeals concerned the reversal of tax debt in the payer's e-office and removal of tax liens from property, a

single tax payer status restoration and the validity of licenses for excisable goods production to comply with court decisions, tax reporting acceptance, inclusion in the inspection plan-schedule, as well as decisions of tax authorities based on business reports about the primary documents loss and other issues.

In the reporting year, the Council held regular monthly meetings of the Expert Group on the State Tax Service of Ukraine, which helped to resolve tax business problems and obtain the desired results in cases of complainants.

In 2025, 58% of tax complaints were closed successfully.

Actions of law enforcement bodies

In 2025, entrepreneurs filed 129 complaints against law enforcement bodies, which is the second most common category of business complaints to the BOC. In absolute terms, this is 22 complaints less than in 2024, while in percentage terms, the number of appeals against law enforcement bodies in 2025 increased from 13% to 16%.

During the year, the Council most often processed complaints as regards temporarily seized property and inaction of law enforcement officers during criminal proceedings investigation, as well as pressure on business from law enforcement bodies. In particular, businesses complained most about the Prosecutor General's Office (49 appeals), slightly less about the National Police (29 appeals).

Therefore, to effectively process complaints from entrepreneurs, particularly those concerning actions of the Prosecutor General's Office, the Council held several working meetings with the PGO in the format of an Expert Group, at which the most problematic issues of the complainants were considered.

In 2025, the Council received 37 complaints about actions of the Bureau of Economic Security (BEB) – almost the same number as compared to the previous year (36 complaints). The Council concluded a Memorandum of Cooperation with the newly appointed Director of the Bureau to effectively resolve problematic issues in interaction of business and BEB.

The Council successfully closed 71% of complaints on law enforcement issues.

Customs issues

In the reporting year, 61 complaints (7%) received dealt with customs authorities. This is only 9 complaints less than in 2024 – 70 (6%). Businesses complained about problems with customs valuation (27) and customs clearance delays/refusals (18).

During the year, the Council's agenda included issues related to difficulties in processing and acceptance by customs authorities certificates in the EUR.1 form for transporting goods from Ukraine, failure to clear some cosmetic products components, since such components are formally classified by the UCG FEA code as fuel, for operations with which a license is required. The Council also worked on difficulties of importing goods into the territory of Ukraine

that naturally contain a small amount of safrole (a precursor circulation of which is restricted), and also continued working on the issue of the impossibility of applying a reduced VAT rate (7%) when importing medical products (medical gauze in rolls).

In addition to assisting entrepreneurs in appealing customs actions or decisions in a pre-trial procedure, the Council also held quarterly Expert Group meetings with the State Customs Service of Ukraine to resolve systemic and complex issues.

The Council successfully closed 48% of complaints regarding customs issues during the year.

Actions of state regulators

In the reporting year, the Council received 68 complaints about actions of state regulators, which amounted to 8% of the total number of appeals. The trend remained stable compared to 2024.

The Council worked on complex systemic issues, including problems with the import of medical gauze and refusal to obtain permits for waste processing operations. We suggest learning more about these cases on pp. 27-29 of the report.

Actions of local governments

The Council received 40 complaints about actions of local government bodies – 5% of the total number of complaints.

In the second half of 2025, the Council worked on implementing the ideas of the Law of Ukraine “On the Administrative Procedure” at the local government level, namely in the work of Lviv City Council. The law provides tools for creating a mechanism for pre-trial appeal of decisions, actions and inaction generated within a local government body.

The Council hopes that full implementation of the provisions of the Law will contribute to increasing administrative processes transparency, ensuring the right of citizens to a fair hearing of their cases, as well as reducing the number of conflict situations and disputes in the future. Introducing clear administrative appeal procedures will allow local governments to correct errors more quickly and build trust of residents, including businesses, in local authorities.

BOC shares information on the status of implementation of the Council’s systemic recommendations in the tax, customs, and law enforcement areas in Appendix 1 to the report.

2.2 TOP-10 government bodies subject to the most complaints

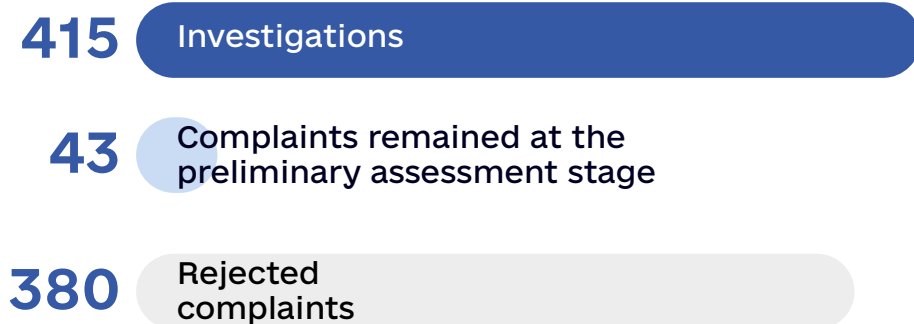
432	State Tax Service
62	State Customs Service
45	Prosecutor General’s Office
41	Local government bodies
37	Bureau of Economic Security
29	National Police
18	Ministry of Justice
18	Parliament, Cabinet of Ministers and President
16	Ministry of Economy, Environment and Agriculture
10	State-owned companies

2.3 Timelines of preliminary review of complaints

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

11 working days.

2.4 Number of reviews conducted and reasons for declining complaints



In the reporting year, the BOC conducted 415 investigations. 43 complaints remained at the preliminary assessment stage. The Council rejected 380 appeals as not meeting complaint eligibility criteria stipulated in the institution's Rules of Procedure.

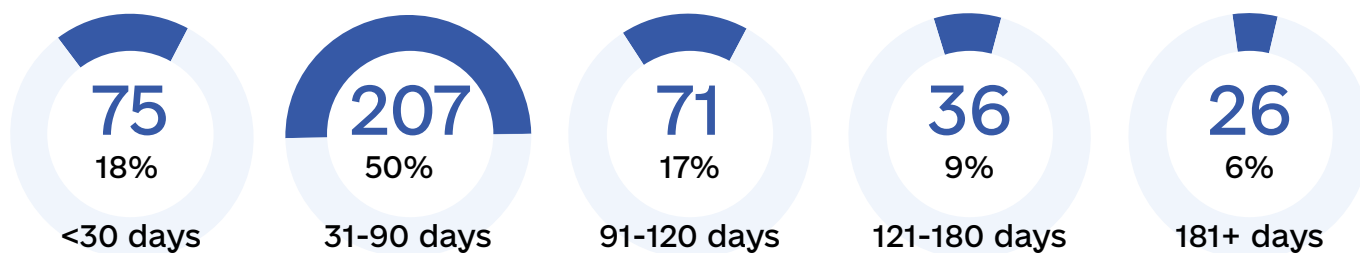
Main reasons for complaints dismissal

Complaints outside Business Ombudsman's competence	223
The complaint is ungrounded, or other bodies or institutions already consider such a case	41
According to the Business Ombudsman, the Complainant did not provide sufficient cooperation	35
Other circumstances where the Business Ombudsman, in his sole and absolute discretion, determines that an investigation of the complaint is not necessary	23
Complaints subject to any court or arbitral proceedings, or in respect of which a court, arbitral or similar type of decision was made	20
Investigation by the Business Ombudsman in a similar case is pending or otherwise on-going	8
Termination of investigation due to complaint withdrawal by the Complainant	8
The complaint concerns an issue on which the Business Ombudsman has already made a decision earlier	6
Complaints in connection with the legality and/or validity of any court decisions, judgments, and rulings	3
Complaints arising in the context of private-to-private business relations	3
A complaint filed to the Council again after a decision was made to leave it without consideration, except when the complainant provides really new circumstances, or facts or substantial evidence	3
In cases where the party affected by unfair conduct has not exhausted at least one level of administrative appeal available to that party under applicable law and the internal rules of the party against whom the complaint is filed.	2
The complaint was submitted after the expiration of the limitation period specified in clause 6.2.	2
Any submissions that do not contain complaints regarding unfair conduct, but instead constitute requests for clarification, other information, or documents, etc., are not considered complaints and are not subject to review	1
The issue was resolved prior to the intervention of the Business Ombudsman Council	1
Failure to comply with the requirements set out in clause 8.2 regarding the complaint form constitutes grounds for rejection of the complaint.	1

The average duration
of investigations was

80 days.

Ratio of closed cases by days:

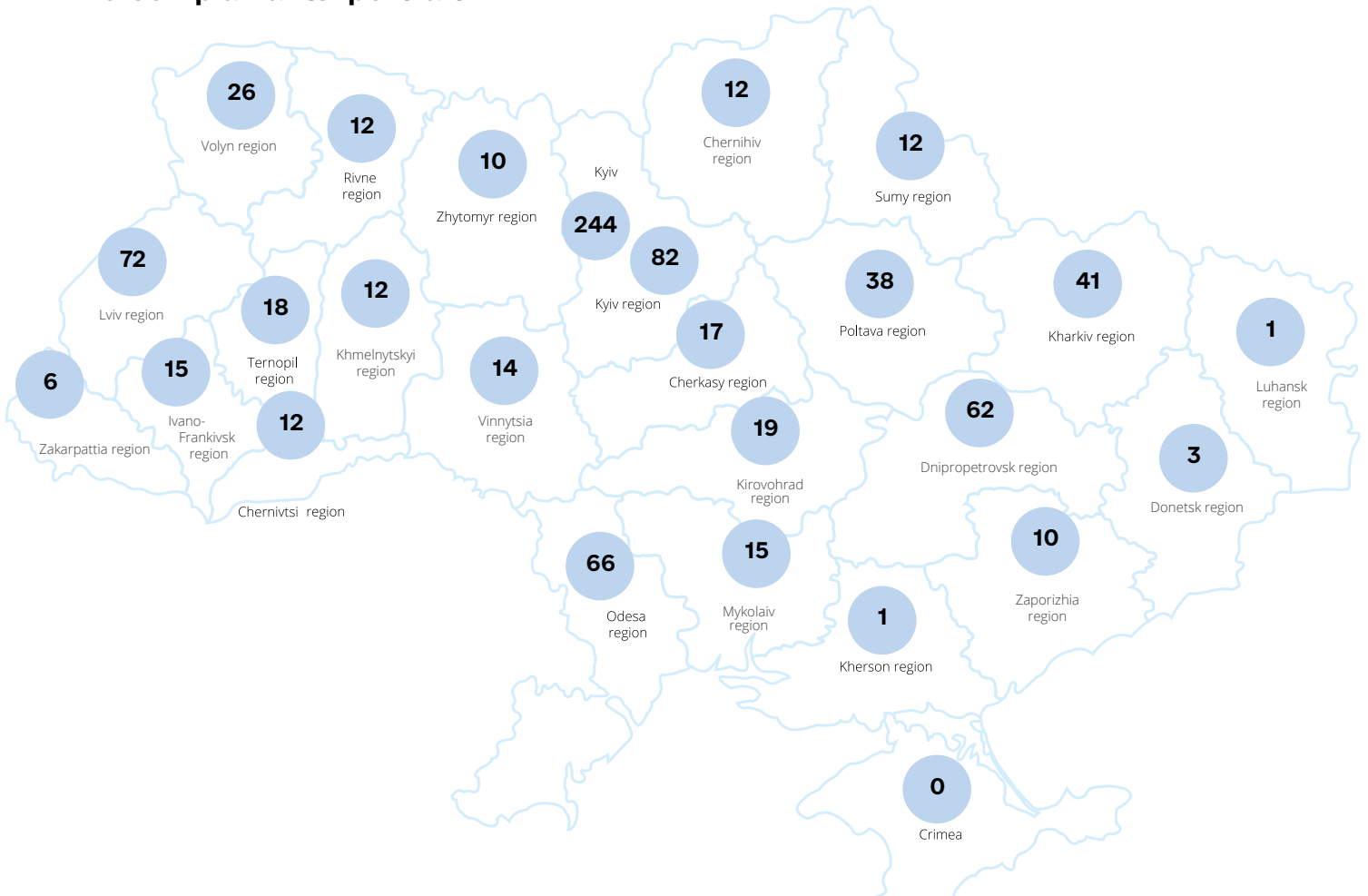


68%

of all closed investigations in 2025 were closed within 90 days, according to the BOC's Rules of Procedure.



2.5 Complainants' portrait



TOP-5 industries

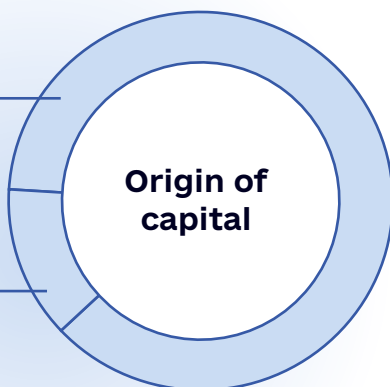


717 | 87%

Ukrainian companies

103 | 13%

Companies with foreign investments

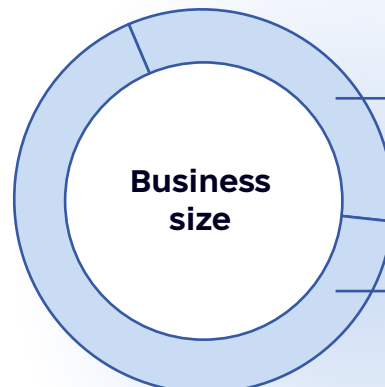


271 | 33%

Large companies

549 | 67%

Small and medium-sized businesses



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

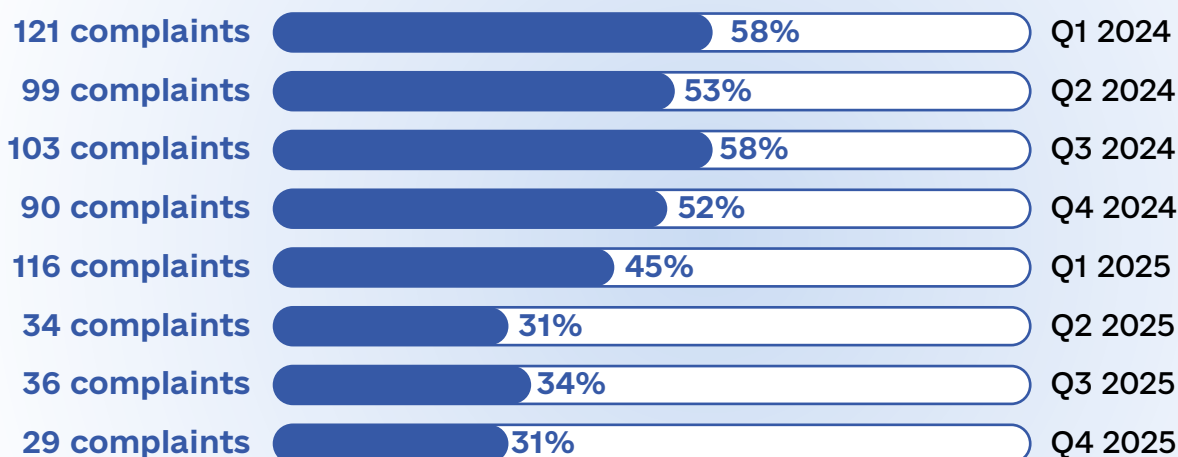
Even though in 2025 the share of tax issues in the structure of entrepreneurs' appeals to the Business Ombudsman Council decreased to about 50%, they continue making up a significant part of complaints to the Council. A significant place among them was occupied by problems related to the VAT system functioning, which thousands of taxpayers experienced due to a surge in mass invoices suspension at the end of 2022.

BOC response to the problem:

The Council conducted its own-initiative investigation and, based on its results, provided the Ministry of Finance and the State Tax Service with recommendations on improving the functioning of Risk Assessment Criteria Monitoring System (SMKOR).

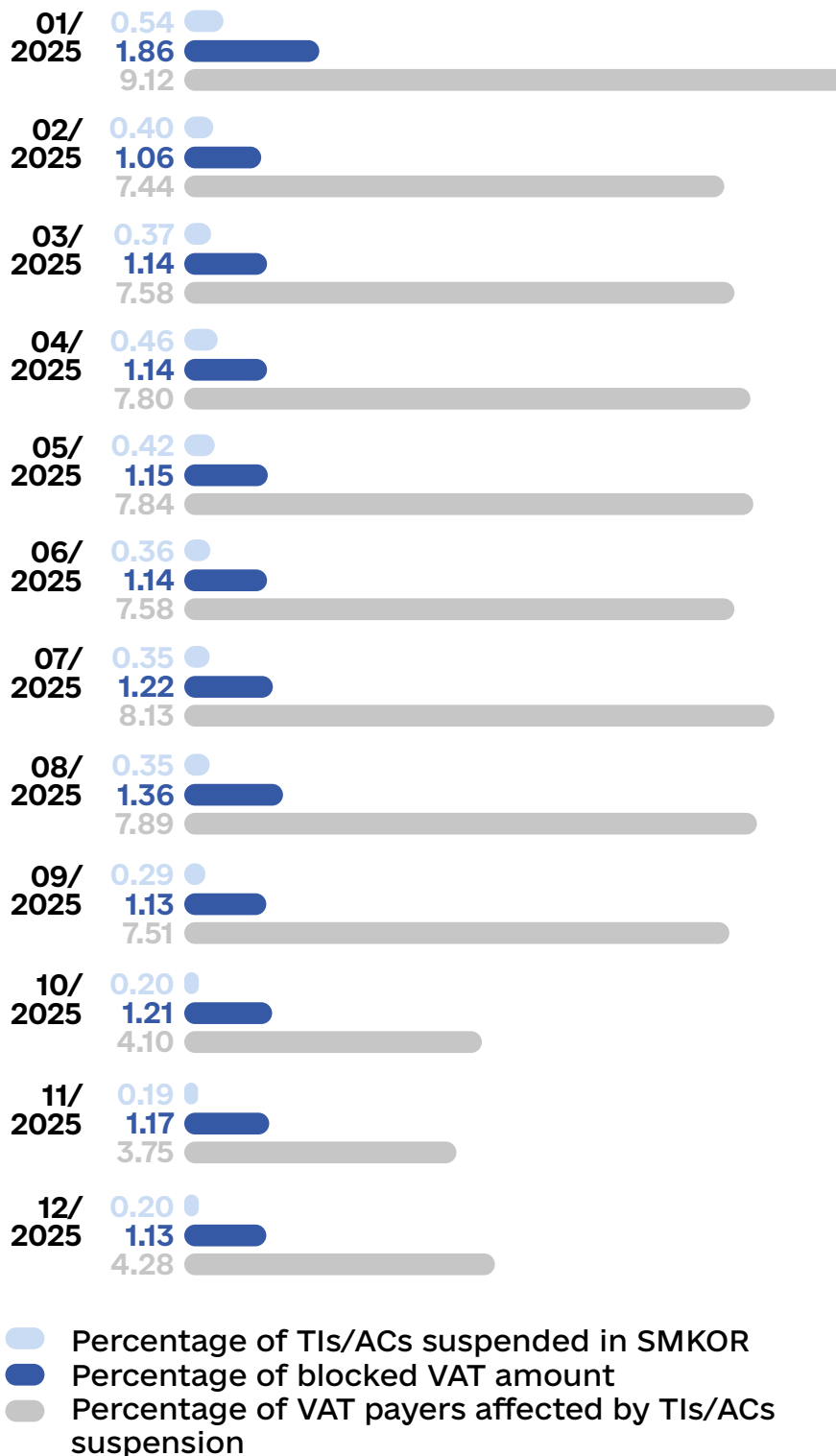
Since the release of the own-initiative investigation report, the Council has been regularly monitoring changes in the VAT system. A downward trend in VAT administration related problems has become noticeable.

SMKOR-related complaints statistics (2024-2025)



Comparing the volume of SMKOR-related complaints with 2024, we observe a steady trend towards a decrease in their number – from 58% in Q1 2024 to 31% in Q4 2025.

Dynamics of TIs/ACs registration suspensions and blocked VAT amount



What changed:

The Tax Office took the Business Ombudsman Council's recommendations into consideration.

We noted progress in the following areas:

- 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.

The Council also supports the implementation of the "Consult First" principle, being one of BOC recommendations implemented by tax authorities by introducing regional communication platforms, as well as opening tax consultant offices at the State Tax Service Main Directorate.

It is this principle that is the basis for moving away from punitive approaches applied by government bodies to business introducing a civilized method of dialogue between a taxpayer and the Tax Service before applying a fine or the monetary obligation amount.

However, the following of the Council's recommendations remain relevant:

- | | | |
|----------|--|---|
| 1 | Intermediate stages before applying punitive consequences to taxpayers | The Council positively assesses the State Tax Service management team openness to cooperation and finding solutions, and intends to continue constructive interaction to resolve business problems in the tax sphere. |
| 2 | Riskiness of the taxpayer: transparency, proportionality, effectiveness of procedures | |
| 3 | Adjustment of administrative practice taking into account court decisions | |
| 4 | Availability of data on key indicators | |
| 5 | A balanced attitude towards taxpayers and adherence to the principles of good governance | |



Ukrzoovetprompostach LLC would like to sincerely thank the Business Ombudsman Council's team for professional assistance and support during the appeal of tax notices of the Main Department of the State Tax Service in Kyiv region to the State Tax Service of Ukraine.

According to the results of the visit by Mr. Roman Waschuk, Ms. Yulia Andrusiv and Ms. Anastasia Tuz to our enterprise – a plant for the production of veterinary drugs, premixes and compound feed in the village of Plakhtyanka, we managed to demonstrate openness, transparency and responsibility in our work, including in matters of cooperation with counterparties when purchasing raw materials.

Thanks to coordinated and fundamental work of the Business Ombudsman Council, the State Tax Service of Ukraine accepted the Council's conclusions and recommendations and canceled tax notices worth over UAH 1 mn. It became a significant example of real protection of business rights and promotion of the development of fair business in Ukraine.

We are sincerely grateful for your support, constructive dialogue, and assistance in restoring justice.

RPE Ukrzoovetprompostach LLC

4. Own-initiative investigation: Tax Incentives: How Can Ukrainians Preserve Their Defence Industry Market?

The format of the Business Ombudsman Council's own-initiative investigations is a special working tool initiated by the Council for in-depth analysis of systemic business problems and finding solutions. During its own-initiative investigations, the Council draws attention to the pressing problems of entrepreneurs, delving into which, the institution develops targeted recommendations for state bodies to resolve them.

In 2025, the Council conducted a new own-initiative investigation into VAT issues for businesses in the defence sector.

After consulting with industry businesses, specialized business associations, and civil society representatives, the Council analyzed the balance of the preferential value-added tax (VAT) regime for goods supplied for defence needs, as well as certain problems of its administration.

During the study, the BOC held a number of meetings, including a business breakfast, with over 30 defence business representatives (manufacturers, importers, repair companies), specialized business associations (particularly the Defence Alliance of Ukraine, Technological Forces of Ukraine, Association of Armaments and Military Equipment Manufacturers of Ukraine, IRON Lviv Tech Cluster), representatives of the Ministry of Strategic Industry, the Ministry of Defence, volunteer funds ("Return Alive", "Prytula Fund") and consultations with individual servicemen.



[Read report](#)

Key blocks

During the investigation, the Council focused on three key blocks that appeared to be the most problematic based on consultations results with stakeholders:

1

Localizing components production in Ukraine

Despite the declared state support for production localization, current tax regime makes local production components economically unprofitable compared to imports. Component manufacturers have to pay import customs duty and VAT on imported raw materials, while imported ready-made components have exemptions. It slows down internal production development and creates risks for Ukraine's strategic independence of defence technologies.

2

Unclear preferential taxation mechanism and problems law enforcement

Our review of court cases shows that the rules for confirming eligibility for VAT exemptions are not clearly defined. Because of this, dozens of companies supplying goods for defence purposes later faced lawsuits initiated by the state. In these cases, authorities demanded that businesses repay VAT that had previously been included in the price and treated as "wrongly paid", creating financial risks and uncertainty for suppliers.

3

Problem of administering preferential VAT regime for defence goods

Current tax policy provides charging VAT on military equipment repair services significantly increasing their cost. This negatively affects the country's defense capabilities, because it is possible to repair less equipment for the same budget. In addition, tax on repair services creates additional administrative pressure and cash gaps for companies specializing in such services.

The Council presented its own-initiative investigation results during a press event.



Suggested next steps

Based on the analysis results, the BOC formed recommendations to improve situation in the industry:

1

Regarding production localization:

- To explore local component production potential.
- To conduct an audit of the current preferential nomenclature effectiveness.
- To consider possibility of extending benefits to component manufacturers.
- To introduce effective control over use of benefits.

2

Regarding preferential VAT regime administration:

- To prepare and publish a generalized tax consultation with benefits mechanism explanation.
- To improve planning changes in the tax system policy to avoid negative financial consequences for business.

3

Regarding repair services taxation:

- To investigate current VAT taxation system impact on the defense financing effectiveness.
- To study the possibility of introducing a preferential VAT regime for military equipment repair services.

The report focus

Despite the state's declared support for defence goods production and its focus on localization, the current tax regime does not favor national component manufacturers for weapons and military equipment, and makes their products more expensive compared to imported counterparts. Amendments to the tax and customs codes in late 2024, expanded tax and customs benefits for imports of raw materials and materials for manufacturers of finished products, such as drones, electronic warfare systems, etc.

However, these benefits do not apply to component manufacturers (except for fiber optic cable reels, which became the first component to which the

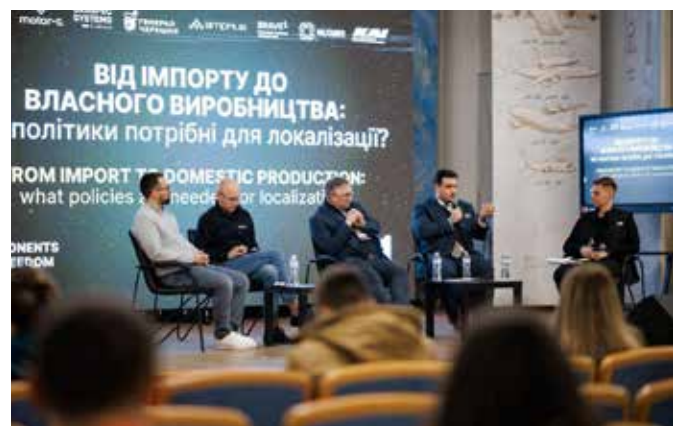
state extended the relevant benefits in 2025), which, unlike finished products manufacturers, have to pay import duties and VAT when importing raw materials and materials. As a result, importing finished components becomes more profitable than their local production, which, in turn, slows down the development of the Ukrainian components market and increases dependence on foreign suppliers. In terms of balancing tax incentives, the state is considering two alternative scenarios: expanding preferential mechanisms, or equalizing the manufacturers position by revising the preferential model towards reduction.

Consultations with the Ministry of Defence of Ukraine

As part of implementing the recommendations based on its own-initiative investigation report results, the Council held consultations with the Ministry of Defence of Ukraine. The state is currently working on a general concept for balancing the preferential taxation system in the defence sector.

To promote a public debate among all stakeholders on issues studied, the Council collaborated with the IRON

Defence Technologies Cluster and the Snake Island Institute and participated in the preparation of a section dedicated to the tax and customs regulations analysis in the study “Components of Freedom. A Roadmap on Localization Issues”, the results of which were presented at the Components of Freedom conference. The conference took place in Kyiv on December 2, 2025 (<https://ironcluster.org/announcement>).



5. New BOC projects and initiatives

While handling business complaints remains a key function of the Business Ombudsman Council, it is constantly looking for new ways to support business and improve the business environment in Ukraine. In 2025, the Council launched several new projects and initiatives to effectively respond to challenges faced by businesses. Work on projects will continue in 2026.

1. Lviv LAP Implementation project – assistance to local government in implementing the law “On the Administrative Procedure” (LAP)

The Council, jointly with experts from the EU4PAR2 EU project is implementing the pilot project “Lviv: implementation”.

Within the framework of the project, the Council, together with EU4PAR2 experts, conducts trainings for Lviv City Council (LCC) employees on applying administrative appeal practices and works on finding ways for LCC Complaints Review Commission operation, as well as makes proposals to bring LCC local regulatory legal acts in line with the LAP, particularly in outdoor advertising and landscaping areas.

The Council also develops the educational focus of implementing the LAP for entrepreneurs, participating in dedicated events and conducting online seminars on how the LAP works for business.



2. De-shadowing home appliances and electronics market

Within the framework of the project, the Council is a facilitator of negotiations between retail companies selling household appliances and electronics in Ukraine, as regards conclusion of a Memorandum of Understanding. The Memorandum is aimed at ensuring compliance with transparent and legal business practices, increasing the tax discipline level and cooperation

between signatory companies and state authorities. Implementing the memorandum will help set uniform and transparent rules of the game for all players in the segment.

In 2025, regular meetings of electronics retailers and work on a draft memorandum were held under the coordination of the BOC.



3. Cooperation with the Ministry of Economy within the “Pulse” platform

In the reporting year, the Business Ombudsman Council continued cooperating with the Ministry of Economy of Ukraine on processing appeals from entrepreneurs received through Pulse government system –

a platform to systematically collect information from businesses as regards their experience of interacting with the state, regulatory problems, external influences, consequences, and needs important for businesses recovery and their continuous operation.

4. Brochure on recording damage as a result of shellings

The Council has developed an information brochure “What Should a Business Do If Property is Damaged or Destroyed as a Result of a Missile Attack?”.

In the brochure, the Council compiled the main steps to help property owners correctly record the damage caused, submit an application for future compensation, and take tax consequences into consideration.



6. Systemic cases

1. Solar power plant equipment depreciation



A group of companies operating in the renewable energy field turned to the Council. During the audit, the complainants had disagreements with the State Tax Service regarding solar power plants (SPPs) fixed assets depreciation rules. The company believed that the station was a set of various equipment and structures, each component of which may have a separate depreciation period (minimum – 5 years). However, the tax service treated the station as an integral structure, which should be depreciated over 15 years. A longer depreciation period increased the tax burden on business.

The Council concluded that although the complainant's practice did not contradict the applicable legislation, the relevant provision allowed for an ambiguous interpretation. That is, there was a situation of legal uncertainty that could have a negative impact on the investment attractiveness of the industry.

The BOC involved the Ministry of Energy, the Ministry of Finance, the State Tax Service, and business associations in resolving the issue to help state bodies develop a unified approach to solar power plants depreciation. However, it was impossible to develop a common position. Some state bodies supported

the business position, others – the State Tax Service one.

When the depreciation cases reached the Supreme Court, the Council sent an expert opinion on the issue (*amicus curiae*) to the Supreme Court. The Supreme Court issued a decision confirming:

- A solar power plant was a complex of separate equipment with different operating periods, not a single structure;
- Accelerated depreciation provisions may apply to solar power plant equipment.

The State Tax Service informed the Council about bringing the legal positions of the Supreme Court to the attention of branches for use in their work during inspections.

Resolving this problem was of strategic importance, as it not only eliminated unnecessary risks for investors, but also launched real financial incentives for recovery. The right to accelerated depreciation would allow businesses to return investments faster and invest the released funds in creating new generating capacities, which were critically needed by Ukraine's energy system.

2. A food flavoring or a precursor?

The Council received a complaint from a company attempting to import a food flavoring containing a small percentage of piperonal into Ukraine. The flavoring complied with EU technical regulations mandatory for use in Ukraine. However, customs did not let the shipment through, requiring an import license for piperonal as a precursor.

In the BOC's view, the State Medical Service's actions appeared inconsistent and discriminatory towards importers of products with a low content of piperonal, and also were against the administrative practice of EU countries.

The Council initiated a discussion with the participation of the State Medical Service, the State Customs Service, the Ministry of Health, the complainant representatives, and other market participants to develop a unified position on the circulation of flavorings and food mixtures containing piperonal in Ukraine.

On June 11, 2025, the Ministry of Health amended the Decree No. 770 providing for licensing the import of piperonal as a precursor. The Decree was supplemented with a note, according to which food flavorings and food additives containing the "piperonal" substance were not subject to restrictions provided for in Decree No. 770. On July 31, 2025, the State Medical Service provided additional clarification to the customs. The complainant's goods were released for free circulation.

The issue was resolved at the legislative level, so the import problem with food flavorings containing the "piperonal" substance was resolved not only for the company that asked the Council for help, but also for other enterprises using similar products in their activities.

3. Gauze rolls – is it a medical product or not?

Medical gauze importers have been paying value-added tax ("VAT") at a preferential rate of 7% for decades. However, in April 2024, customs authorities began applying a rate of 20%. It caused significant financial losses and a

drain on the working capital of importers: although they paid 20% VAT when clearing the gauze, public procurement prices were at a 7% rate. It also created problems for companies processing imported gauze rolls into bandages,

dressings, wipes, etc., as they paid 20% VAT when importing raw materials, but sold the goods with a VAT of 7%.

A company importing and processing gauze in large rolls complained to the Council about this issue. The complaint had been under consideration for almost a year. During this time, the Council sent numerous letters and arranged many meetings with the state bodies in charge arguing why gauze in large rolls should be considered a medical product (a key issue in determining the VAT rate) and referring to Ukrainian and European legislation and

practice. Despite persistent efforts of the Council's investigators to push state bodies to resolve the problem, it remained unresolved.

Meanwhile, in 2025, the Supreme Court adopted two resolutions, in which it stated that gauze in large rolls was a medical product and confirmed the right to apply a VAT rate of 7%, which created the basis for changing the practice of the State Customs Service, State Tax Service, and the Ministry of Health.

4. European integration side effects in the waste management field

In 2025, the Council dealt with complaints from several companies processing hazardous waste. The complainants were unable to obtain permits to perform waste processing operations ("Permits"), without which they were not entitled to continue their operations.

The Council found out that the problem arose after the European integration law "On Waste Management" entered into force, which provided for obtaining new permits by all companies processing hazardous waste – including those that already carried out such activities and had the required licenses.

There was a difficulty at the stage of obtaining Permits, as the regulator (the Ministry of Environment, later the Ministry of Economy), among other things, demanded a repeated environmental impact assessment (EIA) – a lengthy and expensive procedure.

The Council analyzed the current legislation and provided its position on the issue to the relevant state bodies, initiated and participated in discussions on the issue with the participation of business and the state, convincing state bodies of the need to develop a solution that would balance interests of all the parties.



7. Helping business and the state in Ukraine's recovery processes

The Business Ombudsman Council plays an important role in creating a transparent and competitive business environment, being key to involving the private sector in the country's recovery processes. Understanding the strategic challenges of the time, the Council launched the Policy&Recovery direction managed and coordinated by the Deputy Business Ombudsman. The team supports the private sector in overcoming the consequences of the Russian Federation's military aggression, identifying recovery opportunities and implementing reconstruction projects, including critical infrastructure, and encouraging investment in recovery projects.

During 2025, the Policy&Recovery team focused on developing collaboration with key stakeholders, exploring barriers to private sector participation in recovery, processing respective complaints and developing systemic recommendations, as well as engaging in international recovery platforms.



Key team results:

13

cases

UAH

3.8

bn

the total "value"
of the case portfolio

UAH

2.2

bn

returned to business

Impact areas:

Construction



8
cases

Logistics and
storage



2
cases

Alternative
energy



1
case

Consulting/
engineering



1
case

Manufacturing



1
case

Recovery related analytical materials



Systemic report
“Challenges in
Protecting and Restoring
Critical Infrastructure
Through Private Sector
Engagement”



Study
“Ukraine at War:
Business Environment
Transformation and
Investment Prospects”



Analytical note
“Centralized Procurement
Organization: New
Approaches to Recovery-
Related Procurement
Issues”

Interaction with government stakeholders

In February 2025, the Council signed an updated Memorandum of Partnership and Cooperation with the State Agency for Restoration and Infrastructure Development of Ukraine (Restoration Agency). This step marked a significant interaction expansion that began in 2023 and provided new tools to create favorable conditions for business at each reconstruction stage. The interaction of institutions is focused on ensuring infrastructure initiatives transparency, eliminating systemic obstacles, and reducing regulatory barriers to smooth involvement of the private sector in the country's recovery.

Key studies

1. “Ukraine at War: Business Environment Transformation and Investment Prospects”



The full-scale invasion has considerably changed the business environment for companies already operating in Ukraine and created new uncertainties for those considering entering the market. To analyze the current situation and explore the readiness of foreign businesses to invest in Ukraine, the Council conducted a survey among Ukrainian and international businesses representatives. The study focused on identifying risks and challenges faced by foreign investors when entering the Ukrainian market and participating in reconstruction projects. In April 2025, the Council presented a report on this study results.



Main conclusions:

Investment plans: 61.5% of foreign investors plan to attract investments in Ukraine of up to USD 5 mn.

Large-scale investments: Over 38% of companies are ready to invest significantly larger amounts – from USD 5 to 100 mn.

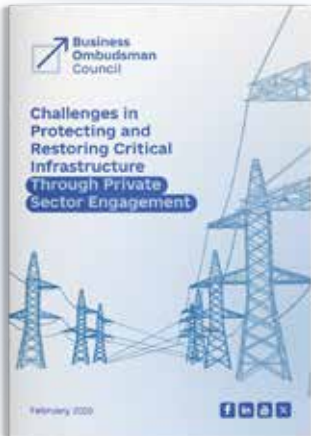
Priority industries: The sectors of greatest interest for foreign capital are construction (23.1%), energy (23.1%), and industrial production (15.4%).

War factor: The key factor in making investment decisions remains risks associated with war (69.2%).

Economic challenges: 38.5% of respondents see a negative impact in economic uncertainty, and 46.2% consider currency stability and inflation rates to be critical factors.

Regulatory barriers: The biggest obstacles deterring investors are licensing procedures, limited access to justice, and lack of political risk insurance – 15.4% each respectively.

2. Systemic report “Challenges in Protecting and Restoring Critical Infrastructure Through Private Sector Engagement”



Ukraine’s critical infrastructure (CI) has become one of the main military targets of the Russian Federation and has suffered losses of almost USD 155 bn. Its restoration requires a comprehensive approach, strategic management and effective cooperation between the state, business and international partners. To identify key obstacles in this area, the Council conducted a systemic study and presented its results in the report “Challenges in Protecting and Restoring Critical Infrastructure Through Private Sector Engagement”.

Among the main problems identified during the study are:

Delays in payment for works performed.

Contractors often perform works on credit, and when time comes to pay, the state has no funds. Companies are forced to attract credit resources and divert their own working capital, thus putting businesses on the verge of operations.

Ineffective use of allocated resources.

Territorial communities are often unable to effectively implement reconstruction projects resulting in underutilization of funds provided to them. Delays in making government decisions on the international assistance distribution further hamper recovery, particularly implementation of a number of energy projects was suspended due to untimely convening of the relevant government committee.

Lack of government guarantees and military risk insurance. Introducing public-private partnership mechanisms will be an important tool for attracting financial resources necessary for large-scale reconstruction. In addition, foreign funds and financial institutions participation, such as the World Bank, EBRD, and International Finance Corporation, can ensure a stable flow of capital for critical projects.

Shortage of qualified personnel.

It complicates the work of both contractors and suppliers, delaying the reconstruction process. An additional problem is the discrepancy between market salaries and estimates approved by the Ministry of Development, which are two to three times lower than the actual average salaries in the construction industry. It creates difficulties in attracting contractors and inhibits foreign companies’ participation in CI facilities restoration.

Problems with supplying construction materials. The destruction of production facilities, sanctions restrictions, disruption of logistics chains, and rising energy prices lead to a shortage of materials and a general increase in the construction cost.

Fast-track public procurement procedures. Under martial law, the vast majority of procurements are carried out with a single participant – 85% in tenders with an electronic system and 97% without it. The lack of clear selection criteria, discriminatory requirements and limited access to information create conditions for lobbying “convenient” companies, reducing the quality of work and repelling bona fide businesses from participating in the reconstruction.

The Council's systemic recommendations to the Government of Ukraine on removing obstacles to participation of national and international business in the recovery

In its report on private sector engagement in reconstruction, the Council proposes systemic recommendations aimed at changing key approaches to reconstruction. They include introducing clear rules to protect businesses against risks of non-payment for work performed, creating an effective coordination mechanism between stakeholders, reforming public procurement procedures, and ensuring transparency in financing.

Systemic recommendations are divided into two blocks:

Recommendations requiring immediate implementation:

- Transparent rules for business
- Legal framework settlement
- Land procedures simplification
- Modern price formation
- Improving public procurement approaches
- Engaging international contractors
- CI recovery coordination

Long-term recommendations:

- Elaborating CI development plans
- Modernizing the country's energy model
- Restoration financing
- Engaging businesses in restoration
- Transparency and monitoring of funds use

Recommendations implementation status

As of December 2025, **the Government of Ukraine implemented the Council's 7 systemic recommendations. This is 33% of the total number of recommendations** provided in the report "Challenges in Protecting and Restoring Critical Infrastructure Through Private Sector Engagement":

- The Cabinet of Ministers resolved the issue of critical infrastructure (CI) construction and protection
- The process of creating a Central Recovery Center at the Recovery Agency began.
- International access and harmonization of procedures in the PPP field are regulated by the Law of Ukraine "On Public-Private Partnership"
- A coordination center created under the Ministry of Development to protect and restore CI
- A single national price database for building materials created
- Methods for calculating estimated salaries updated
- The practice of direct contracts for CI projects through the PPP mechanism abandoned.

3. Analytical note “Centralized Procurement Organization: New Approaches to Recovery-Related Procurement Issues”



At the end of 2025, the Council presented an analytical note “Centralized Procurement Organization: New Approaches to Recovery-Related Procurement Issues”. Creating a CPO was one of the Council’s systemic recommendations from the report “Challenges in Protecting and Restoring Critical Infrastructure Through Private Sector Engagement,” which the Government implemented by the Cabinet of Ministers Decree No. 362 of April 1, 2025.

The document analyzes public procurement challenges in reconstruction at two levels. At the level of the Centralized Procurement Organization, it’s the lack of centralized expertise, unified approaches to participants qualification, uniform documents and mechanisms for controlling the implementation of contracts. At the national level, there are problems with financing and budget planning, limited opportunities to attract international participants, the lack of a single price base for works and materials, as well as special legislation on reconstruction. The Council proposed comprehensive recommendations to address these challenges, particularly as regards unifying procurement procedures, ensuring stable financing, creating a single price base and harmonizing with international standards.

Recovery cases examples

Case 1. Debt for protective structures construction

Problem

The Council received information that significant arrears had been incurred for protective structures construction for critical infrastructure facilities.

The total amount of the state’s arrears exceeded UAH 2 bn, thus having created a significant financial burden.

BOC actions

The BOC initiated steps for the debt to repaid. In its appeal, the Council emphasized the public importance of timely settlements with contractors engaged in defence and recovery construction projects, as the pace of the country’s reconstruction directly depends on this.

Result

As a result of steps taken, the debt was repaid in full. The case was successfully closed.



Case 2. Inconsistent microgrant program rules application

Problem

A private entrepreneur contacted the Business Ombudsman Council, reporting possible violations of the regional employment center when implementing the state small business support program. In 2022, she received a state microgrant for the development of her own business, which provided for the creation of two jobs within a certain period. While implementing the project, the entrepreneur encountered objective difficulties – long power outages, disruption of logistics, and increased security risks in the region, which made it difficult to fully fulfill the program's terms.

Due to change in the circumstances of the project implementation, the entrepreneur turned to the local employment center with a request to provide an official explanation of further actions. During the consultation, she was granted the possibility of non-fulfillment of the obligation to create a second job, provided that the respective part of the grant funds was returned. The entrepreneur followed these recommendations in good faith. However, after a while, the regional employment center changed its position, recognizing such actions as a violation of the program terms. As a result, a report on the alleged non-fulfillment of obligations under the contract, which threatened financial sanctions, was drawn up.

BOC actions

The Council participated in an online meeting with the entrepreneur, the State Employment Center and the relevant ministry representatives. The purpose of the discussion was to clarify all the circumstances of the case, particularly the consistency of actions between the regional and central levels of the employment service, the reliability of previously given consultations and legal grounds for recognizing the violation.

The Council drew the attention of state bodies to the need to adhere to good governance principles, particularly administrative practice consistency and prevention of double interpretation of official explanations. The Council emphasized that actions of entrepreneurs who followed the recommendations of state institutions could not subsequently be recognized as violations, as that undermined trust in state business support programs.

Result

After processing the appeal, the regional employment center revised its position and confirmed the fulfillment of all terms of the contract. The State Employment Center informed the Council about the full settlement of the situation, and the entrepreneur was able to continue her activities without financial sanctions.



Case 3. Updating the norms determining construction costs

Problem

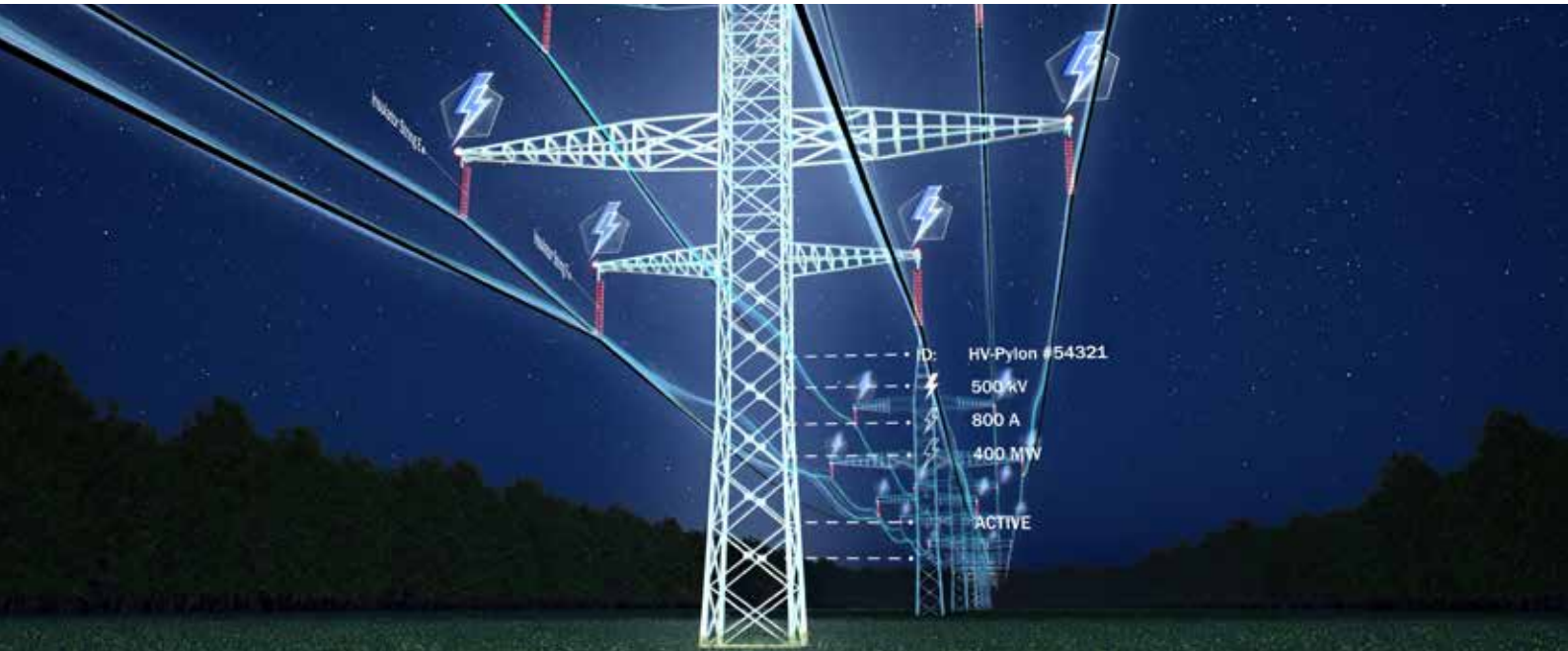
A large infrastructure company approached the Business Ombudsman Council regarding outdated approaches to determining the cost of construction, provided for in Instruction No. 281, approved by order of the Ministry for Communities and Territories Development of Ukraine (MinDev). The company noted that certain provisions of the Instruction required updating, in particular, in the calculation of estimated profit when preparing investor estimate documentation and in determining administrative costs.

BOC actions

The Council began systemic interaction with the authorities and the market. Representatives of the Council joined the specialized working group under the MinDev and actively attended its meetings. In parallel, the Council held consultations with the construction sector representatives and consistently raised these issues in the public sphere, which allowed to agree on key business proposals.

Result

As a result, on November 19, 2025, the Cabinet of Ministers of Ukraine adopted the Decree No. 1512 “Some Peculiarities of Determining the Cost of Construction Under Martial Law”. The decree established general production and administrative expenses amounts, as well as estimated profit for the period of martial law and/or emergency for defining the cost of construction carried out with the involvement of public funds. It also provided for the mandatory use of these indicators when forming the contractual price and making mutual settlements. The complainant informed the Council that he positively assessed the adopted changes and considered them as those taking into account the needs of the market and eliminating problematic issues raised by him in the complaint.



Case 4. Continuation of critical infrastructure protection regulatory settlement

Problem

A construction company that performed construction and restoration works on critical infrastructure facilities appealed to the Business Ombudsman Council with a problem with the imminent (at that time) expiration of the Decree of the Cabinet of Ministers of Ukraine No. 1482 of December 27, 2022. This document determined the procedure for implementing a pilot project on construction, repair and other engineering and technical steps to protect fuel and energy sector facilities. After the Decree expired, legal uncertainty arose, which made it difficult to continue work that had already begun, conclude new contracts, and finance restoration measures.

BOC actions

The Business Ombudsman Council escalated the issue to the systemic level. In its report “Challenges in Protecting and Restoring Critical Infrastructure Through Private Sector Engagement”, the Council provided recommendations to the Government of Ukraine on the adoption of a new regulatory legal act that would ensure the continuity for energy facilities restoration and protection projects implementation. The report also emphasized the importance of creating stable and transparent conditions for participation of private business in performing such works, particularly through clear regulation of financing, procurement and control mechanisms.

Result

Thanks to the Council’s recommendations and its systemic interaction with executive authorities, on February 7, 2025, the CMU adopted the Decree No. 142 “On the Implementation of a Pilot Project on New Construction, Reconstruction, Overhaul, Repair and Other Engineering and Technical Measures to Protect Fuel and Energy Sector Critical Infrastructure Facilities.” The adoption of this document restored normative regulation in the field of critical infrastructure protection, providing legal certainty for the company and creating conditions for continuation of important projects to restore energy facilities.

Public speaking and international representation

During the year, the Council actively presented its developments and achievements at leading national and international platforms, consistently expanding the awareness of society and partners about its activities. At the national level, the main attention was given to direct interaction with stakeholders, business representatives and business associations through joint events, round tables and public speeches. The Council became a loud voice of Ukrainian business on the international stage, participating in key international events such as Ukraine Recovery Conference and Rebuild Ukraine.

Ukraine Recovery Conference

The Ukraine Recovery Conference (URC2025) was held in Rome, Italy on July 10 and 11, 2025. The event brought together over 6,000 participants from 70 countries, having united international partners, government, business, and civil society representatives to discuss strategies for Ukraine's long-term recovery from the consequences of the full-scale Russian invasion.

In Rome, the Business Ombudsman Council was represented by Business Ombudsman Roman Waschuk, his Deputy Tetiana Korotka and the Policy & Recovery team. In addition to participating in the main panels of the conference, the Council organized two side events. The first was a high-level event jointly with the Italian Ombudsman "Justice, Trust and the Rule of Law: The Role of Ombudsman

Institutions in the Recovery of Ukraine", which brought together ombudsmen from national and regional institutions, international experts and OECD representatives, where they discussed the role of ombuds institutions in the recovery of Ukraine, attracting private capital and creating a favorable investment environment. The second was a discussion "Partners in Progress: Ukraine's Private Sector Response", where representatives of Ukrainian, European and American businesses, international financial institutions – the EBRD and the International Finance Corporation – discussed conditions for attracting private capital to recovery, transparency of the rules of the game and preservation of human capital as a prerequisite for sustainable economic growth.



On the photo: Roman Waschuk (Business Ombudsman), Tetiana Korotka (Deputy Business Ombudsman), the Policy & Recovery team



Side event "Partners in Progress: Ukraine's Private Sector Response"

Rebuild Ukraine

On November 13–14, 2025, the BOC delegation, led by Business Ombudsman Roman Waschuk and with the participation of Deputy Business Ombudsman Tetiana Korotka, participated in the international exhibition and conference ReBuild Ukraine: Construction & Energy in Warsaw, Poland.

During the event, the team held bilateral and multilateral meetings with Ukrainian and international businesses on barriers to implementing recovery projects, discussing both systemic challenges and company-specific cases. An important area was public communication about the role of the Council as an equidistant institution – a bridge between the government, business and international partners. The delegation also participated in workshops of the European Commission on engagement of the private sector in recovery.



In the picture: Tetiana Korotka (Deputy Business Ombudsman), Policy & Recovery team

Public events

Conference “Logistics as a Driver of Economic Growth”



I GR Forum



“Reconstruction in Action 3.0” as part of the KyivBuild Ukraine 2025 exhibition



Recovery Construction Forum



Presentation of the Centralized Procurement Organization (CPO)



Conference “Construction and Infrastructure: Key Industries for Economic Growth” (We Build Ukraine)



Presentation of the OECD Integrity and Anti-Corruption Policy Review of Ukraine



IV Business & Legal Infrastructure Forum Legal Practice (speech by Olena Chorna)



Seminar “How Foreign Companies Can Start Participating in Prozorro Tenders and Internationally Financed Reconstruction Projects”, organized by Pomorski Broker Eksportowy in Gdansk, Poland (speech by Olena Chorna)



Webinar “BOC for European Integration and Recovery: Navigating Risks and Engaging the Private Sector”, organized by the American Chamber of Commerce in Ukraine jointly with the Business Ombudsman Council



Speech by Tetiana Korotka at the meeting of the Anti-Crisis Headquarters for Economic Stability (USPP)

III Anti-Corruption Forum of the AAU (speech by Olena Chorna)



II Investment Forum (speech by Tetiana Korotka)



Online discussion on the topic “How is Ukrainian business recovering from the consequences of Russian aggression?”, organized by the CES (speech by Dmytro Polyansky)



“Tax Policy 2025: Legislative Changes, Business Responsibility and the Role of State Bodies” KBU (speech by Olena Chorna and Dmytro Polyansky)



Let me sincerely thank you and the Business Ombudsman Council's entire team for the attention, support, and high professionalism that you have shown in considering our appeal regarding failure to fulfill financial obligations by the Ministry of Internal Affairs of Ukraine.

We deeply appreciate the fundamental position with which the Council protects the interests of business, particularly in matters related to the country's post-war reconstruction. We would like to express special gratitude to the investigator handling our issue with extraordinary sensitivity and responsibility. Her competence and efficiency are truly impressive.

We are convinced that your support plays a key role in restoring trust from international partners in the business environment in Ukraine, as well as helps attract new investments for the country's recovery.

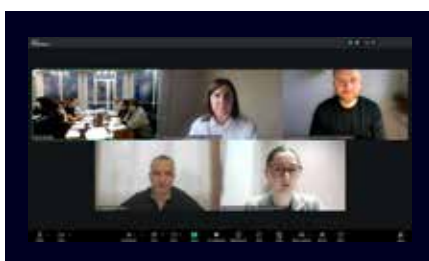
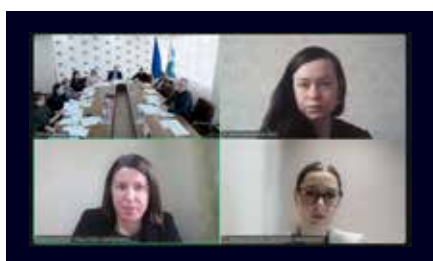
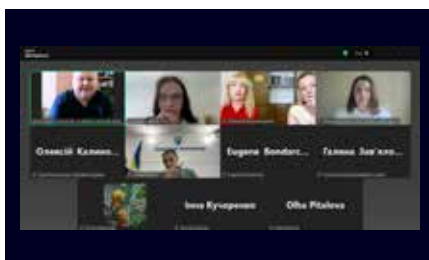
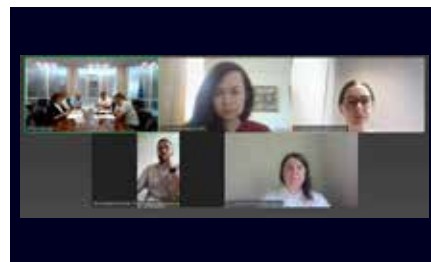
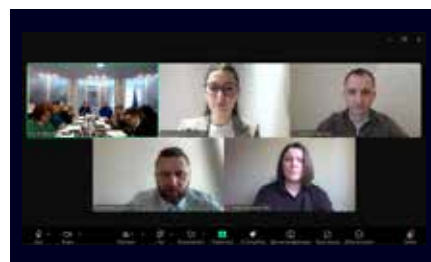
Once again, we sincerely thank you for your assistance and look forward to further developments.

Consulting company

8. Cooperation with stakeholders

8.1 Expert groups

	Number of meetings	Number of cases reviewed
State Tax Service of Ukraine	12	187
Main Department of the STS in Kyiv city	2	4
Main Department of the STS in Kyiv region	2	5
Prosecutor General's Office	4	42
State Customs Service	3	15



8.2 Memoranda with government bodies

During the year, the Business Ombudsman Council boosted cooperation with key state institutions in the tax and law enforcement sphere by updating and concluding memoranda of understanding.

The framework for interaction with the State Tax Service of Ukraine was updated



A new stage of cooperation with the Bureau of Economic Security of Ukraine was launched



These agreements are aimed at improving coordination in considering business complaints, working together on systemic problems, and developing practical mechanisms for preventing violations, particularly through the Expert Groups format.



Our company has had a positive experience of working with you before, and this once again when your team has demonstrated a high level of professionalism, efficiency and dedication. Thanks to your hard work, we were able to protect the legitimate interests of our business again and successfully renew the license for the right to wholesale fuel trade revoked by the tax authority with violation of the norms of the current legislation of Ukraine.

Your activities are a significant support for creating a transparent and fair business environment in Ukraine. Thank you for your professional support and efforts greatly contributing to the development of fair business in Ukraine.

YUNA TRADING LLC

8.3 Regional visits

In 2025, the Business Ombudsman Council continued its active work in the regions to strengthen the dialogue between business and government bodies and improve public administration quality at the local level.

During the year, the Council's team made regional visits to the following cities:

Lviv



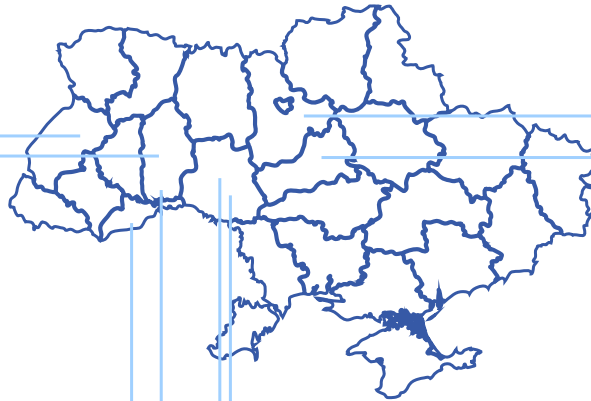
Pereyaslav



Khmelnyskyi



Kropyvnytskyi



Chernivtsi



Tulchyn



Kamianets-Podilskyi



Vinnitsia



During its trips, the Council traditionally focused on:

- meetings with local governments, as well as regional military administrations representatives;
- communicating with local businesses and business communities, particularly small and medium-sized enterprises;
- presentations of the Council's tools for out-of-court disputes settlement between businesses and government bodies;
- discussing common problems of entrepreneurs in interacting with tax, customs and other regulatory authorities, as well as wartime challenges.

8.4 Visits to companies

In 2025, the Business Ombudsman Council continued its visits to companies as a tool to better understand the operational realities of business and practical barriers faced by companies when interacting with government authorities.

The Council's team visited enterprises in the fields of:

infrastructure
construction (Autostrada)



mechanical
engineering (ELEX)



woodworking
(Woodekspo)



food and processing industry (Terra Food, Honigma, Khmelpyvo)



special equipment
production (Validus
Special Auto)



production of
compound feed and
veterinary drugs (NVP
Ukrzoovetprompostach LLC)



lighting engineering
(Inteltek Ukraine)



Most of the visits were made within the framework of considering individual complaints – primarily about the actions of law enforcement, tax and regulatory bodies. Learning about how enterprises work and their technological processes helped the Council to:

- assess the validity of claims from government bodies;
- analyze the impact of inspections, searches and procedural actions on operational activities;
- strengthen argumentation in interaction with authorities within the Council's mandate.

Thanks to such visits, the Council receives a factual basis for better support of appeals, maintains direct contact with producers, and takes into account the needs of the real sector in working with authorities.

8.5 Declaration of Fair and Reasonable Administration



Throughout 2025, the Business Ombudsman Council consistently promoted the Declaration of Fair and Reasonable Administration – a framework of principles for public authorities guiding law enforcement towards proportionality, impartiality and common sense, rather than a purely literal interpretation of the rules. Experience with business complaints confirms that problems often arise not because of imperfections in laws, but because of how they are applied in practice.

The Declaration focuses on implementing basic principles of EU law in everyday administrative decisions – particularly soundness, reasonableness and impartiality. Particular attention is paid to the risks of distorted application of law in conditions of discretion: when there are several legitimate options for a decision, but the choice may be determined by institutional pressure, fear of liability or the desire for “indicators” rather than good governance principles. In this sense, adherence to the Declaration is seen as a public confirmation of the willingness to act responsibly and predictably.

During 2025, the following city councils joined the Declaration:

Khmelnytskyi



Vinnitsia



Lviv



An important step was that in Lviv accession was reinforced by an agreement on the practical implementation of the Declaration principles through a Joint Action Plan within the framework of the pilot project “Lviv: Implementation” (in cooperation with EU4PAR2). The Declaration remains open for accession, and the Council stands ready to support the authorities in its implementation.

8.6 Webinars for business



The Business Ombudsman Council, in cooperation with the Entrepreneurship and Export Promotion Office and Diia.Business national project, prepared a series of thematic webinars on protecting the rights of entrepreneurs in interaction with government bodies.

The materials will be useful to company owners and managers, sole proprietors, accountants, lawyers, and anyone working with government bodies. The main goal of the project is to provide businesses with effective tools for pre-trial conflict resolution saving time and resources.



The selection includes three webinars:

1. “How Small Businesses Win: Straightforward Cases and Practical Tips”
2. “Just About the Administrative Procedure and How to Achieve a Fair Decision”
3. “How Businesses Can Effectively Communicate with Government Bodies”

Webinars from BOC lawyers will help you better understand the logic of government procedures and be prepared for protecting your interests.



We would like to thank the Business Ombudsman Council for support!

It is very nice to know that businesses can count on the Council's help in problematic situations, as well as celebrate successful cases together, because they add strength and positive expectations for the future.

Therefore, we very much hope that our achievement with you in the form of a pre-trial settlement of this case/a change in the approach of the State Employment Center (SEC) to similar situations in general will also help dozens/hundreds of other business entities across the country (participants of the first wave) not to become victims of unlawful actions and inconsistent behavior on the part of regional SECs officials.

After all, such unlawful actions on the part of officials really undermine trust and the intention to take advantage of such an excellent state support program for entrepreneurship.

Complainant's representative

8.7 Selected important events

Throughout 2025, the Business Ombudsman Council speakers participated in events at both the national and international levels, including those organized by international financial institutions, business associations, international technical assistance projects, and Ukrainian government bodies.

12.02.2025

Panel discussion “Austria, Finland and Sweden – Motivation and Challenges of Accession. Where are we now and what does it mean for Ukraine?”

Organized by

Embassy of Austria in Ukraine

5.03.2025

“Defence First: Strengthening Security, Securing the Future”

Organized by

BRDO

4.04.2025



Denmark-Ukraine Business Conference in Lviv

Organized by

Danish-Ukrainian Business Association

4.04.2025



USUBC-BUCC Business Forum “International Development Institutions Supporting Investment and Regional Development in Ukraine: On the Road

to the Ukraine Recovery Conference 2025 in Rome“

Organized by

American-Ukrainian Business Council

10-11.04.2025

EU-Ukraine Business Summit: On the road to Ukraine Recovery Conference 2025

Organized by

European Commission та European Business Summits

11.04.2025



III Anti-Corruption Forum

Organized by

Ukrainian Advocates' Association

16.04.2025



Recovery Construction Forum Ukraine 2.0

Organized by

Confederation of Builders of Ukraine

22.04.2025



XII Business & Legal Tax Forum

Organized by

Yurydychna Praktyka Publishing House

23.04.2025



Empowering Ukrainian SMEs for Nordic Success

Organized by

Norwegian-Ukrainian Chamber of Commerce (NUCC)

24.04.2025



Conference “Construction and Infrastructure: Key Industries for Economic Growth”

Organized by

We Build Ukraine

7.05.2025



OECD Economic Outlook for Ukraine 2025: Expert Discussion with the Participation of International Organizations and Think Tanks at KSE
Organized by
 Kyiv School of Economics (KSE)

7.05.2025



Presentation Conclusions from the OECD Review of Integrity and Anti-Corruption in Ukraine.”
Organized by
 The National Agency on Corruption Prevention of Corruption (NACP) jointly with the Organization for Economic Cooperation and Development (OECD)

28.05.2025

Round table: “Legislative regulation of the terms of pre-trial investigation and closure of criminal proceedings”
Organized by
 Office of the Vice Prime Minister for European and Euro-Atlantic Integration with the support of the Council of Europe Office in Ukraine

5.06.2025

Conference “Europe–Poland–Ukraine: Cooperate Together’25”
Organized by
 Union of Entrepreneurs and Employers of Poland (ZPP)

12.06.2025

Round table: “Control without pressure: how to build trust between business and the state during war”
Organized by
 Bureau of Economic Security of Ukraine (BEB)

13.06.2025

II Investment Forum
Organized by
 Ukrainian Bar Association

17.06.2025

Forum “Human capital dimension at the URC 2025. Focusing on Return and Recovery”
Organized by
 Ministry of National Unity of Ukraine

17.06.2025



KIEF Talks: “New Rules of the Game: Tax as a Service”
Organized by
 Kyiv International Economic Forum

25.06.2025



UNIC 2025 Award Ceremony
Organized by
 UNIC

25.06.2025

Forum “Government and Business: From Dialogue to Partnership”
Organized by
 Office of the President of Ukraine, Ministry of Economy, Government of Switzerland and United Nations Development Programme (UNDP) in Ukraine

22.07.2025

IV Forum on Business and Legal Infrastructure
Organized by
 Yurydychna Praktyka Publishing House

28.08.2025

Meeting with Ukrainian and Polish businesses “City – Space for Business” (Warsaw)

Organized by

Polish-Ukrainian Chamber of Commerce (PUIG)

5.09.2025



IV Forum on Customs Law and International Trade (Chernivtsi)

Organized by

Ukrainian Bar Association

16-17.09.2025



Defense Tech Valley (Lviv)

Organized by

Brave1

22.09.2025

Webinar “Investment Opportunities for Canadian Companies in Ukraine”

Organized by

Ukraine Invest

10.10.2025



Business Protection 2025 – A2B Forum

Organized by

Ukrainian Advocates’ Association

16.10.2025

Kyiv International Economic Forum

Organized by

Kyiv International Economic Forum

29.10.2025



XIV Tax Forum

Organized by

Ukrainian Bar Association

31.10.2025

Forum “Dialogue between government and business: new opportunities”

Organized by

Ukrainian Business Council with the support of the Embassy of Switzerland in Ukraine and the United Nations Development Programme in Ukraine

5.11.2025

Presentation of the Business Ombudsman and its activities at the Focus Group on EU-Ukraine business cooperation

Organized by

DG GROW, European Commission

7.11.2025



Tax & Business Talks – 2025 A2B Forum

Organized by

Ukrainian Advocates’ Association

12.11.2025



Third Foreign Investment Congress

Organized by

EUCONLAW Group

26.11.2025

Canadian Roundtable with CEO Club on Business Climate

Organized by

Canada-Ukraine Chamber of Commerce, Embassy of Canada to Ukraine and CEO Club Ukraine

9. Outreach

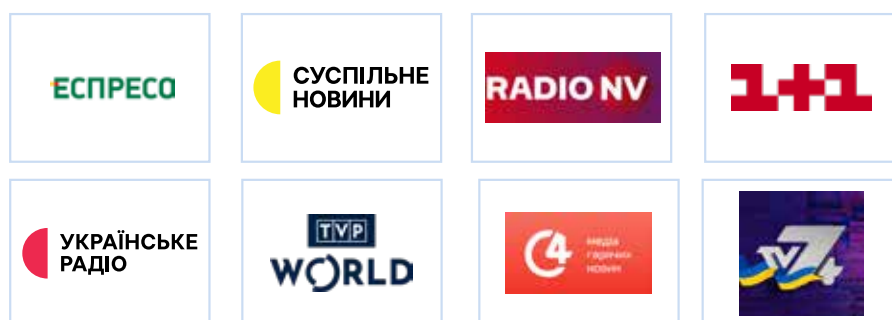
The Business Ombudsman and his team openly cooperate with the media, give interviews, comment and write publications to draw public attention to the Business Ombudsman Council's activities and problems of entrepreneurs it helps to resolve. The BOC shares its own view on the situation, assesses the business climate and current events in the country's economic life.

9.1 Cooperation with the media

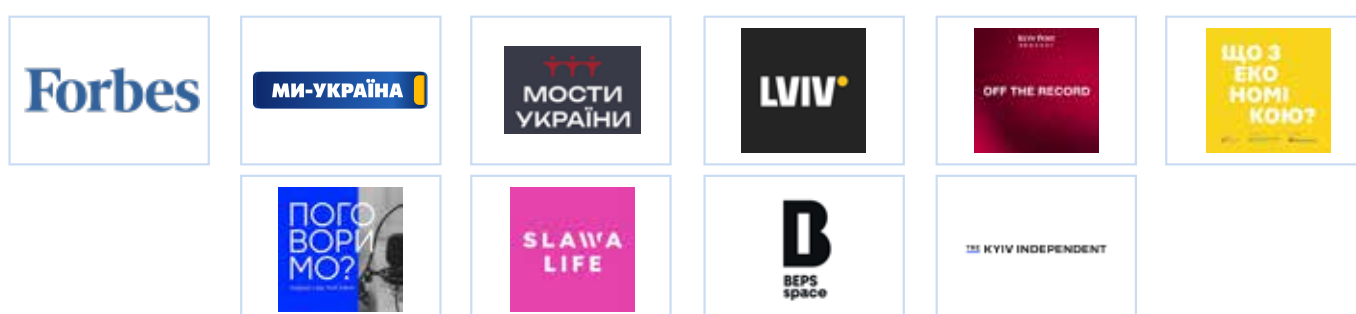
Media



Television, radio



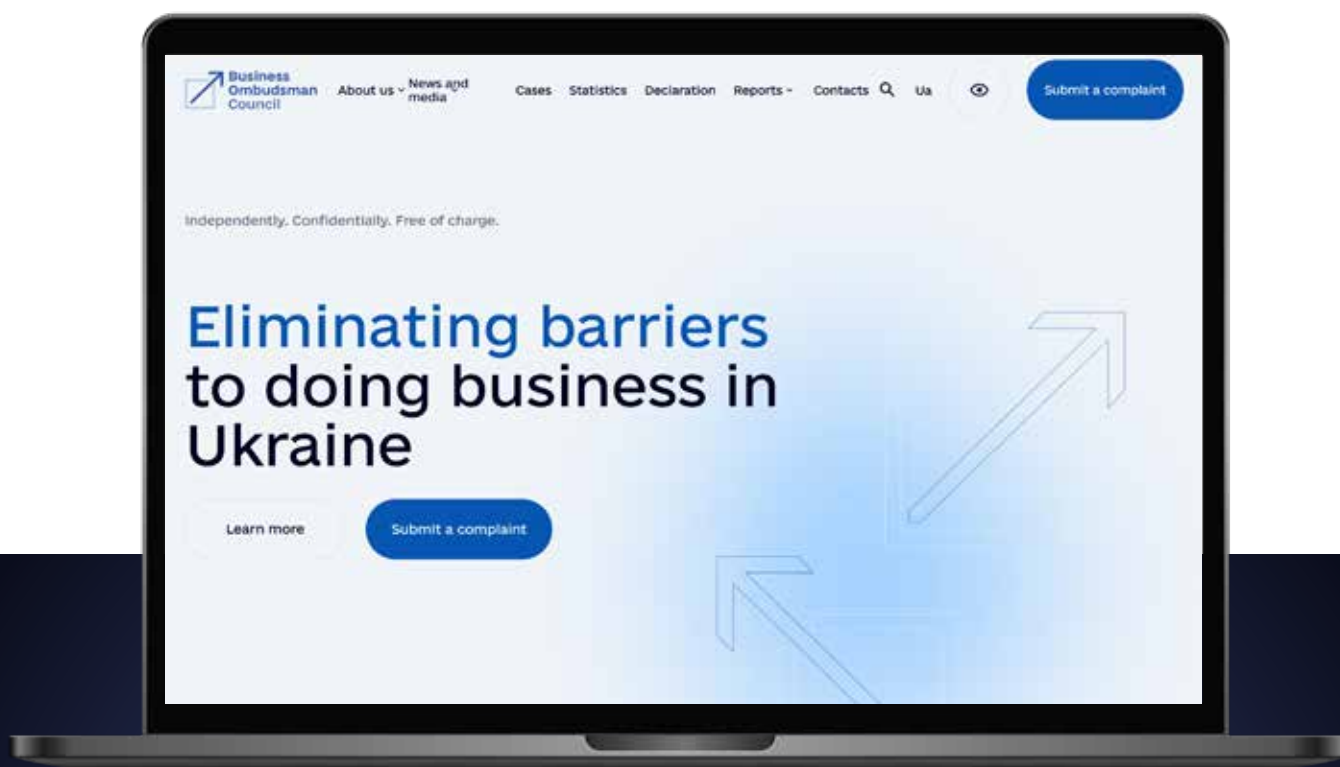
YouTube, podcasts



9.2 Website and Social Media of the Business Ombudsman Council

Website

The Business Ombudsman Council actively uses its website and official social media pages as key communication channels with stakeholders. The website serves as the main platform for lodging complaints with the institution, as well as for informing about the Council's activities, publishing reports, case studies, news, and analytical materials.



According to Google Analytics statistics in 2025 the BOC website had:

83000
views

30000
active visitors

13600
users came through
organic search

17000
were users from Ukraine

Social media

We also have active followers on social media:

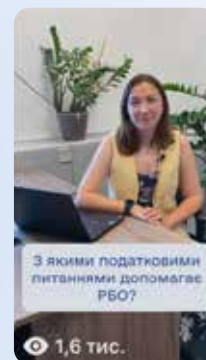
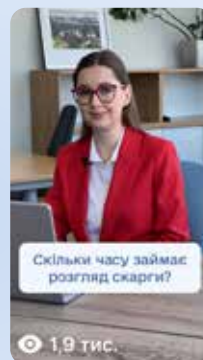
 **9815**
Facebook

 **1700**
LinkedIn

To strengthen communication with our audience and increase awareness about the Council, we are introducing new types of content on social media. We regularly publish videos about our meetings with businesses and regional visits.



In addition, we create informative Reels about the complaint-handling mechanism of the Business Ombudsman Council. Topics include: who can turn to the Council, when to submit a complaint, timelines for review and investigation of complaints, typical complaint subjects, tools for protecting the legal rights of businesses.



Follow the Business Ombudsman Council on social media to stay up to date with the latest news.



Appendix 1

Area	Recommendation	Status
Tax	Consult First	Implemented
	Analysis and forecasting	Implemented
	Administrative appeal of risk decisions and data tables	Implemented
	Explore local component production potential	Implemented
	Data availability on key indicators	Implemented
	Transparency and openness of data through effective KPIs	In progress
	Trust level assessment in the State Tax Service authorities	In progress
	Taking into account judicial realities/mediation	In progress
	Conduct an audit of the effectiveness of the current preferential nomenclature	In progress
	Investigate the feasibility of extending the benefits of para 95 of the Civil Code of Ukraine and paras 9-27 of section XXI of the Civil Code of Ukraine for military equipment component manufacturers	In progress
	Investigate the impact of the current VAT taxation system on defence financing efficiency	In progress
	Improve the analytical approach to planning the expansion or narrowing the list of preferential commodity codes for defence goods	In progress
	True automation and risk-based approach	In progress
	SMKOR-safeguards	In progress

Area	Recommendation	Status
Tax	Intermediate stages before applying negative consequences to taxpayers	In progress
	Information about risky counterparties	In progress
	Taxpayer's riskiness	In progress
	Fair enforcement during tax audits	Not implemented
	Mandatory legal assessment of preliminary findings	Not implemented
	Some suggestions for improving approaches to tax audits Not implemented	Not implemented
	Introduce control and reporting on the use of benefits for component manufacturers	Not implemented
	Study the possibilities of introducing a zero VAT rate or special taxation regimes for the period of martial law for military equipment repair and/or modernization	Not implemented
	Administrative practices adjustment	Not implemented
	Dubious transactions	Not implemented
Law enforcement	Introduction of a ban on procedural abuses of parties in criminal proceedings	In progress
	Introduction of the institution of judicial control over the investigative courts decisions execution	Not implemented
Customs	Introduce a transparent post-audit performance evaluation system and administrative appeal procedures	In progress
	Transfer of customs value control from customs clearance to post-audit stage	Not implemented
	Ensure that customs authorities take existing case-law into account	Not implemented

Implemented

Majority of measures adopted – 70% to 100%

In progress

Partially adopted between 30% and 70%

Not implemented

No or less than 30% action taken



**Business
Ombudsman
Council**

Eliminating barriers to doing business in Ukraine



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