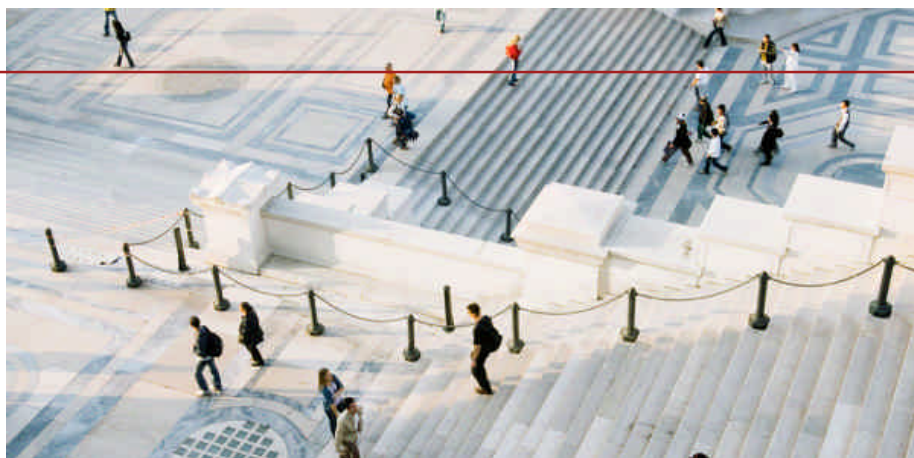


# Flash Report

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## VAT bonds



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### ***Procedure on VAT bonds is approved***

On 21 May 2014, the Cabinet of Ministers of Ukraine adopted the Resolution\* on issuing VAT bonds. The official text is not available yet, but according to the press release of the Cabinet of Ministers, the key provisions are:

- The term of circulation of VAT bonds is 5 years.
- The VAT bonds will be redeemed every 6 months in the amount of 10% of the bond's nominal value.
- Nominal value of a VAT bond is UAH 1,000.
- Interest on bonds is set at the level of the discount rate of the National Bank of Ukraine (currently 9.5%).

As a reminder, based on the State Budget Law for 2014, VAT bonds will cover VAT refunds claimed prior to 1 January 2014.

We will continue monitoring this issue and keep you updated on further developments in this area.

*Resolution "On Issuance of Internal Governmental Bonds for VAT Refund" dated 21 May 2014*