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OPTIMIZATION OF THE TAX BURDEN OF THE ENTERPRISE: LEGISLATIVE PREREQUISITES IN THE CONTEXT OF THE EUROPEAN EXPERIENCE

ОПТИМІЗАЦІЯ ПОДАТКОВОГО НАВАНТАЖЕННЯ ПІДПРИЄМСТВА: ЗАКОНОДАВЧІ ПЕРЕДУМОВИ В КОНТЕКСТІ ЄВРОПЕЙСЬКОГО ДОСВІДУ

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The article is devoted to the problems of the tax burden in Ukraine and the search for ways to adequately optimize it. In the current conditions of economic crisis, there is an urgent need to take measures to support economic entities. One of the current tools is taxation. The purpose of the presented research is to find legislative directions for optimizing the tax burden as a priority of the state in the context of promoting the development of economic entities. The existing attempts to legislatively reform the collection of value added tax and income tax as the main fiscal elements of the impact on the activities of economic entities are analyzed. The directions of improvement of the mechanism of collection of the VAT are offered and it is defined that gradual reduction of the rate annually on 1 point will lead during 2021–2025 to direct losses of tax receipts to the budget from the VAT. Global trends in tax burden optimization are studied. The main differences between the income tax and the withheld capital tax and the consequences of its introduction in Ukraine are analyzed. These recommendations increase the potential application of global trends in the process of reducing the tax burden on domestic enterprises.

Keywords: tax burden, value added tax, income tax, tax on withdrawn capital.

Стаття присвячена проблемам податкового навантаження в Україні та пошуку шляхів його адекватної оптимізації. В сучасних умовах кризових економічних явищ постає гостра необхідність застосування заходів підтримки господарюючих суб'єктів. Одним із діючих інструментів є оподаткування. Метою представленого дослідження є пошук законодавчих напрямків оптимізації податкового навантаження, як пріоритет держави в контексті сприяння розвитку економічних суб'єктів. Процес дослідження проводився із застосуванням діалектичного підходу до вивчення нинішнього стану оподаткування вітчизняних та міжнародних суб'єктів економіки та з використанням методів пізнання: дедукції та абстрактно-логічного пізнання – для визначення змісту податку на додану вартість й податку на прибуток; абстрагування і конкретизації – для окреслення напрямків оптимізації податкового навантаження; групування, порівняння, узагальнення в процесі формування результатів дослідження. Проаналізовано існуючі спроби законодавчого реформування справляння податку на додану вартість та податку на прибуток, як основних фіскальних елементів впливу на діяльність суб'єктів господарювання. Запропоновано напрями вдосконалення механізму справляння ПДВ й визначено, що поступове зниження ставки щорічно на 1 пункт призведе протягом 2021–2025 рр. до прямих втрат податкових надходжень до бюджету з ПДВ. Досліджено світові тенденції оптимізації податкового навантаження. Окреслено сутність податку на прибуток, що полягає в оподаткуванні чистого надходження ресурсів до підприємства, що спричиняє зростання його капіталу та визначено основні його недоліки. Проаналізовано основні відмінності між податком на прибуток та податком на виведений капітал й наслідки впровадження його в Україні. Наведені рекомендації підвищують потенційні можливості застосування світових тенденцій в процесі зменшення податкового тиску на вітчизняні підприємства. Адекватна світовим вимогам система оподаткування, також дасть змогу підвищити рівень інвестицій в економіку України. Поліпшення свого становища Україні необхідно поступово знижувати податкове навантаження, використовуючи досвід зарубіжних країн.

Ключові слова: податкове навантаження, податок на додану вартість, податок на прибуток, податок на виведений капітал.

Статья посвящена проблемам налоговой нагрузки в Украине и поиска путей его адекватной оптимизации. Проанализированы существующие попытки законодательного реформирования взимания налога на добавленную стоимость и налога на прибыль, как основных фискальных элементов влияния на деятельность субъектов хозяйствования. Предложены направления совершенствования механизма взимания НДС и определено, что постепенное снижение ставки ежегодно на 1 пункт приведет в течение 2021–2025 гг. К прямым потерям налоговых поступлений в бюджет по НДС. Исследована мировые тенденции оптимизации налоговой нагрузки. Проанализированы основные различия между налогом на прибыль и налогом на выведен капитал. Определены потенциальные возможности применения мировых тенденций уменьшения налогового давления на отечественные предприятия.

Ключевые слова: налоговая нагрузка, налог на добавленную стоимость, налог на прибыль, налог на выведен капитал.

Formulation of the problem. Under the conditions of dynamic globalization processes, Ukraine's economy is exposed to chaotic crisis phenomena in all areas of management, which requires a balanced state policy, which can be the foundation for the growth of welfare in the country, protection of its interests. One of the main instruments of state intervention in the economy is taxes and the taxation system. Tax relations are very complex and contradictory in terms of economic security of the state and business entities. They are, on the one hand, a source of food for the state treasury, on the other hand, a significant burden on the financial performance of enterprises. In modern conditions, it is important to develop the optimal level of taxation and distribution of the tax burden on enterprises.

Analysis of recent research and publications. The scientific works of the following scientists are devoted to the study of the problem of minimizing the tax burden of the enterprise: Kushnirchuk Y.M., Tsymbaliuk I.O., Mishchan-chuk O.O., Poberezhets O.V., Oryshchyn T.M., Legostaeva O.O. and other. Leading economists pay attention to finding internal ways to optimize the tax burden on the enterprise, such as tax planning, reducing pre-tax profits, methods of financial analysis, however, the issue of reducing the tax burden by the state remains important. It is necessary to apply legislative ways to optimize the tax burden with the experience of developed countries.

Formulation of the goals of the article. The purpose of the presented research is to find legislative directions for optimizing the tax burden as a priority of the state in the context of promoting the development of economic entities.

Presenting main material. The tax burden at the enterprise level plays an important role in the economy of the enterprise. The current legal ways to reduce the tax burden are usually based on the choice of economic tactics and strategies stimulated by the state through the reduction of taxes and deductions; compliance with account-

ing rules that reduce taxable expenses; compliance with regulations involved in reducing taxable income [1].

In general, we have the average European level of taxation, although the question of the peculiarities of tax administration and the tax base for tax collection remains open. Instead, business profits in Ukraine are taxed almost at the level of neighboring countries and less than in France, Spain or Germany.

VAT rates – which are de facto paid by end consumers, so mostly individuals – are also virtually indistinguishable from EU countries (Figure 1).

High VAT rates negatively affect the economic activity of the enterprise due to the time gap between the moment of VAT payment in the price of goods and the moment of its reimbursement from the budget, as well as due to increased costs for additional material and technical resources in case of expansion [3].

Value added tax (VAT) is one of the most important taxes that form the state budget. The adopted Tax Code of Ukraine (TCU) introduced some innovations in the procedure of accrual and payment of VAT, which are designed to ensure timely receipt of payments to the budget. VAT is a complex tax from an economic point of view. It is paid at all stages of the movement of goods, works and services. At the same time, VAT is one of the indirect taxes, so the actual subject of taxation is the final consumer, not the company that pays it [4, p. 672].

In Europe, there is a trend towards simplification of VAT collection. In particular, on July 1, 2021, new VAT rules came into force in the European Union. A single simplified taxation system is being introduced for companies from EU countries.

This initiative allows companies to significantly reduce the costs associated with burdensome regulatory requirements, which in turn will promote the development of cross-border e-commerce in the EU, as well as create a level playing field for companies from Europe and

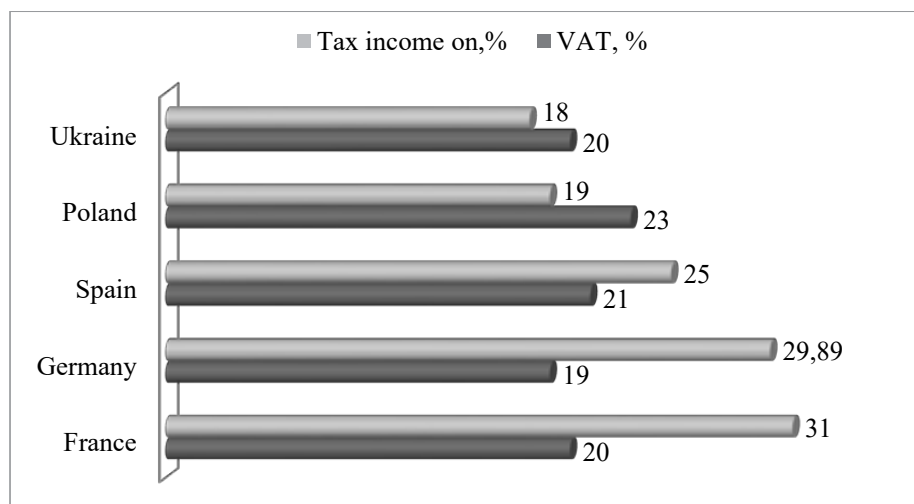


Figure 1. Comparison of income tax and VAT rates of Ukraine and other European countries*

Source: compiled by the author based on [2]

third countries. In particular, new electronic tools have been developed, with the help of which companies will be able to register for VAT on all their cross-border transactions in the European Union. According to experts, the new system will allow companies to save up to € 2.3 billion in costs annually.

Also, it should be noted the introduction of new optimized tax regimes for cross-border sales within the European Union: OSS (One Stop Shop) and IOSS (Import One Stop Shop). It is assumed that their use can reduce costs for companies and the self-employed by 95%.

In Ukraine, VAT has created a set of negative problems, due to which its effectiveness is questioned. At the same time, the shortcomings of VAT in Ukraine are a consequence not of the imperfection of the tax itself, but of the national

peculiarities of its collection and the specifics of the tax culture of business. Considering the method of accounting and reporting on VAT, it should be noted that there are many questions and contradictions regarding the reflection of tax liabilities.

Analyzing the current procedure for accounting for VAT liabilities, it is necessary to note the cumbersomeness of this process and certain inconsistencies with the current Chart of Accounts.

Having studied the shortcomings of the functioning of the value added tax, we consider it possible to suggest ways to improve the mechanism of VAT collection (Figure 2).

In an effort to reduce the tax burden on business, the government is building a plan to gradually reduce the VAT rate. It is estimated that a

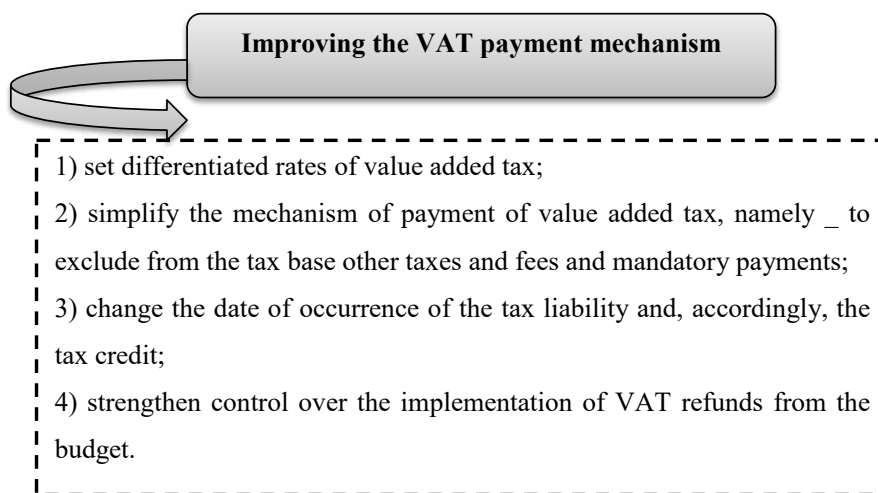


Figure 2. Directions for improving the VAT payment mechanism

gradual reduction of the tax rate to 15% over five years will allow:

- minimize budget losses in the short term, and in the medium and long term will compensate for these losses;
- stimulate the circulation of financial resources;
- provide end users with goods and services at lower prices.

It is proposed to reduce the amount of VAT as follows [5]:

- from January 1, 2021 to December 31, 2021 inclusive, the tax rate is 19 percent;
- from January 1, 2022 to December 31, 2022 inclusive – 18 percent;
- from January 1, 2023 to December 31, 2023 inclusive – 17 percent;
- from January 1, 2024 to December 31, 2024 inclusive – 16 percent;
- from January 1, 2025 – 15 percent.

It is estimated that a gradual reduction of the rate by 1 point annually during 2021-2025 will lead to direct losses of tax revenues to the budget from VAT in the amount of about 153 billion UAH (for 5 years).

At the same time, part of the losses from the reduction of VAT rates can be compensated due to the probable increase in tax revenues and SSC revenues in the total amount of UAH 78 billion. due to the stimulation of consumer demand (multiplier effect on GDP). In such circumstances, the net loss from the rate reduction over 5 years will amount to 75 billion and will be uniform.

At the same time, this approach to gradually reduce the VAT rate, according to experts, may take place if budget losses are offset by additional tax revenues due to the implementation of measures to de-shadow the economy, improve tax administration, improve the economic environment.

Important, in the studied aspect, is the income tax. Income tax is one of the main tax instruments in regulating the activities of enterprises and is one of the main budget-forming taxes. It should be noted that the income tax is the third fiscal payment in the tax system of Ukraine.

Corporate income tax is an integral part of taxation systems in most countries. The basic corporate income tax rate in Ukraine is currently 18%. Comparing this rate with corporate income tax rates in economically developed countries, we can conclude that Ukraine has a fairly low corporate income tax rate. It should be noted that a direct comparison of corporate income tax rates in different countries is incorrect, as it does

not take into account differences in approaches to determining the tax base, providing tax benefits and discounts, and so on.

The essence of the income tax is to tax the net inflow of resources to the company, which causes an increase in its capital, but it has several major disadvantages: the complexity of services, which leads to corruption and is a negative factor for investment; low efficiency of the existing system of income taxation; the possibility of developing schemes for tax evasion by large companies, which causes a large tax burden on a small number of enterprises; allows you to withdraw capital from the country to offshore areas; the complexity of calculating the object of taxation [6].

In Ukraine, the administration of income tax is undergoing constant changes. At the same time, there are constant discussions with the changes to replace the income tax with the tax on withdrawn capital, because the model of corporate income taxation that exists today has a number of shortcomings.

The main difference between the taxes is that the tax on withdrawn capital will tax income only when it is paid to owners in the form of dividends. To stimulate economic growth, it is proposed to tax only that part of profits that is not aimed at the development of production.

Entrepreneur's interaction with civil servants will be minimized. The tax can be a driving force for economic development and filling the budget. Moreover, there are even approximate amounts of increase: experts predict that after the introduction of the tax, the volume of additional investment in the real sector of the economy should amount to 15-20 billion US dollars in 5 years [7].

Given the above, the replacement of income tax with a new, modern method certainly looks positive, but there is a problem of rapid introduction of the tax on withdrawn capital in Ukraine.

Compulsory pension and social insurance fees (single social contribution) also have an impact on the efficiency of enterprises. These fees affect the activities of the enterprise indirectly, because they are included in the cost of production and are translated into the price per capita. The economic result is a reduction in effective demand of the final consumer, and hence a reduction in production and a decrease in aggregate profits.

The tax burden has a significant impact on Ukraine's economy. Therefore, to improve its position, Ukraine needs to gradually reduce the tax burden, using the experience of foreign countries, adapting it to the specifics and condi-

tions of our country, to create conditions in which it will be almost impossible to evade taxes, which will gradually increase revenues. state budget, as well as to ensure that tax revenues are appropriately distributed [8].

Conclusions. Thus, it is obvious that the reduction of the value added tax rate will have a positive effect on the processes of de-shadowing, as it economically stimulates the reduction of aggressive tax minimization. In such circumstances, in the long run, reducing the tax rate will have a positive effect in terms of budget revenues, and the gradual introduction of its

reduction will reduce the possible budget deficit. Such a change in the tax system for enterprises is likely to have a positive economic impact in the long run. Considering the short deadlines, it is safe to say that the country's investment climate will become more attractive, but at the same time there is a risk of a deficit in Ukraine's budget. Therefore, if the state decides to introduce fundamental changes in the direction of the introduction of the tax on withdrawn capital, it is necessary to provide full and sustainable compensation for the loss of budget revenues to the maximum possible amount.

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