

Alona Lebedieva: Raising the Bank Profit Tax Is a Necessary Step for Financial Support of Ukraine's Defense

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[/EINPresswire.com/](https://EINPresswire.com/) -- Ukraine is in the center of the world's attention not only because of its struggle against Russian aggression, but also because of the economic challenges it faces during the war. To finance defense needs in 2024, Ukraine needs to attract an additional 500 billion UAH to the state budget. Draft law No. 11416-d, which defines specific taxation measures during martial law, contains a critical decision: raising the tax rate on banks' profits to 50%.



Alona Lebedieva

Initially, this initiative caused discussions among the Ukrainian authorities. The increase was rejected by the Verkhovna Rada's Committee on Finance and Tax Policy over concerns from the National Bank and the Ministry of Finance, which argued that such a move could limit banks' ability to invest in domestic government bonds (UDGB). However, on September 16, the committee finally approved the initiative.

According to Alona Lebedieva, the owner of the Ukrainian multidisciplinary industrial and investment group "Aurum Group", raising taxes is a more reliable source of financing than issuing bonds, for which the state has to pay high interest.

"Given the critical needs for the reconstruction of the country after the war, every hryvnia in the budget should go to real needs, and not to repayment of debts. This decision is not only economically justified, but also morally correct. It will help Ukraine to secure the necessary funds for defense." without burdening future generations with debt repayment," she emphasizes.

After the committee's approval, the draft law received the support of the Verkhovna Rada of Ukraine in the first reading, including the provision to increase the bank profit tax rate to 50%. However, the Chairman of the National Bank of Ukraine opposed this initiative, saying that the

rate increase could pose risks for the banking system. Instead, the NBU and the Ministry of Finance propose to increase the coverage of the budget deficit by encouraging banks to buy government bonds, considering it a less risky approach.

"I believe that raising the corporate tax rate on banks is appropriate and justified. Taxes provide irrevocable revenues to the budget in clearly defined terms, which is much more reliable than debt instruments. Funds should go to defense, not to pay interest on bonds," - says Alona Lebedieva.

In the first half of 2024, banks' pre-tax profit amounted to UAH 101 billion, and more than half of the income (UAH 92 billion) came from investments in UDGB and NBU deposit certificates. Lending to the economy barely increased, which stopped its recovery.

"European countries faced similar challenges when the banking sector used public funds to generate profits rather than support the economy. Ukraine is taking an important step, showing that financial support from the state should benefit the entire economy, not just individual sectors," - Alona Lebedieva notes

The proposed increase in the bank profit tax rate to 50% can bring an additional UAH 27 billion in revenues to the budget. This decision is critical to strengthening the country's defense capabilities and demonstrates Ukraine's willingness to find bold and unconventional solutions to support its economy in wartime.

"Today, Ukraine is fighting not only on the battlefield, but also on the economic front. Now is the time to show examples of financial responsibility that will resonate beyond our borders. We must support this initiative, because it is a step towards our joint victory," - stressed Alona Lebedieva.

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