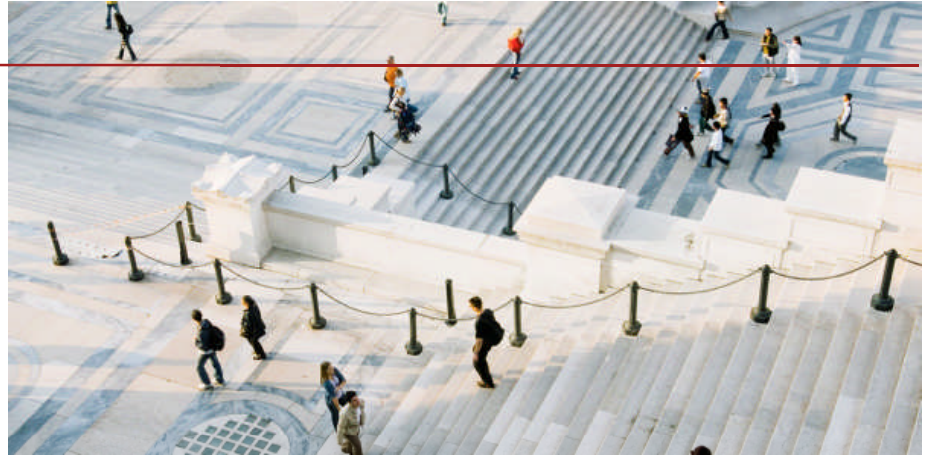


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VAT refund via T-bills



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VAT refunds through treasury bills

Further to our Flash Report #24 dated 05.07.2013 in respect of the possibility to obtain VAT refund via t-bills we provide additional comments.

1. The concept still requires Ukrainian Government to approve an actual procedure that should be followed by the taxpayers to accept t-bills. This should be in place by mid August.
2. The Law* provides the following conditions:
 - The option is introduced until 1 January 2014 (i.e. the taxpayers need to apply before this date)
 - The amount of VAT refund will be divided into five equal amounts. The taxpayer will receive 5 t-bills for such amounts with the term of maturity of one, two, three, four and five years respectively
 - T-bills received within the VAT refund procedure can be sold (the sale should be exempt from excise tax)
3. We expect that the outlined concept will apply to all outstanding amounts of VAT refund. This, however, may be restricted by the Government in the actual procedure.
4. The Law introducing this new VAT refund mechanism is yet to be approved by the President.

** The Draft Law "On introduction of amendments to the Tax Code and the other laws of Ukraine regarding treasury bills" No. 2847.*