

## Секція 7. ПОДАТКОВА ПОЛІТИКА

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### **BUDGET REFUND AS ONE OF THE PROBLEMS OF A VALUE-ADDED TAX**

**Introduction and relevance of research.** The state through fiscal service has always served an important role in the development and functioning of the economy as a separate company and the country as a whole. A tax system carried out the receipt and distribution of the state budget. In most developed countries Value added tax (hereinafter – VAT) is a leading indirect tax, which plays a significant role in the public finances. The main advantage of this tax is broad tax base and stable revenues. However, due to an unstable and imperfect tax legislation, this type of tax has also a large number of drawbacks. One of the main – problems with the administration refund.

The problem of VAT refunds in recent years become one of the macro-economic factors cooling economy. When the government delays the payment of money, the government withdraws the liquid resources of enterprises to finance government spending, and therefore this issue needs to be addressed [1].

The question of the VAT refunds, identifying main aspects, problems and prospects of development repeatedly raised in their writings, researchers, namely: E. Atkinson, K. McConnell, V. Melnik, A. Oksenjuk, L. Tkachyk, W. Fedosov, K. Schwab, F. Yaroshenko and other.

Oksana Oksenjuk, for example, in his book notes that today in Ukraine the main shortcomings of VAT is the complexity of the mechanism of administration, the possibility of tax evasion by taxpayers, especially in an uncertain regulatory support, a negative impact on high-tech and knowledge-intensive production [1].

However, despite a big amount of publications about the functioning of VAT and problems connected with it in Ukraine, the majority of questions are still not enough examined that causes the aim of this research.

**The results of research.** According to the Tax Code of Ukraine VAT is a consumption tax added to the price of a product or service that is paid by customer, but it is added to budget by sales assistant. This tax is expressed in the Section V “Value-added tax” (TCU) [2].

For analyzing of problems during the profit of taxes, an important aspect is the examination of its structure and profit features. This tax consists of two parts:

1. Tax credit is a sum on which a tax payer can decrease his tax obligation in a fiscal period.

2. Tax obligation is an amount of tax got or charged by a payer in a fiscal period. This is an amount of tax which is charged to the cost by the subject of business activity and it is added to the product or service.

It is considered that VAT is taken from customers, but according to the technical reasons it is impossible to make a tax recalculation with the last customer and only a businessman is in charge of the tax payment, who sells the products or provides a service, making a transaction in such a way. It is the main difference of this tax from other tax types. Therefore an enterprise can claim refunds from the budget. However, it is possible only in cases when there are a lot of sums are paid to the budget or there is a negative figure in the tax amount for payment. Problems with the tax administration appear at this stage.

According to the point 14.1.18 of TCU, budget refund is a refund of negative VAT meaning based on verification of accuracy of budget refund VAT sums according to the results of a check made by payer, including an automatically budget refund in its order and criteria established in the Section V of the Tax Code of Ukraine [2].

According to the Article № 200 of the TCU, the sum of a budget refund is considered the difference between tax obligation and tax credit, which appeared in accounting time [2].

If this difference has the negative meaning, it is credited to repay the existing tax debt of a payer. If it is lacking, this sum is credited to the tax credit next time.

When next time this sum has a negative meaning, budget refund takes only its part that is equal to the amount of VAT, which is literally paid by a receiver of a product or service or it goes to the Government Budget of Ukraine.

Theoretically, in the case when the amount of a tax, which is subordinate to budget refund, is calculated correctly and customer is congruent according to all rules, there is the payment of a proper amount of money. It can be done in the form of money transferring to the bank account of a payer or in the form of decreasing of a budget obligation next time. Nevertheless, in practice, unfortunately, in Ukraine only “unusual enterprises” get money, moreover, grounds for compensation of VAT are not checked in a true way.

The main reasons, which put back the payment of VAT refund, are:

- a long check period, which is made by tax government to confirm the correctness of data;
- inaccuracy in legislation which regulates the amount of tax refund;
- a lack of suitable amount of money in the government budget, the reason for what is an incorrectly planning and forecasting of it;
- plenty of a tax exemption that gives an opportunity, for example, for enterprise-exporters, using the right of exemption, to put so low prices to the budget or even not to pay taxes at all and at the same time to get big amount of VAT refund;
- a significant amount of black market in the country, which increases fictitious exports;
- a large number of illegal applications to get a refund from budget.

To have made a review of main problems of a budget refund in Ukraine, we can make a conclusion that government is main in overcoming the downsides of VAT refund. In this case, on the one hand, there are always changes in the tax legislation connected with the mechanism of refund, which must promote the optimization of this process. However, on the other hand, these changes cause the situation when tax payers always have to adapt to the new requirements and rules. This process requires a lot of time that causes permanent difficulties and mistakes with a process of money refund.

Definitely, the difficult political situation in the country displays not good on the amount of refund. There is permanently the increasing of uncompensated VAT costs, because the necessary costs from the budget go to more important aims.

In the modern conditions of integration an important factor in economic growth is relying on the experience of EU Member States. For example, in Denmark the VAT was introduced in 1967, in France and Germany in 1968. Nowadays we can see the high level of development and administration this type of taxes.

Although, some scientists say that VAT has a lot of downsides and it should be changed by another kind of taxes, for example, by tax on the sale. This factor will have bad influence on the European integration. One of the conditions is to the EU Member States is the existence of VAT [3].

As Ukraine is only in a one step to the EU, the deformation and improvement the existing payment system of VAT are so important:

1. First of all, it is necessary to pay attention to the stability of law providing. Such a negative fact in the ukrainian legislation is a frequent change of laws and other right acts, which regulate the tax system, especially the VAT. Such changes have negative influence on the tax payers, because they don't have enough time to respond to it, that is why many questions and inaccuracies take place here. It means that any changes should be done according to the Tax Code in the specified time.

2. The next step is a fighting with the fancy tax invoice and applications for VAT refund. For example, in Germany the government is fighting with a black market and is working on opening of different plans to stop avoiding taxes. Maybe, that fact, that there are a lot of changes in the ukrainian legislation, causes good conditions for activity of deceivers. That is why it is important to work on changes in this sector.

3. Establishment of the only VAT rate, which will simplify not only a tax reporting of an enterprise, but also an accounting. This change will allow to simplify a supply of the tax reporting, to decrease costs spent on the permanent education of staff. Using of several VAT rates raise considerably the costs of enterprise on accounting, because it makes them more difficult. For example, in New Zealand, where the only tax rate is used, tax reporting, that is provided to get a budget refund, consists of a page, when at the same time in other European countries, where a differentiated VAT rate is used, this reporting consists of many pages. The content of explanatory notes and documentation are increased, when several VAT rates are used, as the rage of special schemes become bigger (for example, schemes of a retail business) [1].

**Conclusions.** After making a research into weak sides of functioning in ukrainian legislation of “Value-added tax” we can make a conclusion. Only in a case, when government pays attention to the downsides and begins to deform the administrating of the VAT, it would be possible to anticipate positive changes in this sphere. Only with clear and stable legislation it would be more difficult for the black market to be operated. It will increase the amount of tax revenues with the VAT, that will give an opportunity to raise government budget and allow for the country regularly and fully make a VAT refund.

### Literature

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