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SŁOWO WSTĘPNE

Dwudziesty numer kwartalnika Przeglądu Nauk Stosowanych ma charakter przekrojowy. Obejmuje siedem artykułów, a tematyka większości z nich koncentruje się wokół wybranych aspektów rozwoju lokalnego i regionalnego.

Pierwszy z artykułów, autorstwa Piotra Zamelskiego, porusza tematykę dobra wspólnego w aspekcie równoważenia rozwoju społeczno-gospodarczego regionu. Na tym tle uwypuklono konieczność właściwego wyznaczenia celów rozwoju i sposobów ich wdrażania. Podkreślono również rangę trafnej diagnozy i prognozy sytuacji w rozwoju regionalnym. Zwrócono także uwagę na konieczność odpowiedniej koordynacji rozwoju społeczno-ekonomicznego. Wskazano, że w tym zakresie priorytet dobra wspólnego nabiera kluczowego znaczenia.

Następny artykuł, przygotowany przez Natalię Marynenko, Irynę Kramar, Tetianę Podvirna oraz Svitlanę Khrupowych, przybliży zagadnienia podatków w prowadzeniu działalności gospodarczej. Szczególna uwaga poświęcona została obciążeniom podatkowym występującym na Ukrainie. W tym zakresie dokonano analizy porównawczej określonych aspektów systemu podatkowego Ukrainy w odniesieniu do wybranych krajów.

Lucia Ludvigih Cintulová, László Parák i Pavol Tománek są autorami następnych dwóch artykułów. Skupiają się one na zagadnieniach kapitału ludzkiego. Kluczowy nacisk położony został w nich na osobach z niepełnosprawnością. Pierwszy z artykułów związany jest z umiejscowieniem niepełnosprawności widzenia w relacji do teorii hierarchii potrzeb Masłowa. Zaprezentowane wyniki badań ankietowych wskazują, że jakość życia osób z niepełnosprawnością widzenia oddziałuje na każdą dziedzinę ich życia. Drugi z artykułów nawiązuje do pracy socjalnej z osobami niepełnosprawnymi. W tym obszarze przeprowadzono analizę kluczowych modeli niepełnosprawności. Ukazano również rolę i znaczenie koncepcyjnych ram działań w zakresie m.in. przygotowania osób niepełnosprawnych do radzenia sobie z problematyczną sytuacją.

Kolejny artykuł, autorstwa Brygidy Klemens oraz Magdaleny Wołczańskiej, uwypukla rangę Specjalnych Stref Ekonomicznych (SSE) w rozwoju społeczno-gospodarczym jednostek samorządu terytorialnego. W tym obszarze przeprowadzono rozważania nad powiązaniem atrakcyjności inwestycyjnej regionu z SSE. Wyeksponowano również korzyści i problemy związane z funkcjonowaniem Specjalnych Stref Ekonomicznych w układach lokalnych. Przeprowadzono także analizę dotyczącą wpływu Wałbrzyskiej Specjalnej Strefy Ekonomicznej na rozwój gminy Skarbimierz.

Dwudziesty numer kwartalnika Przeglądu Nauk Stosowanych kończą dwa artykuły, które podejmują zagadnienia związane z finansowaniem rozwoju regionalnego środkami unijnymi. W pierwszym z nich, autorstwa Sabiny Klosa, przedstawiono zależności zachodzące między rozwojem regionalnym a polityką regionalną Unii Europejskiej. Zaprezentowano również kierunki rozwoju

Opolszczyzny zawarte w założeniach Regionalnego Programu Operacyjnego Województwa Opolskiego (RPO WO) na lata 2014-2020. Dokonano także analizy udziału środków unijnych w całkowitej wartości projektu oraz wpływu RPO WO na rozwój Opolszczyzny. Z kolei drugi artykuł, opracowany przez Sabinę Puchałę i Martinę Richter, koncentruje się wokół wybranych inwestycji Opolszczyzny finansowanych przy udziale funduszy pomocowych Unii Europejskiej. Porusza również zagadnienie efektywnego wykorzystania środków unijnych.

Redaktorzy tomu wraz z Redakcją Przeglądu Nauk Stosowanych wyrażają nadzieję, że przedstawione w niniejszej publikacji prace będą stanowiły cenny materiał do dyskusji oraz inspirację w prowadzeniu badań naukowych w obszarze rozwoju lokalnego i regionalnego.

Brygida Klemens

Aleksandra Zygmunt

Nataliia MARYNENKO, Iryna KRAMAR, Tetiana PODVIRNA,
Svitlana KHRUPOVYCH

TAXATION TRENDS, RANKINGS AND PERSPECTIVES FOR UKRAINE

*The economy is dramatically affected by the state of tax law.
If lawmakers create an Internal Revenue Code that is terribly complex
or that changes rapidly, taxpayers may not be able to obtain a reasonably
certain conclusion about how taxation will affect a business plan
or investment.*

J. Scott Moody, Special Brief, 2001

Abstract: Findings of the Paying Taxes 2018 and the Ukraine's performance are analyzed in the paper. The rating is aimed at assessing the ease of payment in 190 countries of the world taking into account four sub-indicators: total tax & contribution rate, time to comply, number of payments, and post-filing index. It is determined that the tax burden in Ukraine for the last year has decreased from 51.9% to 37.8% which made it possible for the country to increase its positions in the rating by 58 places. At the same time, it takes 327.5 hours in 2018 for businesses in Ukraine to spend on filling and submitting reports and paying taxes whereas on average in the world it takes the case study company 240 hours to comply with its taxes. By this sub-indicator, Ukraine occupies only the 159th position among 190 countries. As a result of the research it is found out that one of the promising sub-indicators is the number of tax payments per year: Ukraine ranks 3rd in the world with five payments to be done. By the post-filing index Ukraine holds 42nd position with its value of 85.95 which is a relatively high rank compared to other countries from the Central Asia and Eastern Europe region. Overall, the results of the study testify that compliance with tax rules takes a significant amount of time for businesses. The measures for improving the taxation environment, ease of doing business and Ukraine's positions in the rating are identified.

Keywords: taxation, total tax & contribution rate, time to comply, number of payments, post-filing index.

TENDENCJE PODATKOWE, RANKINGI I PERSPEKTYWY DLA UKRAINY

Streszczenie: W artykule przeanalizowano ustalenia dotyczące płacenia podatków na Ukrainie w 2018 r. Ranking ma na celu ocenę łatwości płatności w 190 krajach świata z uwzględnieniem czterech podrzędnych wskaźników: całkowitego podatku i stawki składki, czasu na dostosowanie, liczby płatności i wskaźnika post-filing. Ustalono, że obciążenia podatkowe na Ukrainie w ciągu ostatniego roku spadły

z 51,9% do 37,8%, co pozwoliło krajowi zwiększyć swoje pozycje w rankingu o 58 miejsc. Jednocześnie w 2018 r. przedsiębiorcy na Ukrainie spędzili 327,5 godzin na wypełnianiu i składaniu sprawozdań oraz płaceniu podatków, podczas gdy przeciętnie na świecie wymaga się od firmy zajmuje to około 240 godzin. Biorąc pod uwagę ten wskaźnik Ukraina zajmuje dopiero 159 pozycję wśród 190 krajów. W wyniku przeprowadzonych badań okazało się, że jednym z obiecujących wskaźników jest liczba płatności podatku rocznie: Ukraina zajmuje trzecie miejsce na świecie z pięcioma płatnościami do wykonania. Według wskaźnika post-filing Ukraina zajmuje 42 pozycję z wartością 85,95, co jest relatywnie wysoką pozycją w porównaniu do innych krajów z Azji Środkowej i Europy Wschodniej. Ogólnie wyniki badania świadczą o tym, że przestrzeganie przepisów podatkowych zajmuje przedsiębiorcom dużo czasu. Określono środki mające na celu poprawę otoczenia podatkowego, łatwość prowadzenia działalności gospodarczej i pozycję Ukrainy w rankingu.

Słowa kluczowe: opodatkowanie, całkowity podatek i stawka, czas na dostosowanie, liczba płatności, indeks post-filing.

1. INTRODUCTION

Investment decision-making depends on the ease of doing business and the tax system of a particular country. Its image and investment attractiveness is formed, to some extent, on the basis of the tax burden and costs (both personnel and financial) for complying with tax laws.

The article is aimed at estimating the trends in taxation and compliance with the tax law in Ukraine during the latest decade, evaluating the state of affairs, formulating recommendations for future improvement of the government's tax policy.

The results of the Paying Taxes 2018 [Paying Taxes 2018; Doing Business. Paying Taxes] were published, in which Ukraine ranked 43rd. This fact testifies that it became possible for Ukraine to improve its rating by 138 positions compared to 2012 and few other previous years.

The rating is a part of the PricewaterhouseCoopers (further – PwC) network and World Bank Group's Doing Business project which measures the "ease of doing business" by studying 11 indicators. The Paying Taxes indicator is one of them and has been conducted since 2006 to assess the ease of payment in 190 countries of the world (the first place – the tallest). A high position in the rating means that tax laws are conducive to doing business. The basis for the research is the assessment of normative acts regulating the activities of small and medium enterprises throughout their life cycle, and their application in practice. The rating records the taxes and mandatory contributions that a medium-size company must pay or withhold in a given year, as well as measures the administrative burden in paying taxes and contributions. The most recent round of data collection for the project was completed on June 30, 2017 covering for the Paying Taxes indicator calendar year 2016 (January 1, 2016 – December 31, 2016).

For the Paying Taxes 2018, the contributors provided information which allows the study to evaluate both the cost of the taxes that are borne by the case

study company and the administrative burden of taxes borne and collected using four sub-indicators [Paying Taxes 2017: 13]:

- 1) total tax & contribution rate (further: TTCR). In Paying Taxes 2018 the Total Tax Rate has been renamed to the TTCR to underline the fact that it includes not just taxes, but also mandatory social contributions borne by medium sized domestic case study company;
- 2) the time to comply with the three main taxes (corporate income taxes (further: CIT), labour taxes and mandatory contributions, and consumption taxes). It captures the time required to prepare, file and pay each tax type;
- 3) the number of payments, which measures the frequency with which the company has to file and pay different types of taxes and contributions, adjusted for the manner in which those filings and payments are made;
- 4) post-filing index (used as a sub-indicator from 2017), based on four equally weighted components:
 - a) time to comply with a value added tax (further: VAT) refund (hours);
 - b) time to obtain a VAT refund (weeks);
 - c) time to comply with a CIT audit (hours);
 - d) time to complete a CIT audit (weeks).

2. ANALYSIS BACKGROUND

Using the data for Ukraine's case, it should be noted that throughout the analyzed period all the sub-indicators improved their value (table 1). Trends regarding the tax climate in Ukraine for this period are to be traced according to the World Bank Group researches.

The Ukrainian tax system was declared to be one of the most burdensome in the world taking into account the positions it occupied in the overall ranking of countries according to the 2007-2012 reports. Some reasons for such situation to occur were as follows: the Tax Code has not been adopted, legal acts regulating taxation in Ukraine accounted for more than 400 ones, large number of documents (originals) for the reimbursement of value added tax were requested. Instead of creating conditions for doing a normal and safe business in Ukraine due to received tax revenues the government has continued to maintain a complex, non-transparent system of external institutional environment in which the enterprise appeared as a "donor" for the state and for corrupt state bodies of all levels, as well as to the related institutions. It was hard to believe in the possibility of the rapid change in the mentality of domestic taxpayers and their desire to run open and legitimate business in Ukraine in this situation [Lokhanova 2012: 48].

Table 1. Ukraine's performance in complying with the tax law according to the Doing Business database and Paying Taxes reports in 2007-2018

Paying Taxes	Sub-indicator										Overall performance			
	TTCR (%)				Time to comply, hours				Number of payments per year			Rank by the ease of paying taxes	Total number of economies studied	
	CIT		Labour tax	Other taxes	Total	CIT time	Labour tax time	Consumption tax time	Total	CIT payments	Labour tax payments			Other taxes pay-ments
2007	60.3	13.5	45.4	1.4	2185	425	800	960	98	5	60	33	174	175
2008	57.3	12.2	43.4	1.8	2085	421	732	932	99	6	60	33	177	178
2009	58.4	11.5	43.3	3.7	848	186	416	246	99	6	60	33	180	181
2010	57.2	12.3	43.1	1.8	736	140	364	232	147	6	96	45	181	183
2011	55.5	10.4	43.3	1.8	657	112	364	181	135	5	108	22	181	183
2012	57.1	12.2	43.3	1.6	657	112	364	181	135	5	108	32	181	183
2013	55.4	11.6	43.1	0.7	491	109	192	190	28	1	24	3	165	185
2014	54.9	11.2	43.1	0.6	390	100	140	150	28	1	24	3	164	189
2015	52.9	9.7	43.1	0.1	350	100	100	150	5	1	1	3	108	189
2016	52.2	9	43.1	0.1	350	100	100	150	5	1	1	3	107	189
2017	51.9	8.7	43.1	0.1	356	57	100	199	5	1	1	3	84*	190
2018	37.8	11.9	24.8	1.1	328	37	92	199	5	1	1	3	43	190

* Including post-filing index

Source: Developed by the authors on the basis of the Doing Business database and Paying Taxes reports in 2007-2018

In the report for the year of 2008 answering the question: “Who makes paying taxes easy and who does not?” Ukraine and Belarus were declared to have the most burdensome tax systems in the world holding the last two positions in the ranking. Ukraine was also mentioned as a country with the most number of labour taxes payments – 60 – to be done per year. Colombia, Jamaica, Montenegro and Romania were the countries which accompanied Ukraine at the end of the list by this sub-indicator value with 48 payments to be done in each. The same situation for Ukraine was observed with the number of hours (732) to be spent by businesses for complying with the labour taxes and the second last position among studied countries by the overall time to comply which accounted for 2085 hours. Only Brazil performed worse than Ukraine with 2600 hours needed for compliance [Paying Taxes 2008: 17, 19]. It was noted in the report that countries in the former Soviet and Eastern bloc account for six of the bottom 10 countries in terms of the number of tax payments a company has to make. Romania, Ukraine, Uzbekistan and Belarus are ranked the bottom four in the world on this measure which is reflected by the sheer number and variety of taxes a company is required to pay in these countries. In two of these countries, Romania and Ukraine, flat rate corporate profits taxes have been introduced, but the number of payments required and the contribution of other taxes are significant and so mitigate the perceived benefits of the flat tax system. An interesting fact is that the range of taxes in Uzbekistan and Ukraine is equally diverse (Uzbekistan 118 payments, Ukraine 99) although the time taken to comply with the system varies enormously – from 2,085 hours in Ukraine (ranked 176 in the study) to 196 hours in Uzbekistan (ranked 65 in the study) [Paying Taxes 2008: 39].

In 2009 (data collected for 2007/08) the situation in Ukraine’s ranking (180 of 181) didn’t change much but Ukraine was mentioned as one of 12 countries the process of paying taxes in which has been simplified and one of 3 countries in which reduced labour tax or contribution rates have been recorded. In Ukraine the number of hours required to comply with labour taxes has been reduced substantially from 732 hours to 416, by making it simpler to file and pay taxes through the introduction of electronic systems and online payment capabilities. But the improvement in terms of ranking on the hours to comply here was only four places (from 176 to 172). These examples demonstrate that looking at the movement in the rankings alone is not enough to get an understanding of the extent of the reform, and its impact [Paying Taxes 2009: 10, 33].

For the next few years Ukraine’s performance by some sub-indicators and in general continued to be recorded as one of the worst in the world: it ranked 181 of 183 economies studied through three years in a row. In 2010 (data published for the period of 2nd June 2008 and 1st June 2009) in Central Asia and Eastern Europe, the average number of payments was 53. There were nine economies in the region, with more than 50 payments required, and three (including Ukraine with 147 payments to be done) with more than 100 [Paying Taxes 2010: 50, 52]. However, in 2011 report Ukraine was stated as a country that eased tax compli-

ance by introducing and continually enhancing an electronic filing system for value added tax [Paying Taxes 2011: 87], in 2012 Ukraine made paying taxes easier and less costly for firms by revising and unifying tax legislation, reducing corporate income tax rates and unifying social security contributions [Paying Taxes 2012: 110], as to the number of payments in 2013 Ukraine and Belarus were the economies which again have been the driving force behind the reduction in this indicator and for the Ukraine the main reform driving the reduction has been the introduction of online filing and a subsequent increase in the use of online facilities by businesses and maintaining electronic registers for corporate profits taxes, VAT, personal income tax and for all social contributions including pension fund contributions, along with the unification of social security taxes [Paying Taxes 2013: 90].

According to the report for 2014 the economies showing the largest fall over the nine years have been the Ukraine, Belarus, and Azerbaijan with falls of 1,695, 668 and 542 hours respectively. The fall in the number of tax payments since 2004 is more than twice as large as that recorded by any other region. As might be expected from the falls in the time to comply, Belarus and the Ukraine have the largest falls in the number of payments of 115 and 119 payments respectively [Paying Taxes 2014: 78]. Ukraine accounts 45% of the total reduction in time to comply. Between 2004 and 2012, the time to comply in Ukraine fell from 2,085 hours to 390 hours. The biggest reduction, of 1,237 hours, came between 2006 and 2007 with smaller reductions in subsequent years as electronic filing systems improved. The improvements in Ukraine occurred across all three types of tax although the greatest impact was for consumption taxes [Paying Taxes 2014: 81]. The reasons for these significant changes were: Ukraine made paying taxes easier by simplifying the tax returns and further improving its e-filing system, significantly improving its time to comply by 101 hours in 2012. The Total Tax Rate has stayed at around 55% despite a significant reduction in the statutory corporate tax rate (from 25% in 2010 to 19% in 2013). It has been noted by the experts, that the tax system has evolved from one that required completely separate bookkeeping for tax purposes into one that starts with financial accounting as its basis. But much more needs to be done, particularly around VAT and payroll tax compliance [Paying Taxes 2014: 91].

Significant reduction in time to comply (by 40 hours) has been exhibited by Ukraine in 2015 report's data thanks to increased use of online systems. Another important achievement was the fact that Ukraine reduced its payments from 28 to just 5, due to the increased use of electronic filing and payment as well [Paying Taxes 2015: 37].

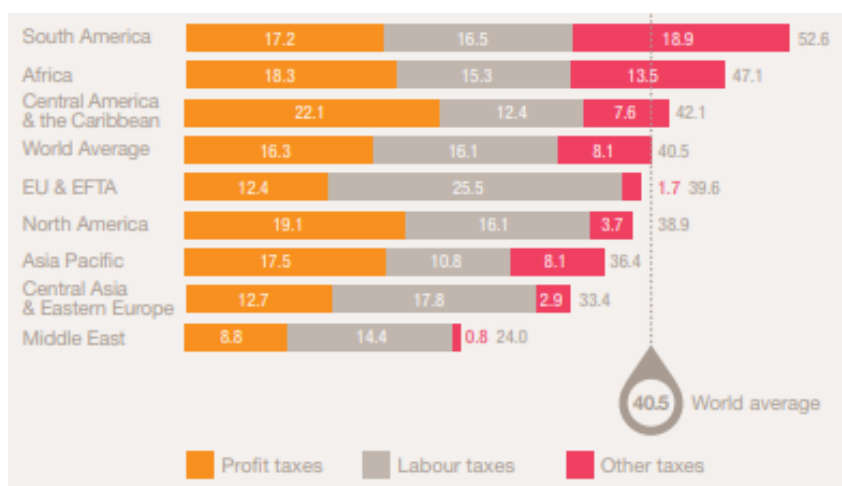
Data provided in the Paying Taxes 2016 report testified that a reduction in corporate income tax rates was seen in Ukraine (the rate fell from 19% to 18% resulting in a 0.5 percentage point drop in Total Tax Rate [Paying Taxes 2016: 52].

3. ANALYSIS OF KEY FINDINGS FOR 2018

Further in the paper the attention will be focused on comparing the latest Ukraine's performance throughout the identified sub-indicators with the Central Asia and Eastern Europe region, The Organization for Economic Co-operation and Development (further: OECD) high income countries and overall best performers.

According to the results of the published survey in 2018 the world average TTCR is of 40.5% (figure 1). The global average TTCR has increased by 0.1 percentage point compared to the previous year (in 2016 – 40.5%, in 2015 – 40.4%). Around the world, 52 economies increased their TTCR while 36 reduced theirs. In the countries of the EU, the tax burden is 39.6%, the regional average is 33.4%. Overall best performers are 32 economies in which TTCR equals 18.42% [Doing Business. Paying Taxes].

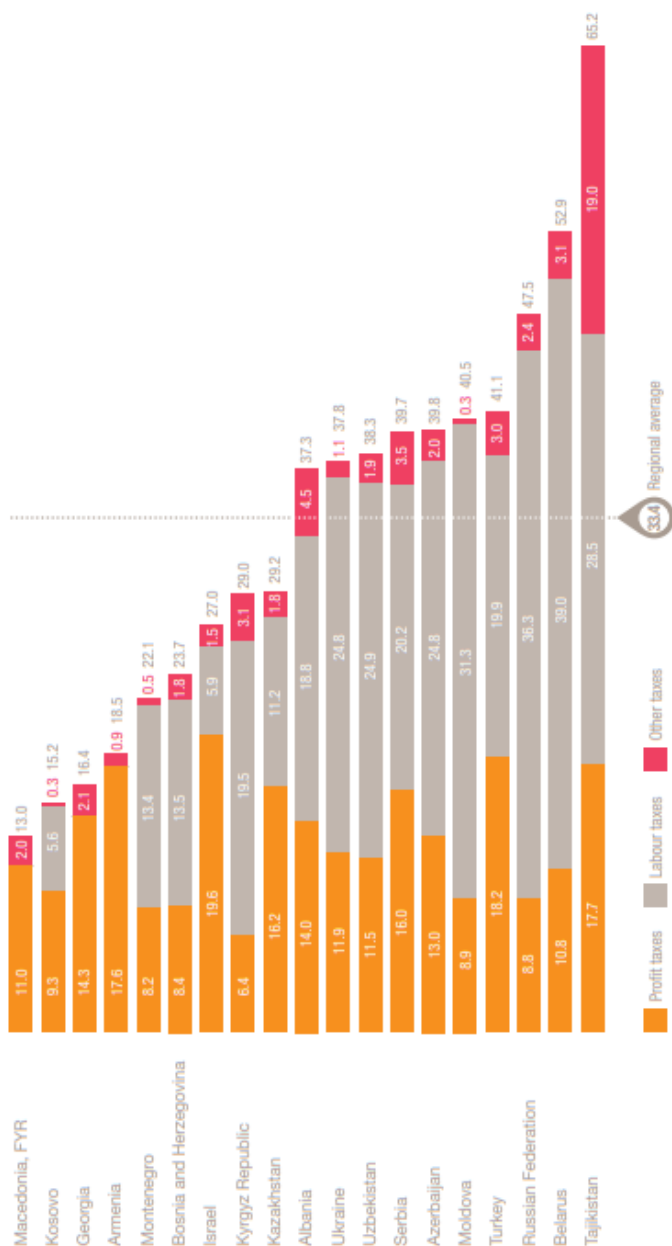
Figure 1. Total Tax & Contribution Rate components by region (%)



Source: Paying Taxes 2018: 10, https://www.pwc.com/gx/en/paying-taxes/pdf/pwc_paying_taxes_2018_full_report.pdf [accessed: 07 May 2018]

The tax burden in Ukraine for the last year has decreased from 51.9% to 37.8% (figure 2). According to this indicator Ukraine occupies 98th position in comparison with the 156th place a year earlier. Ukraine was the economy with the largest reduction in the TTCR for the case study company in 2016. The TTCR fell by 14.5 percentage points to 37.8% largely due to a new, reduced, flat rate of 22% for the Unified Social Contribution (USC). This replaced differentiated rates ranging from 36.8% to 49.7% [Paying Taxes 2018: 26].

Figure 2. Total Tax and Contribution Rate (%) in Central Asia & Eastern Europe



Source: Paying Taxes 2018: 75, https://www.pwc.com/gx/en/paying-taxes/pdf/pwc_paying_taxes_2018_full_report.pdf [accessed: 07 May 2018]

Another studied sub-indicator, time to comply, has fallen by 5 hours since last year. On average in the world it takes the case study company 240 hours to comply with its taxes (figure 3).

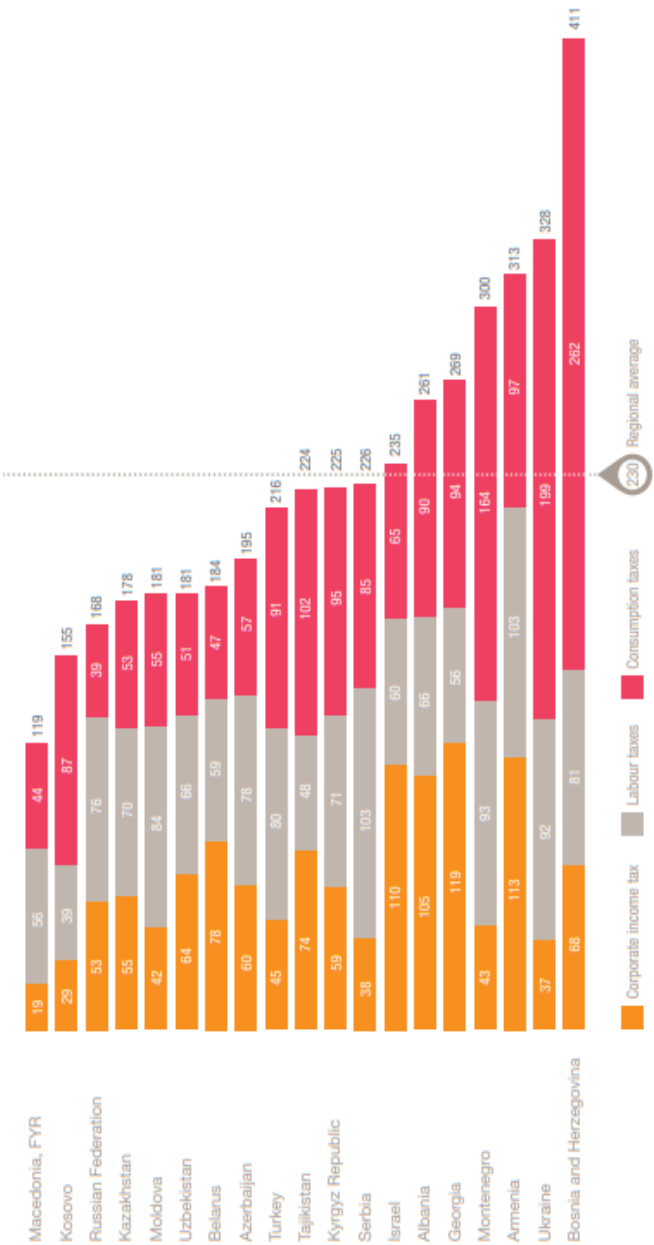
Figure 3. Time to comply components by region (hours)



Source: Paying Taxes 2018: 10, https://www.pwc.com/gx/en/paying-taxes/pdf/pwc_paying_taxes_2018_full_report.pdf [accessed: 07 May 2018]

At the same time, business is forced to spend much more time for filling and submitting reports and paying taxes in Ukraine. It takes 328 hours in 2018 (figure 4), which is a better value than of the last year (356 hours). But by this sub-indicator, Ukraine occupies the 159th position among 190 countries. At the same time, in the Eastern Europe & Central Asia region the value of this sub-indicator equals 230 hours per year, in OECD high income region – 161 hour.

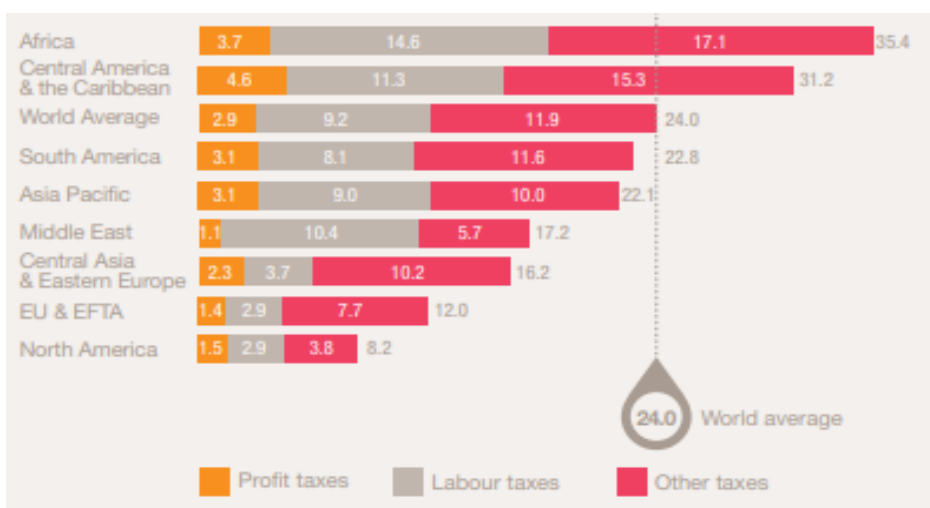
Figure 4. Time to comply (hours) in Central Asia & Eastern Europe



Source: Paying Taxes 2018: 75, https://www.pwc.com/gx/en/paying-taxes/pdf/pwc_paying_taxes_2018_full_report.pdf [accessed: 07 May 2018]

The payments sub-indicator also has fallen – by around 1 payment for the second year running and according to the latest data published it equals 24 payments (figure 5). These reductions are largely driven by the increased use of technology both by taxpayers and by tax authorities as they introduce and enhance online filing and payment systems. By 2016, 92 economies had fully implemented electronic filing and payment of taxes as measured by Doing Business, 66 of them adopted or enhanced their systems in the past 12 years. Electronic filing and payment is most common in the OECD high-income region, where 31 economies out of 33 have such systems in place, followed by Europe and Central Asia with 21 economies using electronic systems. Estonia stands out in providing government services online. The government offers 600 e-services to its citizens including filing and payment of taxes, voting online, and consulting medical records. Estonia accomplished this digital transformation by issuing a mandatory electronic identity card to all its citizens. According to Doing Business, taxpayers in Estonia spend only 81 hour per year in preparing, filing and paying their dividend tax, VAT and labour taxes including mandatory contributions [Paying Taxes 2018: 14].

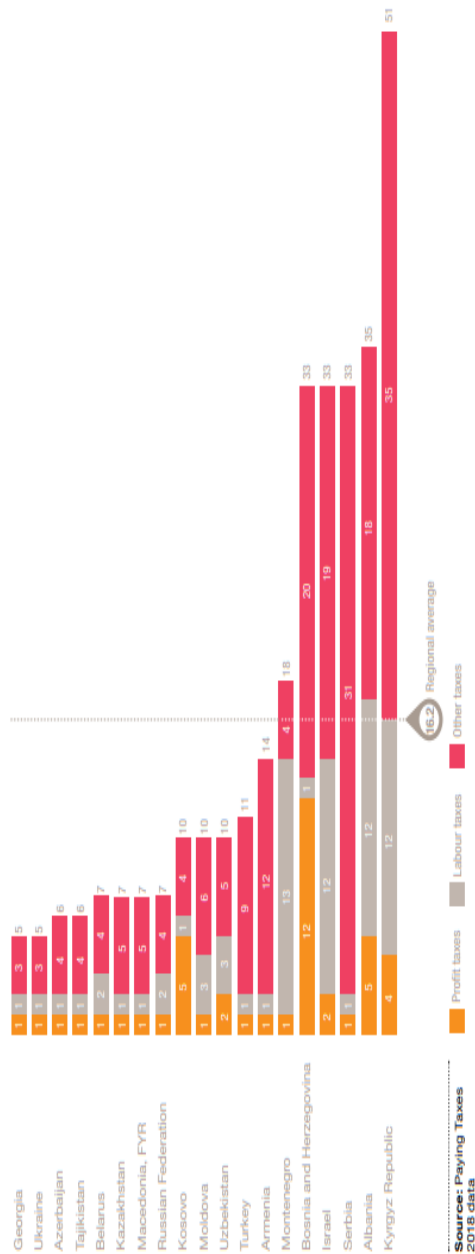
Figure 5. Number of payments components by region



Source: Paying Taxes 2018: 11, https://www.pwc.com/gx/en/paying-taxes/pdf/pwc_paying_taxes_2018_full_report.pdf [accessed: 07 May 2018]

According to the number of tax payments per year, Ukraine ranks 3rd in the world with five payments to be done (figure 6). For comparison, in the OECD high income region the number of payments is 12 per year. Hong Kong Special Administrative Region of the People's Republic of China is the overall best performer with only 3 payments per year [Doing business. Paying Taxes].

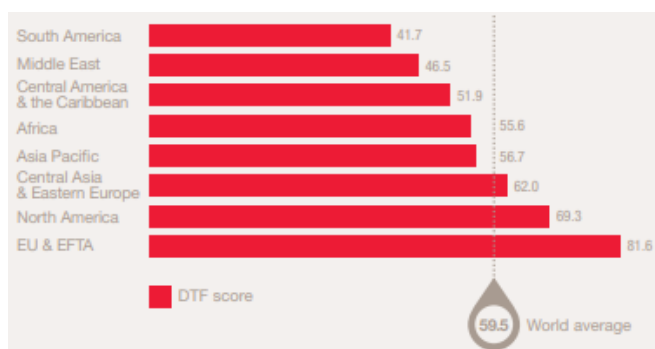
Figure 6. Number of payments in Central Asia & Eastern Europe



Source: Paying Taxes 2018: 76, https://www.pwc.com/gx/en/paying-taxes/pdf/pwc_paying_taxes_2018_full_report.pdf [accessed: 07 May 2018]

The post-filing index distance to frontier score (DTF, where a score of 100 represents the most efficient processes and 0 the least efficient) measures the time to comply with a VAT refund – 18.4 hours, the time to obtain a VAT refund – 27.8 weeks, the time to correct a corporate income tax return – 16.0 hours, and the time to complete a corporate income tax audit – 27.3 weeks. The post-filing index in the European Union is 81.6. The world average for 2018 report is 59.51, and the best performer's value is 99.38 for Estonia (figure 7).

Figure 7. Regional comparison of the post-filing index



Source: Paying Taxes 2018: 11, https://www.pwc.com/gx/en/paying-taxes/pdf/pwc_paying_taxes_2018_full_report.pdf [accessed: 07 May 2018]

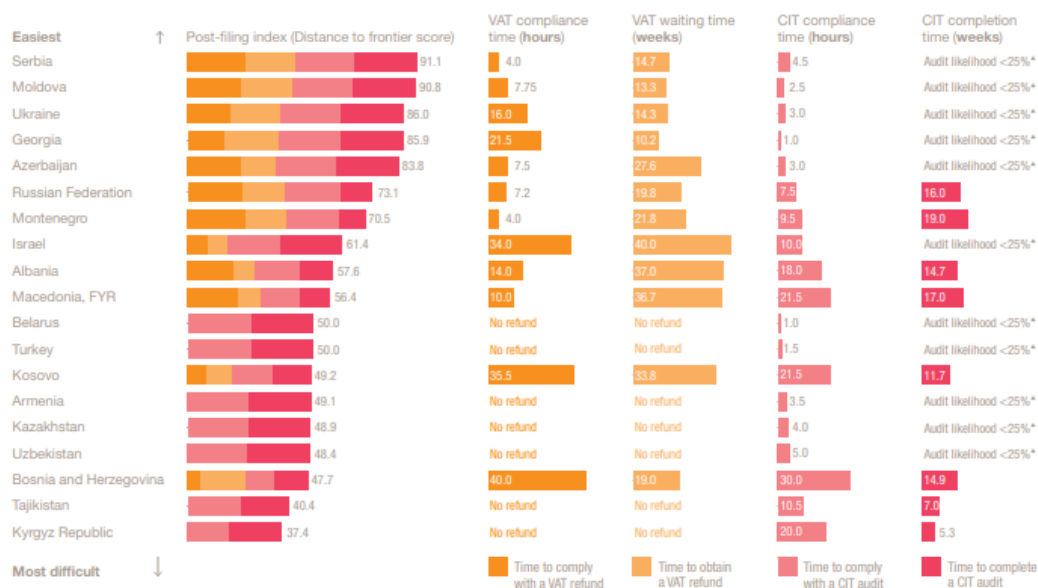
The post-filing index in Ukraine is 85.95 (figure 8). By this indicator, it holds 42nd position compared to the 67th one which it occupied in the previous report. In Central Asia & Eastern Europe region average value of this indicator is 65.20. Though Ukraine ranks rather high compared to other countries from the region by its post-filing index, the complaints of businesses are related to the time spent on filling in tax reporting and the lack of a full-fledged electronic tax office.

A Partner at PwC Ukraine, Slava Vlasov, commenting on the results of the study for Ukraine, said: “Ukraine is the only EU and Central Asian country that significantly reduced the tax rates in 2016. In particular, the cut in the USC rate has led to reduction of the tax burden on business. Compared to other countries, Ukraine has relatively simple procedures for adjusting tax returns and filing for VAT refund based on non-export activity. In 2016, the business became more accustomed to the convergence of tax and accounting rules and kept up with the practice of electronic filing of tax reports. The study shows a clear trend across the world towards reduction of the amount of time businesses spend on tax accounting” [“Paying Taxes 2018”: PwC Ukraine team presented results of a joint project with the World Bank Group].

In Ukraine, indicators testifying the ease of paying taxes have improved considerably over the past three-four years. This was facilitated by the adoption of the Tax Code (2011), the harmonization of accounting and tax accounting (2015), the reduc-

tion of the USC rate (2016), the introduction of electronic taxpayer services, changes in tax administration, tax cuts etc. [Lynnyk 2018: 170].

Figure 8. Post-filing index (distance to frontier) and components (hours/weeks) in Central Asia & Eastern Europe



Note: Audit likelihood <25% indicates that an audit is unlikely and so the economy receives the best score on this component.

Where an economy's data sits within the highest 5% of the post-filing component's range, these economies are allocated the worst distance to frontier score of 0 for that component of the post-filing index.

Note: There are some cases, where there is "No practice yet", "VAT does not exist" or "CIT does not exist", these components of the post-filing index are ignored and the remaining components are averaged to create the post-filing distance to frontier score. Where there is "No refund", these economies are allocated the worst distance to frontier score of nil for that component of the post-filing index.

Source: Paying Taxes 2018: 76, https://www.pwc.com/gx/en/paying-taxes/pdf/pwc_paying_taxes_2018_full_report.pdf [accessed: 07 May 2018]

But now there is no possibility for a tax burden shock reduction (the percentage of tax burden has the greatest impact on the position in the rating), which, for example, has helped Georgia and Armenia to achieve high ranking positions, due to the need to serve the external debt and to finance the anti-terrorist operation in the East of Ukraine.

The further improvement of Ukraine's position in the rating will be possible due to the reduction of businesses' time and costs for preparing tax reports

which may be facilitated by [Zheltukhin; Savenko; “Paying Taxes 2018”: PwC Ukraine team presented results of a joint project with the Word Bank Group]:

- streamlining of reporting requirements and simplification of tax forms and invoices allowing taxpayers to reduce the time to fill it out;
- introduction and application of a full-fledged e-tax office (currently it is in an e-mail account mode);
- switching to the electronic document flow, abandoning hard-copy paperwork and automation of interaction between business and fiscal authorities;
- software for filing tax reports enhancement;
- improvement of the VAT electronic administration system;
- reduction in the quantity of the VAT invoice mandatory requisites which will make it possible to spend less time on filling them. The current increased control over the filling of tax invoices and the introduction of a procedure for blocking them may have a negative impact on the future ratings and Ukraine’s positions;
- return to the annual reporting on profit tax (instead of the quarterly one existing now);
- the activities of the State Fiscal Service focused on establishing and maintaining transparent and trust-based relationship with both domestic taxpayers and foreign investors;
- introduction of an electronic audit;
- making the personal income tax payment once a month, not with each payment of income as it is now;
- expanding the tax base and so increasing taxes’ fiscal efficiency;
- reducing tax evasion;
- ensuring a more even distribution of the tax burden between taxpayers etc.

Taking into account the research results, we should agree with [Torgler 2011] that accountability, democratic governance, efficient, and transparent legal structures and therefore trust within the society are important to enforce tax compliance and tax morale.

3. CONCLUSIONS

Compared to the last year (Doing Business 2017) the scope of data collection was expanded to better understand the overall tax environment in an economy. The questionnaire was expanded to include new questions on post-filing processes: VAT refund and tax audit. The data shows where post-filing processes and practices work efficiently and what drives the differences in the overall tax compliance cost across economies. The new section covers both the legal framework and the administrative burden on businesses to comply with post-filing processes.

The growth of Ukraine’s rating in Paying Taxes 2018 and undertaking steps for elimination of business related existing inconveniences – the high costs of filing and submitting tax reports – will contribute to the increase of the

Ukraine's investment attractiveness and improvement of the conditions for doing business.

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