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WAYS TO IMPROVE PROPERTY TAXATION IN UKRAINE IN THE CONTEXT OF FOREIGN EXPERIENCE

***Annotation.** Ways to improve property taxation in Ukraine are considered, taking into account foreign experience and correcting one's own mistakes. The main practical recommendations and ideas for improving property taxes in Ukraine are highlighted.*

***Keywords:** taxation, tax system, property, transport, real estate, land.*

Property taxes exist in about 130 countries. World practice has already developed the basic principles that allow to organize property taxation in the most rational way, namely the object of taxation, as a rule, are land, buildings, structures, because they are relatively easy, unlike movable property, to identify and identify. The basis for calculating the tax base is often the market value of taxable objects, which stimulates their most economically rational use. When determining the value of property, it is usually not an individual assessment of each individual object, but a mass assessment based on the application of standard procedures for calculating the value of the object of taxation. This allows you to evaluate a large number of objects at a relatively low cost.

However, there are many controversial issues regarding property taxation. Therefore, the plowed topic is relevant

The purpose of the study is to make proposals to improve property taxation in Ukraine, taking into account the experience of foreign countries.

Property taxes are a significant part of local budget revenues in almost all states. The main problem with the functioning of property taxes is the low share of revenues from their collection. For developed countries, the optimal amount of property tax revenues is 2.5-2.7% of GDP, while in Ukraine this figure is three times lower, which indicates an inefficient system of collection of these taxes and inefficient use of financial and economic potential of the territories, as it is about local taxes.

However, determining the specifics of setting taxes at the level of local governments allows them to increase the attractiveness of their territory for businesses and to live in it, which in the long run will increase the market value of real estate and land.

Many domestic scientists have studied this issue, in particular: Martynenko V.P., Danylyshyn V.I., Stefankiv O.M., Tszizhma O.A. and many others.

In Ukraine, the property tax consists of: real estate tax other than land, transport tax and land fees [1].

The United States and Canada have a single property tax and the tax base is the market value of the land with all the buildings on it. In Denmark, there is a land tax based on the market value of the land, as well as a real estate tax based on the market value of buildings used for commercial and administrative purposes. In the Netherlands, municipalities are given the choice to use either the area or the market value as a tax base, although in most cases the market value is used. In Japan, the market value is used as a tax base and is taxed as land and everything that is built on it.

Common to all countries is that in determining the taxable value of objects usually used market information, but in some countries the basis is the rental value (average annual income from

the lease of real estate), and in others (most of them) – capital, ie accumulated, to determine which requires an assessment of market value.

Benefit schemes in different countries are also different. For example, in Denmark, South Korea, Sweden, and Japan, the benefits provided apply only to real estate and not to taxpayers. In other countries, there is a combination of both, although the benefits usually apply to facilities. In Chile, Sweden, Japan and some US states, the benefit is provided for new buildings for several years, and in the Netherlands – for the period of construction of the house. Fixed rates are set by the central government of a country and represent a certain percentage of the value subject to taxation. At the same time, it is not possible to determine the amount of tax revenues in advance, as the size of the tax base changes from year to year. This order of setting rates is adopted in England, Indonesia, Chile, Sweden, South Korea, Japan.

In other countries (Australia, Canada, the Netherlands, the USA, France, Switzerland), local authorities plan the real estate tax rate based on the planned budget expenditures and the size of the available tax base. For example, in some US states, property taxes are calculated by dividing the amount of income that should be derived from property tax by the value of the taxable property. The tax rate, therefore, is a variable [2, p. 4-5].

From the experience of foreign countries, it is possible to borrow high coordination of the activities of various agencies for the collection, processing and storage of information on the condition of real estate. Taxpayers must be individuals and legal entities. For residents, property belonging to them should be taxed regardless of its location or registration, non-residents should pay property tax only on property that belongs to them on property rights and is located, registered or used for profit or personal needs in Ukraine.

It is advisable to change the system of benefits, cancel the granting of preferences to categories of payers, and provide benefits directly to certain objects. It is logical in modern conditions to deprive the privileges of religious and charitable organizations, due to the significant volume of participation of the latter in various shadow schemes [3].

The main purpose of the modern transport tax is to fill local budgets and achieve social justice. In this case, the luxury of the car is equal to the volume of the engine, not its cost. That is why foreign experience in collecting such a tax should be analyzed in order to improve it and achieve social justice. Germany is experimenting the most with this tax. The country has a single principle of taxation of vehicle owners. According to the changed scheme, the tax is calculated for new cars. For old cars, the new rules came into force in 2013. According to the current tax rules, the amount of tax depends on two indicators. The first is engine capacity, the larger the engine capacity, the higher the tax. The type of engine is also taken into account. The second indicator of calculating the tax on vehicle owners is the amount of carbon dioxide emissions. An almost identical system of charging and levying taxes on vehicle owners exists in France. Is the first indicator the engine power of the vehicle, not the engine capacity.

In the United States, the mechanism for collecting and charging vehicle tax is fundamentally different, but there is also a so-called "environmental" scheme: the one who drives more pays more. This approach is very simple – the tax on vehicle owners is included in the price of fuel. Proceeds from this tax are used to build and repair roads in the United States.

In Denmark, the authorities try to support environmentally friendly modes of transport, such as bicycles or mopeds, so a car tax is charged at 105% of its value. If the cost of the car is more than 34 thousand crowns (approximately 18 thousand US dollars), the owner must pay 180% of its value.

In Japan, vehicle owners pay three types of taxes. The first tax, the rate of which is 5% of the value, is paid when buying a vehicle, the second – when registering, then the tax is calculated depending on the engine capacity and weight of the car. The third is the tax on vehicle owners, which is paid annually in May. It can vary depending on the weight of the car and the volume of the engine [4, p.703-704]. With regard to land tax, according to the Tax Code, tax liabilities from land tax are determined by the area of the land plot and the level of its normative assessment. In turn, the normative assessment is determined depending on the areas of land use: for agricultural and non-agricultural needs. More than 20 years have passed since the preliminary regulatory assessment (as

of July 1, 1995). During this time, not only the level of production costs has changed, but also the procedure for determining them, the orientation of the grain market to world markets. The impact of all these factors requires updating the regulatory assessment and adjusting it.

In the future, when forming the market of agricultural land, conditions will be created for the transition to the model of setting land tax rates as a percentage of the market value of land. Similar shortcomings are characteristic of the regulatory assessment of non-agricultural land.

It should be concluded that only an increase in the rates of this tax will not eliminate these "systemic" shortcomings of the procedure for calculating the tax. The first priority is to change the methodology of determining the value of land for tax purposes.

Analyzing the real estate tax, the choice as the tax base of the real estate area does not correspond to the practice in most countries of the world, where taxation is based on the market value of real estate.

The authors of the scientific and practical commentary to the Tax Code provide the following arguments in support of linking the tax base for real estate tax, other than land, to the area, rather than market value. First, real estate prices in different regions of Ukraine differ significantly and in most cases are inflated, which is dictated by speculative transactions in the real estate market. Secondly, the mechanism of indexation of real estate prices in order to establish regional amendments is problematic, as the value of real estate can fluctuate throughout the year. Third, the implementation of a real estate market valuation system will depend on the influence of the "human factor", which will lead to corruption and abuse by officials [5].

It is impossible to agree with these arguments for a number of reasons. It is the establishment of a mechanism for determining the market value of real estate can be a tool to combat speculative transactions. The second counterargument is that appraisal activities today should be carried out by economic entities – independent appraisers in accordance with the requirements of the law, who have the appropriate professional training and are registered in the state register of appraisal entities. Today it is important to review the main elements of the real estate tax in order to expand the list of payers of this tax (all property owners), determine the tax base (market value of real estate), setting rates at a sufficient level.

During the existence of the tax system of Ukraine as an independent state, there has always been a corresponding tax (fee) on movable property in one form or another. The most effective is considered to be the tax on owners of vehicles and other self-propelled machines and mechanisms, which was levied in 1992-2010. It was this tax that provided stable revenues to local budgets and, at the same time, was not burdensome for the poor due to the benefits provided. Less fair should be considered the fee for vehicle registration, which was collected during 2011-2014 [6].

In addition to the fact that such a fee provided a smaller amount of revenue to local budgets, it did not guarantee the stability of the revenue of the relevant funds, which is explained by the very name of the fee – its collection only at the first registration. The abolition of this tax in 2015 and the introduction of a transport tax this year for unknown reasons exempted owners of air and water vehicles from taxation, which led to a significant reduction in tax revenues from vehicle owners and predicts a further reduction in tax revenues from it [7].

Therefore, it is most appropriate to return to the tax system the tax on vehicle owners with its extension to the owners of air and water modes of transport.

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