

How to establish an IT-office in Ukraine?

This one-pager provides some tips and advices on how to establish an IT office in Ukraine. The one-pager is based on the report "Ukraine: IT business guide" (hereinafter "KPMG-report") conducted by KPMG Ukraine and KPMG Norway for the Norwegian-Ukrainian Chamber of Commerce (NUCC). NUCC has written the one pager and is responsible for the content.

Ukraine as an IT destination

Ukraine is about to establish itself as a leading IT and outsourcing destination in Europe. The Global Sourcing Association (GSA) UK nominated Ukraine as the offshoring destination of the year in 2017.

The main advantages are:

- Access to highly skilled IT-specialists. More than 16 000 IT graduates per year.
- Low price level. Salaries for Ukrainian IT-specialists are about 1/4rd of Norwegian salaries and you can rent an office for a reasonable price. Average monthly salary for an IT-engineers in Ukraine is 1700 USD in 2017, compared to 7300 in Norway.

How to prepare?

Consult a legal counsellor who knows the peculiarities of the Ukrainian legal system. A specialist can also assist in choosing the right business model.

To get an overview over the risks and opportunities of doing business in Ukraine you can contact the Norwegian-Ukrainian Chamber of Commerce (NUCC).

Where to locate?

The largest IT-hubs in Ukraine are: Kyiv, Kharkiv, Lviv, Dnipro and Odessa. Most of the international IT-companies are in one of these cities. Here you will also find most IT-specialists: 4 out of 5 IT-specialists works here. Kyiv is the largest and most accessible city but a bit more expensive.

How to structure your business?

There are several alternatives:

1. Registration of a Ukrainian subsidiary is the most relevant option for Norwegian companies. A LLC or a JSC are the most common forms, where LLC is the simplest and involves less regulatory requirements.
2. Entering a Joint Venture with a Ukrainian IT-company might be an option if you find a trusted partner.
3. Have an agreement with an IT-company to set up an IT-team (outstaffing), who you will take over the responsibility for after a given period of time.