



KPD CONSULTING

# UKRAINE: REAL ESTATE LAW IN FOCUS

DECEMBER 2016



## THE MODEL LAND LEASE AGREEMENT: KEEPING UP WITH THE TIMES

Since the early wording of the model land lease agreement did not correspond to the current law the Cabinet of Ministers of Ukraine has eventually amended some its key points. What exactly? Please read below.

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## WHAT HAS BEEN CHANGED?

On November 23, 2016 the Cabinet of Ministers of Ukraine adopted the Order On Amendments to a Model Land Lease Agreement aimed at cancelling its outdated provisions and meeting topical agricultural market requirements.

The first thing that catches your eye is the opportunity to execute **simultaneously the lease of several land plots** owned by the same landlord.

To meet the current legislation requirements the amended lease now provides the gap to fill the land plot cadaster number (along with its location and land plot designated purpose).

The updated wording also sets the minimal lease terms:

- **at least 7 years** as for the land plots of farming and agricultural commodity production;
- **at least 10 years** as for the reclaimed land plots; and
- **at least 30 years** as for the state or municipal land plots intended for construction of industrial parks;

Under the model lease the normative monetary valuation amount should be effective as of the day of the lease execution.

The new wording also specifies the rent, particularly the so called "labor service" rent now is cancelled. Meanwhile the payment in kind shall correspond to the market price of goods on the date of such payment.

The rent may be revised in case the normative monetary value of the land plot or

the rent amount introduced by the Tax Code of Ukraine will be changed.

Please note the land lease agreement now does not specify the terms and conditions of transferring the land to a tenant as a mandatory condition.

The executed lease agreement will come into force on the day of its signing, or if the parties agree - from the date of its notarization and is to be executed in two copies (no any extra copy for its state registration is not required).

It is expected that the introduced options and clarified terms will help to save the time, reduce the disputes between the landlords and tenants as well as overcome the red tape.



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Should you have any questions with respect to above or require any additional information, please do not hesitate to contact Mr. Vladyslav Kysil ([v.kysil@kpdconsulting.com.ua](mailto:v.kysil@kpdconsulting.com.ua)) or Mr. Mykhailo Semka ([m.semka@kpdconsulting.com.ua](mailto:m.semka@kpdconsulting.com.ua)). We will be pleased to assist You.

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