



AUSTRALIAN FEDERATION OF UKRAINIAN ORGANISATIONS  
СОЮЗ УКРАЇНСЬКИХ ОРГАНІЗАЦІЙ АВСТРАЛІЇ

Representing 22 Peak Ukrainian Organisations in Australia  
Member of Ukrainian World Congress



Corporate and International Tax Division  
The Treasury  
Langton Cres  
Parkes ACT 2600  
Via email to: [taxtreatiesbranch@treasury.gov.au](mailto:taxtreatiesbranch@treasury.gov.au)

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Dear 

Thank you for the opportunity to provide feedback to the Treasury as Australia looks to expand its tax treaties network.

The Australian Federation of Ukrainian Organisations (AFUO) represents the interests of the Ukrainian community in Australia. We are the peak body for more than 20 community organisations across the country, with interests from culture, business, youth, religion and women's issues. We lead Australia's largest community-run fundraising effort for non-lethal military aid for Ukraine, which has raised over \$1 million to date. Since 2015, we have managed the Ukraine Crisis Appeal in partnership with Rotary Australia World Community Service (RAWCS) and Caritas Ukraine, which has raised almost \$10 million for emergency and humanitarian aid for Ukrainians impacted by Russia's invasion, be they in Ukraine or temporarily rebuilding their lives and livelihoods in Australia. We also run Future Ukraine, a DGR-registered charity which has raised over \$5.5 million to date and contributes to targeted projects in the fields of rehabilitation, medical evacuation, reconstruction, education, leadership and public information.

Given the focus of our work, our submission is wholly focused on the issue of establishing a tax treaty between Australia and Ukraine as a priority. In making a submission, we aim to deliver a community perspective on the Australian Government's support for Ukraine and the importance of establishing a bilateral treaty as quickly as possible.

We trust the Treasury finds our submission useful. We would be pleased to answer any questions that arise.

Yours sincerely,



**Stefan Romaniw OAM**  
AFUO Co-Chair



**Kateryna Argyrou**  
AFUO Co-Chair

## **Background**

24 February 2024 marked the start of the third year of Russia's illegal invasion of Ukraine. As the Joint Standing Committee on Foreign Affairs, Defence and Trade noted in December 2023, Russia's actions constituted 'the most significant hostile act against a European country since the end of World War II'. While Russia's war against Ukraine is no longer on the Australian news every night, it is as ferocious and deadly as ever. Normal life is on pause for many Ukrainians, while for many others, their lives — once peaceful, full and happy — are now over.

Ukrainians have sustained two years of genocidal attacks, terrorism, aggression, destruction, misery, missile strikes, war crimes and abductions. Hospitals, schools, supermarkets, playgrounds and energy infrastructure continue to be bombed. Despite this, Ukrainians have not faltered in their courage, resilience and bravery. They understand they cannot live under Russia's tyrannical rule or abide Moscow's view that Ukraine should not exist. This is an existential fight for Ukraine. It is also a direct challenge to all liberal democracies that support the rule of law, and seek a global order which is not determined by force and aggression. Ukrainians have accepted this challenge and are at the frontline of pushing back against a dark and brutal authoritarianism that threatens global peace and stability.

Prior to the invasion, Ukraine had a strong, export-led economy — her farmers supplied half the sunflower oil and a tenth of the wheat sold on world markets. In the year following Russia's invasion, Ukraine's Gross Domestic Product fell by 29.1%, according to statistics released by the Ukrainian Government. Russia's actions in Ukraine have weighed negatively on global economic activity and significantly contributed to global inflationary pressures and food insecurity.

Ukraine's perseverance and resolve has been built on the support it has received from partners around the world. The Ukrainian community is grateful for Australia's contributions to this end, including the elimination of tariffs on imports into Australia from Ukraine in July 2022. Australia's solidarity and commitment to Ukraine is essential and appreciated, and it must be sustained and deepened to encompass a suite of complementary government support mechanisms, to encourage further economic engagement. The establishment of a tax treaty with Ukraine will be another meaningful and important sign of Australia's support, and will bring opportunities to strengthen economic and people-to-people links between the two nations.

## **Why an Australia-Ukraine tax treaty is needed**

The AFUO welcomes efforts made by the Treasury to explore a Taxation Treaty with Ukraine. Australia and Ukraine have ample opportunities to further expand economic cooperation, especially in trade and investment. Both countries are agricultural powerhouses in their respective hemispheres and play an important role in the resource and energy industries.

Establishing a tax treaty would be an important piece of the economic architecture between Australia and Ukraine, and would have material benefits for individuals and businesses living and operating across both our countries. First, it would ensure that earnings were taxed only once, which would be a productivity enabler in the bilateral economic relationship. Second, it would support the enforcement of Ukrainian and Australian taxation laws.

Given the significant stress faced by all Ukrainians and Ukrainian-Australians due to Russia's illegal, full-scale invasion and its deleterious economic consequences, the absence of a bilateral tax treaty is leading to hesitation and uncertainty which acts as a handbrake on deeper and more productive economic ties between the two nations.

At the same time, there are current Australian businesses operating in Ukraine which have accepted double taxation as part of their business analysis to operate between the two countries. That speaks to the missed opportunity of other Australian businesses which have declined the chance to establish operations or pursue commercial opportunities in Ukraine. This should not continue, as there are material and lucrative opportunities to deepen economic ties for the benefit of both countries. Australian enterprises could benefit significantly if business barriers were minimised.

Research conducted by the AFUO in September 2021 (which we would be happy to provide to the Treasury) found that there is strong interest in the Australian private sector in finding new alternatives to traditional suppliers, and that Ukraine is a key country of interest. Geographical diversification is just one strategy to mitigate risks associated with a central point of manufacturing. Our research found there are opportunities to expand trade in the areas of textiles, wooden products and medical instruments, as well as services like IT. To this end, a taxation treaty would be meaningful to remove barriers, spur business growth, and encourage the deepening of trade, investment and economic linkages.

### **The impact on individuals**

The absence of a tax treaty between Australia and Ukraine means that Ukrainians working or doing business in Australia are taxed in both countries. This duplication leads to unfortunate dynamics which pose unnecessary hurdles for economic collaboration, productivity, and innovation. It also serves to undercut the strengthening of people-to-people links, at a time when Ukraine can least afford it.

The AFUO has heard first hand from many in the more than 63,000-strong Australian-Ukrainian community just how disheartening and expensive it is to not be able to benefit from mutually-beneficial tax terms when operating across both countries. With over 11,000 Ukrainians having sought refuge in Australia since the commencement of Russia's full-scale invasion, we know that there are some in our community who have been unable to continue their employment in Ukraine remotely given the reality of being taxed twice on their earnings. This presents yet another challenge as they seek to temporarily reestablish their lives and livelihoods in Australia, and as they deal with cost of living pressures along with the turmoil and trauma of having fled their home country while it is at war.

### **Looking to a brighter future**

One day, Russia's war on Ukraine will end. Once peace and Ukraine's independent future are secured, significant energy and expenditure will be required to enable Ukraine's recovery and reconstruction. This large-scale rebuilding effort will take many years — perhaps decades — and as the Australian Department of Foreign Affairs and Trade has acknowledged, will be replete with many significant challenges.

For Australia to play a role in this effort from the beginning will necessitate the clear and fair economic arrangements which a bilateral tax treaty can bring. Without such an agreement, Australian businesses will be disadvantaged and thus hesitant to get involved to the fullest extent. Even with encouragement from the

government of the day, key Australian businesses will ultimately have a responsibility to their shareholders which require their actions to have a sound business rationale beyond ESG considerations.

Ukraine cannot afford any hesitancy at this moment, so it is imperative that such arrangements be put into place and telegraphed widely as early as possible. Australian businesses need clarity in order to scope contingencies and consider allocations of resources including money and personnel against other commercial priorities. Establishing the tax treaty will give businesses adequate lead time to fully understand Ukraine's needs and how they may contribute their time, talent and capacity in a post-war rebuild scenario.

### **Timing is everything**

In addition to the proposed tax treaty with Ukraine, we appreciate that the Australian Government is also expanding its tax treaty negotiation program to establish a tax treaty with Brazil and to update treaties with New Zealand, the Republic of Korea, and Sweden. We are also cognisant of media reporting around the limits of the Australian Government's negotiating capacity to deliver this work.

With this in mind, we urge the Treasury to prioritise efforts on the Australia-Ukraine tax treaty given its substantive and symbolic importance. After more than two years of Russia's illegal full-scale invasion of Ukraine, now is the time to accelerate progress and deliver this agreement as a priority when considered against the other negotiations that are underway.

Once negotiations are complete, the treaty will need to be referred to both Parliaments for scrutiny, which we anticipate will take some time, so it is in the interests of Australians and Ukrainians to conclude the formal negotiations as early as possible so that the arrangement may be entered into force and the benefits can flow sooner rather than later.