

UDC 336.221

DOI 10.18372/2786-5495.1.15745

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PROBLEMS OF TAXATION OF SMALL BUSINESSES

Annotation. *The problems of taxation of small businesses are considered. The impact of a small enterprise on the country's economy is reflected. Ways to solve the problem of taxation in small business are proposed.*

Keywords: *small business, taxation, taxes.*

In recent years, Ukraine can see the rapid development of the small business sector, the share of the national economy is growing. Everyone knows that the lack of financial resources is one of the main problems of small business development. Taxation of small businesses is a major factor in the external environment that significantly affects their activities.

There are many problems today with the taxation of small businesses. Therefore, the chosen research topic is relevant.

The purpose of the study is to develop proposals for improving the taxation of small businesses.

Small businesses at the beginning of the creation do not require large start-up capital. Such economic entities guarantee high turnover of resources, have the ability to react quickly to changes in market demand. The existence of small businesses ensures equilibrium in the consumer market in an unstable economy and the limit of financial resources for businesses.

The tax environment in Ukraine is a negative factor in the development of small businesses. The current tax system prohibits companies from receiving independent income and use it for their own purposes, encourages non-transparency of finances and concealment of profits, investing them in the economy of a country with less tax impact [1]. Therefore, the system of implementation of the regulatory policy of the state on the taxation of a particular area of economic activity of small businesses requires improvement.

The goals of the state tax policy are aimed at realizing the interests of small businesses. They are aimed at combining the state tax policy with the existing taxation systems, increasing the critical mass of business entities and budget revenues. Gaps in the small business tax system lead to significant discrepancies between the goals and the end result.

The current dynamics of small business development in Ukraine is determined by two main parameters:

- 1) the need for an effective taxation system;
- 2) unclear and prone to double interpretation, and also tax evasion is the current system of small business taxation, which requires an inventory of the legal framework, the development of procedures to eliminate shortcomings of a regulatory and legal nature [1].

State tax policy based on double standards is verbally declared as a reduction in taxes, but in fact the overall level of taxes does not change or increase.

In response, entrepreneurs improve methods of managing undeclared cash flows and apply new schemes tax evasion. As a result, both the state and the enterprise suffer: the budget is not fulfilled, the social climate does not improve [2].

Thus, the burden of Ukraine's tax system is determined primarily not by the size of tax rates, but by the complexity and instability of the tax administration system.

Getting out of the next wave of crisis and ensuring long-term economic growth require the mobilization of all areas of state economic policy, especially maximizing the regulatory and incentive function.

The main strategic goals of reforming the system of taxation of small businesses should be considered as follows:

- increasing the competitiveness of domestic business;
- legalization of the shadow sector;
- increasing the critical mass small businesses,
- simplicity and clarity of tax rules for businesses;
- reduction of taxpayers' expenses for accrual and payment of taxes to the state for their administration;
- providing conditions for voluntary compliance with tax legislation by taxpayers [2].

The tax policy of the state should be based on uniform principles:

- taxes should be stable and not very burdensome, but everyone is obliged to pay them without exception,
- tax legislation should to be simple and clear, and the costs of public authorities for their administration – minimal [2].

The state is obliged to provide taxpayers with conditions under which they will trust it and will voluntarily pay statutory taxes, fees and obligations. language payments, and the state fiscal service of Ukraine should become a highly professional, information-developed and maximally automated service.

It is necessary to achieve the maximum level of human influence on any decisions, minimal intervention of employees of the state fiscal service in the economic activities of economic entities, create and implement modern information – analytical systems, provide training to taxpayers, introduce transparent forms and methods of service.

Analyzing the experience of EU member states in regulating the activities and development of small businesses, as well as the situation in the field of small business in Ukraine under COVID-19, we can identify the following areas of support for small businesses:

- promoting development by the government and encouraging large corporations to work with small businesses;
- development of cooperation between Ukrainian and enterprises of other countries through the elimination of administrative barriers and unification of laws governing business activities;
- formation of the market of information, consulting, scientific-technical and educational services by creating professional consulting centers,
- training of business leaders to work in the field of small business and create a management structure that would help effectively perform management functions ;
- Improving the legal framework for regulating and supporting small businesses,
- streamlining the mechanisms of taxation, accounting and reporting,
- creating favorable conditions for investment and credit services for small businesses [3].

Thus, it can be concluded that in order to achieve these goals, the tax system should be aligned with the priorities of state policy of socio – economic development of the country. It is necessary to create a permanent working group on identifying shortcomings and improving the system of small business taxation and make changes to tax legislation. At the same time, the ways to solve the problems of small business taxation include its simplification and replacement of methods of tax administration with an effective, open and accountable to the tax system.

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