
Ukraine passes simplified procedures for acquisition of agricultural lands

On 24 March 2022, the Parliament of Ukraine passed the Draft Law of Ukraine “On Amendments to Certain Legislative Acts of Ukraine Regarding the Establishing of Conditions for the Ensuring of Food Security Under Martial Law”, which significantly simplifies the transfer of agricultural land plots into leases during martial law.

The Law will become effective once signed by the President of Ukraine and published by governmental Gazette. Since the Law was sent to the President on 25 March 2022, the signing and publication are expected soon.

Extension of lease and transfer of agricultural land plots

The Law sets forth that all leases of agricultural land plots that expire during martial law are to be extended for a one-year period without an expression of will for such amendments by the parties. This prolongation of the lease term does not require making changes to the State Registry of Proprietary Rights to the Immovable Property (i.e. the Property Register). Therefore, the temporary rule on automatic lease extension applies to:

- state and municipal land plots;
- land plots that were contemplated for privatisation, but were for some reason left unclaimed or unallocated;
- land plots of collective ownership (i.e. former post-soviet collective enterprises), which were leased out by the local authorities; and
- private land plots.

Under the Law, agricultural land plots that are in permanent use by state and municipal entities can be transferred into leases by the military administration upon prior approval of the relevant permanent use-right holder.

To make the leases transferable, the Law stipulates that lessees and sublessees of agricultural land plots will be entitled to assign their land rights to third parties. A landowners’ consent is not required, and an assignment agreement should be made in electronic form.

Conditions for transferring non-private agricultural land plots into leases

The Law defines conditions of lease agreements for:

- state and municipal;
- former collective; and
- unclaimed or unallocated land plots designated to be privatised.

The authority to grant a lease to these lands (i.e. the Martial Lease) belongs to district military administrations, which during martial law are exempted from auction procedures when leasing out agricultural land.

The said land plots may be transferred into a lease for one year for agricultural production under the following conditions:

- a land lease agreement should be executed in the electronic form and signed by electronic signature;
- a rent rate must not exceed 8% of the normative monetary evaluation of a land plot;
- a lessee will have no rights to:
 - carry out construction;
 - renewal of the land lease agreement or enter into a new land lease agreement determining a new lease term;
 - change the designated purpose of a land plot;
 - sublease a plot of land; and
 - establish servitudes.

Formation of an agricultural land plot

Formation of an agricultural land plot for a Martial Lease will be simplified. The procedure will only require drafting “technical documentation on land management regarding land inventory”. A military administration should approve this documentation. No registration of the land plot in the State Land Cadastre and no assignment of a cadastral number are required.

This documentation on land inventory represents an annex to the land-lease agreement.

Registration of agricultural land lease and its term

According to the Law, the Martial Lease title is not subject to registration with the Property Register. A military administration, however, should register all the above-mentioned agreements in a Book of land use agreements registration.

The Martial Lease cannot be extended, and it will be terminated after the one-year extension is expired. Therefore, a seven-year term, as de minimis for land lease agreements of agricultural land plots stipulated by Ukrainian legislation, is not applicable for the Martial Lease. If the lease agreement has expired before harvesting, however, the lessee has a right to do the harvesting, paying the landlord the rent for the period of the temporary land-plot occupation.

Impact of martial law on land lease relations

The above peculiarities of the use of agricultural land plots are applicable in Ukraine or within relevant areas where martial law is in effect, if the nationwide martial regime is rescinded. The cessation of martial law will not trigger:

- the termination, extension of, and amendments to the Martial Leases;
- the termination, extension of, and amendments to lease, sublease, emphyteusis, superficies, easement agreements of agricultural land plots extended for a one-year period under this Law;
- the termination or extension of the agreements on the assignment of lease or sublease rights to agricultural land plots;
- the termination of the existence of land plots formed for the Martial Lease.

Legislation: [The Draft Law of Ukraine No. 7178 “On Amendments to Certain Legislative Acts of Ukraine Regarding the Establishing of Conditions for the Ensuring of Food Security Under Martial Law”](#).

For more information on real estate regulations in Ukraine during the current crisis, contact your regular CMS advisor or local CMS experts:



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