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THE FEATURES OF THE SIMPLIFIED TAXATION SYSTEM MODERNIZATION

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Detenization of the Ukrainian economy involves the modernization of the simplified taxation system. For the purpose of modernization by the state bodies a set of measures was developed. Certain activities, in particular, the application of registrars of settlement operations in the practice of economic activity of individuals-entrepreneurs have caused a negative response in the business environment. The authors examine the experience of simplified taxation system functioning in the world practice, in particular, the use of registrars of settlement operations by small businesses. The total fiscalization of small businesses is not a global trend and in most cases has negative consequences. Existing fines and penalties for incorrect transactions with the use of registrars of settlement operations are analyzed. The expediency of applying the full amount of fines and penalties has been investigated, and the operations for the incorrect conduct of which financial sanctions should be applied in case of application of registrars of settlement operations in business activity practice of individuals-entrepreneurs are presented and substantiated. Additional work volumes appearing in the activity of individuals-entrepreneurs in case of using cash registers are analyzed. The following four groups of principles for the simplified taxation system modernization are proposed: economic principles of modernization of the simplified taxation system (fiscalization); principles for the technical implementation of modernization of the simplified taxation system (fiscalization); organizational principles for the implementation of modernization of the simplified tax system (fiscalization); national principles for the implementation of modernization of the simplified tax system (fiscalization). Risk factors that may arise at upgrading a simplified tax system are identified. The relationship between the principles and risk factors has been determined. Failure to comply with a specific principle in the simplified taxation system modernization entails a certain risk of economic activity of enterprising individuals.

Keywords: simplified taxation system, registrars of settlement operations, small business, cash register, individuals-entrepreneurs.

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Problem statement

Detenization of the Ukrainian economy involves the simplified taxation system modernization. It is caused by the fact that the large and medium businesses use the tax optimization tools applied for small businesses. According to some experts, this approach leads to a failure of the state budget to receive a significant amount of money.

The rhetorical question of whether or not to be the simplified taxation system in such circumstances, and if so, in what form, is sharply

confronted by legislators. There is a divide, on the one hand, special tax regimes have a place all over the world, and on the other hand, there is a way of avoiding taxation for medium and large businesses in our country. Thus, the problem of creating economic conditions under which such optimization of taxation will be impossible or, at least, difficult is very relevant at present.

In order to modernize the simplified system, a draft of measures concerning changes in conducting business activities by small businesses was developed.

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The proposed activities provoked both positive and negative responses in the business environment. Therefore, representatives of small businesses attributed the increase in the annual turnover limit for groups of single tax payers to the positive innovations. We have been waiting for this for a long time, since the inflation exceeding developed countries is our integral component. At the same time, the prospect of virtually universal fiscalization of small businesses has caused negative feedback.

Analysis of publications

The simplified taxation system is a subject of many specialists' discussions. Oleg Getman, Coordinator of Economic Groups of the Economic Expert Platform, based on the experience of many countries, presented the positive factors of the simplified taxation system application: maintaining a competitive environment; competition in the labor market (among employers, as well as self-employed persons); job creation, by small means and without the need for state; poverty reduction; employment of citizens; detenization [2].

Almost all countries in the world have a simplified taxation system. There are five main models of small business taxation in the world practice: taxation of individuals; simplified taxation regime; tax on revenue or turnover; fixed tax; patent, special permit. The size of the tax depends on the retail space, types of goods, and the number of employees. Therefore, the existence of a simplified taxation system in Ukraine is neither exotic nor anomalous [2].

Vyacheslav Cherkashin, an analyst at the Institute for Social Economic Transformation, presents some aspects of modernizing the simplified tax system in Ukraine. First, the changes should be in the development process, otherwise it will lead to undesirable consequences. Secondly, it is not worth to consider a simplified taxation system as a vestige of the past, something that one should get rid of for the last time and never return. Third, the simplified taxation system needs to be optimized and made fairer through differentiation rather than through tightening controls. Fourth, comprehensive fiscalization is not a common world practice [8].

In 2015, the IMF conducted a survey of fiscalization in 20 countries. As a result of the study, representatives of the IMF concluded that the positive fiscal effect of the mandatory application of cash registers cannot be considered proven. The increase in tax revenues occurs in the first two years, and then declines. Mandatory use of the cash register does not change the behavior of people in the medium term. Similarly, the opinion that the fiscalization of small businesses is the basis for the detenization of the economy is erroneous. Overall, all the positive factors of fiscalization observed in

the early years of this process have disappeared within a few years. Moreover, in some EU countries, excessive fiscalization policy has led to the resignation of governments [8].

For Ukraine, taking into account the need for compromise detenization, two models of a simplified taxation system are suitable: a fixed tax or patent, and a special permit. It is caused by such models features as:

- minimum legislative regulation or complete absence of legal requirements for accounting and reporting;
- lack of control over revenues (in some cases, expenditures);
- in some cases, the use of cash registers is not mandatory [8].

Total fiscalization is not a common practice and a “global trend”. Although, there are exceptions. Thus, there is a widespread use of cash registers in Georgia and Russia. In some cases, the fiscalization of entrepreneurial activity in Russia is seen as a factor in successfully fighting with the detenization of the economy. At the same time, there is almost no practice of using cash registers in some states of Africa and Latin America, which is, to some extent, a very negative factor. The most acceptable situation in the countries of Asia and the EU is when there are several approaches to determining the boundaries of activities to be fiscalized:

- exceeding a certain amount of annual turnover;
- certain risky categories of goods or services;
- not used for markets;
- not used in the presence of small retail space;
- not used for small business [2, 3, 8].

At present, we have heated discussions on fiscalization in Ukraine. This controversial issue is now on our government's agenda and requires urgent resolution.

The aim of the article

The aim of this article is to analyze the expediency of total fiscalization of small businesses and to develop recommendations that will allow to adapt the application of cash registers in the practice of economic activity with the least losses.

The main material

Let us first consider what a simplified tax system in Ukraine is. According to the Tax Code of Ukraine (Article 297), a simplified tax system is a taxation system where a single tax replaces the payment of separate taxes and, at the same time, a simplified system of accounting and reporting is applied [6].

Once again, it is the simplified system of accounting and reporting, i.e. a system that does not require such complex accounting and tax accounting, as well as the reporting that are applied to the general taxation system. The changes in the

simplified taxation system, which oblige IEs (individuals-entrepreneurs to use RSO (registrars of settlement operations) when settling with customers, impose certain additional obligations. This approach requires IEs to establish a procedure for conducting cash transactions according to the norms of enterprises operating on a general taxation system.

Why fiscalization causes a widespread disapproval in the small business environment of the simplified tax system? The application of RSO in the practice of small business economics carries not only additional financial expenditures for IEs, the additional time spent on conducting transactions with RSO, but also provides an opportunity for state tax authorities to penalize for the failures and inaccuracies committed in a cash transaction organization.

There is no secret that the cash discipline of enterprises operating on a general taxation system is

quite complex and, in the context of small businesses, looks somewhat ridiculous. For example, IE should not have a daily cash limit and should not be required to deposit daily revenue in excess of the cash limit. There is no sense in it, as IE uses his own money in his own right. It will lead to nothing and will not affect the activity of IE and timely generation of X and Z reports in any way, as online information of each transaction conducted with RSO is sent to the tax base. The annual turnover can be checked on the same base. Thus, the application of RSO in small business practices, if it is necessary, should be adapted to small business conditions. The annual turnover should not exceed the statutory limit for the respective IE group, the operation must be conducted with RSO and a fiscal check must be issued. Only these operations should come under financial sanctions.

Nowadays, there is a rather serious responsibility for violation of the order of conducting cash

Table 1

Financial sanctions

Types of violations of using RSO	Amount of fine	Dynamics of fines
Non-using the accounting book (AB) and the accounting book of settlement transactions (ABS0) in the settlement operations	50 non-taxable minimum income of citizens or NMIC	From 340 UAH to 850 UAH
Using non registered AB and ABS0	50 NMIC	From 340 UAH to 850 UAH
Violation of using AB and ABS0	50 NMIC	From 340 UAH to 850 UAH
Non-restoring AB and ABS0 due to a stated term	50 NMIC	From 340 UAH to 850 UAH
Lack of control tape in printed or electronic form	30 NMIC	From 170 UAH to 510 UAH
Distortion of data on transactions with RSO or PRSO on the control tape	30 NMIC	From 170 UAH to 510 UAH
Non-use of the preliminary programming regime of RSO or PRSO on the name and price of goods (services) that are not excisable and their quantity	5 NMIC	From 85 UAH to 85 UAH
Non-use of the preliminary programming regime of RSO or PRSO (software for RSO) for the name and price of goods (services) that are excisable (the product subcategory code should be indicated in accordance with the UCG of Foreign Economic Activity (Ukrainian classification of goods of foreign economic activity)) and accounting for their quantity	300 NMIC	From 85 UAH to 5100 UAH
Violation of the procedure for processing credit and debit cash orders	20 NMIC	From 170 UAH to 340 UAH
Violation of the procedure for processing settlement and reporting documents (in case of sale of travel or transportation documents)	20 NMIC	From 170 UAH to 340 UAH
The use of RSO in the design or software of which the modifications of manufacturer's documentation are included	300 NMIC	From 1700 UAH to 5100 UAH
Failure to submit the tax authorities reports, AB or copies of settlement documents and fiscal reporting checks with RSO, PRSO	30 NMIC	From 170 UAH to 510 UAH
Failure to conduct settlement operations with RSO, conducting settlement operations not for the full amount, failure to issue the relevant settlement document	100% of the cost of goods – at the first violation	1 UAH at the first violation
Failure to conduct settlement operations with RSO, conducting settlement operations not for the full amount, failure to issue the relevant settlement document	150% of the cost of goods – at the each next violation	100% of the cost of goods – at the each next violation

operations and operations with RSO. The large fines and penalties are imposed for mistakes and failures made at working with RSO. These mistakes and failures are very often mechanical and within the scope of the IE work do not cause damage to the state.

From 01.04.2021, all single tax payers of the second or fourth groups are obliged to use RSO or PRSO (software for RSO) when settling with customers. The application of new rules for using RSO provides the new fines and penalties (Table 1) [4,5,7].

Under the existing simplified taxation system, any IE can independently handle accounting work. Certain difficulties can arise only at reporting process, when special knowledge of the software product is needed. Subsequently, the IE will have a lot of additional work for the implementation of which a separate specially trained person is needed. After all, if the IE keeps his own records, then IE will only have no time to carry out his activities, but the risk of mistake, failure or untimely detection of an already committed mistake will increase significantly, which causes the financial sanctions. There are the main types of work associated with the use of RSO, appear

in the IE in addition:

- acquisition of RSO and registration;
- development of RSO and software product;
- maintenance of RSO and software product;
- feeding the necessary information about the goods in the software product;
- processing of information conducted with RSO;
- books and reporting on RSO;
- additional time for operations with RSO.

The simplified tax system modernization, in particular total fiscalization, should comply with a number of principles. If there is no compliance with the established principles, then the benefits from applying any innovation are not significant, or they have a short-term effect, or, worst of all, they are harmful [1]. In fact, failure to comply with any principle will lead to certain risks.

The authors propose the fundamental principles of the simplified taxation (fiscalization) system modernization, which can conditionally be divided into 4 groups: economic, technical implementation, organizational, and national.

Economic principles determine the level of economic freedom, the availability of economic

Table 2

Economic principles of the simplified tax system (fiscalization) modernization

Principle of	Description of principles	Risk Factors
Adequacy	The number of types of fines should be minimal, and the amount of fines from incorrectly performed operations should not exceed the income (profit) from these operations	An extensive list of penalties Large amounts of fines
Rationality	The labor costs of servicing RSO and the implementation and processing of transactions using the cash register should not significantly increase the financial burden on the IE to pay for this labor	Additionally paid types of work: – software product installation and cash register maintenance; – operations and processing of received documentation and information.
Economic efficiency	The introduction of RSO in the practice of IE should not affect the cost of services and goods	The increase in expenditures of IE is the basis for increasing prices
Financial attractiveness	The cost of equipment used for settlement transactions should be insignificant, and the software product should be free	Existing experience indicates expenditures The project proposal does not have a clearly defined solution yet.
Commensurability	Financial revenues from novation should not be less than financial losses from rejection of novation	The amount from implementing innovations may be less than the losses from the termination of the IE activity are not agreed with the new rules of management
Expediency	The cost of state control should not exceed the economic benefit from the introduction of such innovations in the practice of economic activity of IE	The content of the control apparatus is equal to or slightly lower than the revenues from implementing innovations
Lack of interests conflict	Persons making decisions on total fiscalization and persons close to them should not be able to receive additional income from the implementation of this activity	The income from implementing innovations will be received by the interested parties, not the state
Detenization	Shading should not be more profitable than compliance with the law	Excessive financial burden

Table 3

Principles of technical implementation of the simplified tax system (fiscalization) modernization

Principle of	Description of principles	Risk Factors
Simplicity	Any individual possessing a business idea should be able to realize it	The complexity of operating a software product and hardware
Coherence	The time spent on maintenance of RSO and the implementation of operations using RSO should not affect the quality of services for the sale of services and goods	Service Duration Increase

Table 4

Organizational principles for implementing of the simplified tax system (fiscalization) modernization

Principle of	Description of principles	Risk Factors
Congruence	Introduced innovations should be equally interesting to the buyer, entrepreneur and the state	The lack of interest of one of the parties will lead to the refusal to participate in the process
Dynamism	Innovation should foster entrepreneurship	Complicating the process hinders development
Rationality	Innovation should make sense and lead to a specific economic effect	Fiscalization for fiscalization or as an additional source of financial sanctions

Table 5

National principles for implementing the simplified tax system (fiscalization) modernization

Principle of	Description of principles	Risk Factors
Openness	Attracting an active part of the population from other countries to our country for running business	Less light business conditions
Security	The state should be ready to financially support and employ IEs who, in the new economic conditions, will not want to carry out entrepreneurial activity	High unemployment level, including hidden one. Small unemployment benefits. Additional burden on the state
Attraction	Counteracting the migration of the active part of the population to countries with easier business conditions	Unattractive business environment
Minimization	An insignificant number of government bodies that monitor the activities of IE	A significant number of checkings
Adaptations	Reducing the powers of regulatory and law enforcement authorities in the field of supervision of IE	An increase in the corruption component in the actions of state regulatory bodies
Equality	The liability measure for obligations should be the same for legal entities and for IEs	IE is responsible with all his property.

efficiency, financial burden, and economic orientation of the result of implementation (Table. 2).

The principles of technical implementation determine the ease of operation of the software product and hardware (Table 3).

Organizational principles determine the need for implementing innovation.

National principles determine the level of responsibility of the IE, protection of the IE interests, the expediency of the government policy (Table 5).

Conclusions

As a result of the study on the simplified taxation system (fiscalization) modernization, a number of features have been found.

Firstly, the fines and penalties imposed for violations committed at working with RSO do not

have any economic sense if they are imposed on the IE. Fine for the sake of a fine.

Secondly, one person, the IE himself or his employee, performs several types of work simultaneously in small businesses. In this case, the probability of a mistake or failure at working with RSO is slightly higher than, for example, with a cashier in a supermarket that performs one type of work automatically.

Thirdly, the liability imposed on the IE is inadequate in the limits of the activities carried out by small businesses. You cannot take more than a business entity can earn.

Fourth, IEs do not have the right to choose a form of ownership, and therefore, the measures of responsibility.

The innovations proposed by legislators to improve accounting with a simplified taxation system lead to certain difficulties, and in some cases, are completely inexpedient. According to the results of the study, the authors proposed a system of principles to which any processes of the simplified tax system modernization should correspond. At the same time, according to each principle, the risks that arise in case when the innovation in the simplified taxation system does not correspond to a specific principle are identified. This approach will allow avoiding of damage from applying incorrect innovations. Thus, the fiscalization of IEs should comply with certain principles, the violation of which increases the risk of a negative effect from its implementation.

The procedure for conducting cash transactions with RSO should be adapted to the IE specifics. This will reduce the amount of inappropriate work, and therefore will decrease the unreasonable expenditures of IE.

Fines and penalties should be imposed on IE only for conducting an operation without the use of a cash register and without issuing a fiscal check or for the absence of a cash register. Otherwise, total fiscalization does not look like a preventive measure, but like the desire of the state for earning on fines, which, in turn, will lead to a decrease who wish to engage in entrepreneurial activity.

Prospects for further research

In the course of the study, a problem was identified that could become the subject of further research. This is the problem of determining the responsibility of IE for his obligations under the conditions of the simplified tax system modernization.

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ОСОБЛИВОСТІ МОДЕРНІЗАЦІЇ СПРОЩЕНОЇ СИСТЕМИ ОПОДАТКУВАННЯ

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Детинізація економіки України має на увазі здійснення модернізації спрощеної системи оподаткування. З метою проведення модернізації державними органами розроблений комплекс заходів. Окремі заходи, зокрема, введення реєстраторів розрахункових операцій у практику господарської діяльності фізичних осіб підприємців викликали негативний відгук у середовищі підприємництва. Авторами вивчений існуючий у світовій практиці досвід функціонування спрощеної системи оподаткування, зокрема, застосування реєстраторів розрахункових операцій суб'єктами малого підприємництва. Встановлено, що тотальна фіскалізація малого бізнесу не є світовим трендом і в більшості випадків несе негативні наслідки. Проаналізовано існуючі штрафні санкції за некоректні операції зі застосуванням реєстраторів розрахункових операцій. Встановлено недоцільність застосування в повному обсязі існуючих штрафних санкцій, представлені і обгрунтовані операції за некоректне проведення яких слід накладати фінансові санкції в разі впровадження реєстраторів розрахункових операцій у практику господарської діяльності фізичних осіб підприємців. Розглянуто додаткові обсяги робіт, що виникають в діяльності фізичних осіб підприємців у разі використання ними касових апа-

ратів. Запропоновано чотири групи принципів модернізації спрощеної системи оподаткування: економічні принципи модернізації спрощеної системи оподаткування (фіскалізації); принципи технічної реалізації модернізації спрощеної системи оподаткування (фіскалізації); організаційні засади реалізації модернізації спрощеної системи оподаткування (фіскалізації); загальнодержавні принципи реалізації модернізації спрощеної системи оподаткування (фіскалізації). Встановлено фактори ризику, які можуть виникнути при модернізації спрощеної системи оподаткування. Визначено взаємозв'язок принципів з факторами ризику. Недотримання конкретного принципу при модернізації спрощеної системи оподаткування тягне за собою певний ризик здійснення господарської діяльності фізичних осіб підприємців.

Ключові слова: спрощена система оподаткування, реєстратори розрахункових операцій, малий бізнес, касовий апарат, фізичні особи підприємці.

ОСОБЕННОСТИ МОДЕРНИЗАЦИИ УПРОЩЕННОЙ СИСТЕМЫ НАЛОГООБЛОЖЕНИЯ

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Детенизация экономики Украины подразумевает проведение модернизации упрощенной системы налогообложения. С целью проведения модернизации государственными органами разработан комплекс мероприятий. Отдельные мероприятия, в частности, введения регистраторов расчетных операций в практику хозяйственной деятельности физических лиц предпринимателей вызвали негативный отзыв в среде предпринимательства. Авторами изучен существующий в мировой практике опыт функционирования упрощенной системы налогообложения, в частности, применение регистраторов расчетных операций субъектами малого предпринимательства. Установлено, что тотальная фискализация малого бизнеса не является мировым трендом и в большинстве случаев несет негативные последствия. Проанализированы существующие штрафные санкции за некорректные операции с применением регистраторов расчетных операций. Установлена нецелесообразность применения в полном объеме существующих штрафных санкций, представлены и обоснованы операции за некорректное проведение которых следует налагать финансовые санкции в случае внедрения регистраторов расчетных операций в практику хозяйственной деятельности физических лиц предпринимателей. Рассмотрены дополнительные объемы работ, возникающие в деятельности физических лиц предпринимателей в случае использования ими кассовых аппаратов. Предложены четыре группы принципов модернизации упрощенной системы налогообложения: экономические принципы модернизации упрощенной системы налогообложения (фискализации); принципы технической реализации модернизации упрощенной системы налогообложения (фискализации); организационные принципы реализации модернизации упрощенной системы налогообложения (фискализации); общегосударственные принципы реализации модернизации упрощенной системы налогообложения (фискализации). Установлены факторы риска, которые могут возникнуть при модернизации упрощенной системы налогообложения. Определена взаимосвязь принципов с факторами риска. Несоблюдение конкретного принципа при модернизации упрощенной системы налогообложения влечет за собой определенный риск осуществления хозяйственной деятельности физических лиц предпринимателей.

Ключевые слова: упрощенная система налогообложения, регистраторы расчетных операций, малый бизнес, кассовый аппарат, физические лица предприниматели.

THE FEATURES OF THE SIMPLIFIED TAXATION SYSTEM MODERNIZATION

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Detenization of the Ukrainian economy involves the modernization of the simplified taxation system. For the purpose of modernization by the state bodies a set of measures was developed. Certain activities, in particular, the application of registrars of settlement operations in the practice of economic activity of individuals-entrepreneurs have caused a negative response in the business environment. The authors examine the experience of simplified taxation system functioning in the world practice, in particular, the use of registrars of settlement operations by small businesses. The total fiscalization of small businesses is not a global trend and in most cases has negative consequences. Existing fines and penalties for incorrect transactions with the use of registrars of settlement operations are analyzed. The expediency of applying the full amount of fines and penalties has been investigated, and the operations for the incorrect conduct of which financial sanctions should be applied in case of application of registrars of settlement operations in business activity practice of individuals-entrepreneurs are presented and substantiated. Additional work volumes appearing in the activity of individuals-entrepreneurs in case of using cash registers are analyzed. The following four groups of principles for the simplified taxation system modernization are proposed: economic principles of modernization of the simplified taxation system (fiscalization); principles for the technical implementation of modernization of the simplified taxation system (fiscalization); organizational principles for the implementation of modernization of the simplified tax system (fiscalization); national principles for the implementation of modernization of the simplified tax system (fiscalization). Risk factors that may arise at upgrading a simplified tax system are identified. The relationship between the principles and risk factors has been determined. Failure to comply with a specific principle in the simplified taxation system modernization entails a certain risk of economic activity of enterprising individuals.

Keywords: simplified taxation system, registrars of settlement operations, small business, cash register, individuals-entrepreneurs.

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