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Reforming the Simplified Taxation for Individual Entrepreneurs in Ukraine

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Reforming the Simplified Taxation for Individual Entrepreneurs in Ukraine

Executive Summary

The administrative cost of running a business can be quite significant. In the case of individual entrepreneurs such cost could become rather prohibitive, given the limited size of economic activity of average individual entrepreneurs. For this reason, most countries decided to adopt simplified systems of accounting and taxation for these economic agents.

Ukraine is no exemption in this respect. In 1999, a Presidential Decree "On the simplified taxation, reporting and accounting scheme" became effective. The system became extremely popular; as of 1 January 2009, 1.7 m individual entrepreneurs used the system, which accounted for almost 2 m employees. Thus, from this point of view, the system is a huge success.

But unfortunately, the system has also a dark side. In particular, the system foresees a very low level of taxation and social contributions. Entrepreneurs with a yearly turnover of up to 500,000 UAH have to pay a maximum monthly tax payment of UAH 200, which is extremely low. This creates several problems. First, individual entrepreneurs face a much lower tax burden than other economic agents. Thus, this is not just a simplified, but a heavily subsidised system. Second, besides this being very unjust, the system creates incentives for tax avoidance and evasion, including fraud. Bigger companies are split into several individual entrepreneurs to reduce the tax and social contribution's burden; fake invoices are issued to companies that can fully deduct the cost of such invoices, and so on. In short, the system is highly unjust and deprives the government of a huge amount of tax revenues and social contributions. In our view, the current system is to be identified as one of the major fiscal problems in Ukraine as of today.

What is to be done? We think that the abolition of the system is not an option, since Ukraine needs individual entrepreneurs as well as individual entrepreneurs need a simplified system of taxation. Thus, the only way ahead is to reform the current system. The main objective of the reform should be to abolish the unjust and problematic subsidisation of these agents, while maintaining a certain level of simplification, as is the case e.g. in Germany. In this paper, we put forward a number of concrete steps, which would reform the system and lead to the desired results.

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Contents

1. Introduction

2. Description of the current system

3. Assessment of the current system

    3.1 Entrepreneurial perspective

    3.2 Fiscal perspective

4. Proposals for reforming the current system

    4.1 Strategic considerations

    4.2 Policy recommendations

Annexes

1. Introduction

Ukraine introduced a simplified tax system in 1998, which covers two types of economic subjects: Small companies and individual entrepreneurs. A very general assessment reveals that the system for small companies is working rather well. Thus, there is no major need for reform in this field and we will not deal with this issue on the paper.[1]

But there are significant problems regarding the taxation of individual entrepreneurs. In particular, there is clear evidence that the system is misused for tax evasion and for reducing social contributions. Thus, the system poses a serious problem for fiscal and social policy. However, it has to be noted that the simplified taxation of individual entrepreneurs is very important for the development of the SME sector and thus for the whole economy: Around 2.4 m employees work under this scheme. Thus, abolishing the system is not an option. Instead, a reform of the system is needed. Such a reform is planned in the draft Tax Code, which is currently under preparation by the authorities.

The present paper deals with the crucial question of how to conduct such a reform. After a description of the current system (chapter 2) we provide a thorough economic assessment of the system (chapter 3). In chapter 4, we provide concrete policy recommendations on how to improve the system in the framework of the planned Tax Code.

2. Description of the current system

Legislative basis: In 1992, the Cabinet of Minister adopted a Decree on the payment of fixed taxes for physical persons - entrepreneurs dealing with retail trade. In 1998 the President approved the Decree "*On the simplified taxation, reporting and accounting scheme",* which was de facto introduced in 1999.[2] The new taxation scheme was envisaged for small entrepreneurs, both physical persons and legal entities.

Because of the co-existence of both Decrees, entrepreneurs - physical persons can choose between paying fixed taxes, unified tax or remaining under the general taxation scheme. Under the latter entrepreneurs – physical persons pay 15% as personal income tax (PIT). In this case, taxable income is the net income, i.e. the difference between the gross revenues (earnings in monetary and natural form) and documentarily confirmed expenditures directly related to the earning of income.

[1] See Annex 1 for a short description of the simplified system of taxation for small companies.

[2] The text of the Decree was changed in 1999. According to the Constitution of Ukraine, the Decree was supposed to be substituted by a respective law, although, it was not done so far.

The coverage of entrepreneurs by the unified tax is higher than by the fixed tax, due to the wider range of economic activities the unified tax envisages. Besides, it is more favourable than the general system due to lower rate and simpler reporting.

Eligibility criteria: The legislation defines the eligibility criteria for taxpayers under the simplified taxation (see Table 1). Entrepreneurs – physical persons should obtain the certificate for payment of the unified tax, the validity term of which cannot exceed one year. Prolongation of the certificate's validity for the next year shall be carried out if the proper application is submitted to the tax office.

Table 1: The eligibility criteria for simplified taxation scheme

	Maximum annual turnover[3] (ths. UAH)	Maximum number of employees	Monthly tax level/rate
Unified tax for physical person	500	10	20 – 200 UAH
Unified tax for legal entities	1000	50	6% of turnover + VAT 10% of turnover including VAT
Fixed tax for physical person	119	5	20-100 UAH

Source: The Decree of the President of Ukraine "On the Simplified System of Taxation, Accounting and Reporting of the Entities of Small Entrepreneurship", the Decree of the Cabinet of Ministers "On the personal income tax".

Level of taxation: The tax level is defined for each type of activity by local authorities in a specified range. The tax levels are progressive in terms of employment. In particular, tax liabilities are increased by 50% of individual tax level for each employee. Entrepreneur - physical person is to pay unified tax monthly not later than 20th day of the following month to a separate account of the State Treasury of Ukraine.

List of activities. Originally, physical persons trading alcoholic and tobacco products, fuels and lubricants could not use the simplified taxation scheme. In 2005, the list of activities excluded from the simplified taxation was extended to:

- gambling (including activities relating to the filing of casinos and other gambling places, slot machines with cash or avails, lotteries (including government) and draws with the issue of money winnings in the form of cash or property), exchange of foreign currency;
- manufacturers of excisable goods, the economic activity associated with the exports, imports and wholesale of excisable goods, wholesale and retail sale of excisable fuels and lubricants;

[3] According to the Presidential Decree, the turnovers is defined as "gains from sale of produce (goods, works, services)", which is the amount, actually received by the subject of entrepreneurial activity to the settlement account or (and) in cash for performing operations on sale of produce (goods, works, services)". In case of operation on sale of fixed assets, gain means a difference between the amount, received from sale of these assets and their depreciated cost for the moment of sale.

- mining and production of precious metals and precious stones, precious stones organic movements; wholesale, retail industrial products from precious metals that are subject to licensing under the Law of Ukraine "*On licensing certain types of business*".

Accounting requirements: Accounting of incomes and expenditures shall be registered in the book. Entrepreneurs paying unified tax should fill out and submit to tax offices reports about unified tax payment on a quarterly basis. The report indicates the amount of earning, the amount of the unified tax paid, number of employees, and types of entrepreneurial activity. At the same time, fixed tax payers are exempt from the obligation to do accounting of incomes and expenditures; though, they are obliged to fill out and submit to the tax authorities on a quarterly basis a declaration on income generated.[4]

Taxes replaced by simplified taxation: The *unified tax* replaces the following taxes and fees:

- Personal income tax (for entrepreneurs – physical persons)
- contributions for compulsory pension and social insurance for entrepreneurs
- VAT (except on cases, when legal entities chose method of taxation at a rate of 6%)
- enterprise profit tax
- land tax
- fee for special use of natural resources
- deductions and duties for construction, reconstruction, repair and maintenance of motorways of general use in Ukraine
- municipal taxes
- trade tax
- fee for a permit placement of trade and services
- fees for patents defined by the Law of Ukraine "*On the patenting of certain types of business"*.

The *fixed tax* includes personal income tax, trade patent costs, trade taxes, and pension and social insurance contributions. The entrepreneurs are responsible for paying personal income tax and pension and social insurance contributions on behalf of their employees.

While the inclusion of some taxes and duties could be easily explained, some others create distortions. In particular, the inclusion of the local taxes and contributions of the pension

[4] As for the entrepreneurs – physical persons working under general taxation system declarations are submitted quarterly within 40 calendar days of the quarter following the reporting one.

and other social insurance contribution is explained by the distribution of the tax (see Table 2).[5] At the same time, the inclusion of the VAT creates space for fraud as then entrepreneurs' invoices might result in lower VAT payments made by larger companies using entrepreneurs' services. The exemptions from fee for special use of natural resources results in the waste of natural resources.

Table 2: Distribution of taxes, %

	Fixed tax paid by physical person	Unified tax paid by physical person	Unified tax paid by legal entity
Local Budget	90	43	43
The Pension Fund	10	42	42
Compulsory social insurance[6]	-	15	15

Source: The Decree of the President of Ukraine "On the Simplified System of Taxation, Accounting and Reporting of the Entities of Small Entrepreneurship", the Decree of the Cabinet of Ministers "On the Personal Income Tax".

3. Assessment of the current system

3.1 Entrepreneurial perspective

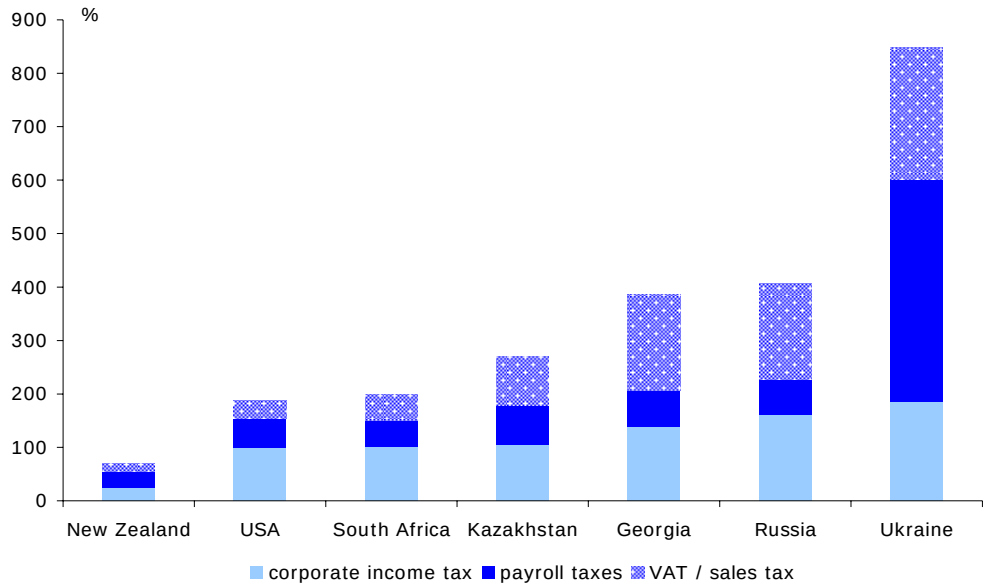
According to the recent Doing Business Report by the World Bank, Ukraine ranks 181 (out of 183) for the indicator of paying taxes, which signals about the complexity and costs of tax compliance in the country.[7] Figure 1 illustrates one of the components of the index in comparison with some other countries. An average company in Ukraine spends 848 hours per year on complying with EPT, VAT and payroll taxes, which places the country on the 175th rank. The correspondent indicator amounts to 407 hours in Russia, 271 hours in Kazakhstan, while most OECD countries require less than 200 hours per company per year. Long procedures for paying taxes are partially attributed by the highest number of tax payments in Ukraine (147) in comparison to other countries. The total tax rate is also a problem (149th rank).

[5] Simplified taxes are paid to the special account in the State Treasury, and then distributed as illustrated in Table 2.

[6] 4% of the indicated 15% are transferred to the State Unemployment Insurance Fund and the rest to the State Fund of Insurance in Case of Temporary Loss of Ability to Work.

[7] Doing Business 2009, World Bank.

Figure 1: Time spent on tax compliance



Source: Doing Business 2009

Table 3 illustrates the annual person-hours and costs of tax compliance per one average company. Average relative costs of tax compliance are much higher for smaller enterprises. According to the World Bank, regressive tax compliance costs are common in most countries, but it is more severe in Ukraine, even taking into account the availability of simplified tax regimes for many types of small businesses.

Table 3: Person-hours and costs of tax compliance procedures

Tax procedure	**Annual company turnover**					**Overall average**
	Less than UAH 300,000	**UAH 300,000 – UAH 1 m**	**UAH 1 m – UAH 5 m**	**UAH 5 m – UAH 35 m**	**Over UAH 35 m**	
Person-hours spent annually on tax compliance procedures (hours)	826	1,207	1,988	2,709	5,519	**1,335**
Annual costs of tax compliance procedures (UAH)	9,641	12,459	21,333	32,586	67,940	14,848
The average relative business costs of tax compliance (%)	**8.2**	**1.86**	**0.78**	**0.21**	**0.07**	

Source: The Costs of Tax Compliance in Ukraine. IFS, World Bank, Kyiv 2009

Note: Per average company, and among different companies

Overall, the VAT is recognised to be the most time-consuming tax, while unified tax is the least time-consuming (650 hours vs. 65 hours per year, respectively).

As it was described in the chapter 2, entrepreneurs – physical persons could work under three taxation schemes: general PIT, unified and fixed tax. The most favourable for economic activity is payment of the unified tax, which is characterised by the lowest ratio of business costs of tax compliance.

Table 4: Annual person-hours and costs of tax compliance procedures

	Entrepreneurs-payers of the PIT	**Entrepreneurs-payers of the unified tax**	**Entrepreneurs-payers of the fixed tax**	**Total average**
Person-hours spent annually on tax compliance procedures (hours)	328	159	85	155
Annual costs of tax compliance procedures (UAH)	3,647	2,018	1,017	1,927
The average relative business costs of tax compliance (%)	4.74	1.52	2.63	1,69

Source: The Costs of Tax Compliance in Ukraine. IFS, World Bank, Kyiv 2009

Note: Per single entrepreneur

Unified taxes for physical persons allowed development of small entrepreneur's activity in Ukraine. Some individuals legalised their small business. Many people in retail trade and individual services legalised their business. Besides, this taxation scheme was used by small manufacturing, e.g. in light industry. During its 11 years of existence, the economic importance of the simplified taxation scheme increased significantly. According to the State Committee of Ukraine on Regulatory Policy and Entrepreneurship the number of unified tax payers increased by 12 times (from 95,000 in 1999 to 1.1 m in 2009), while tax collections grew by 34 times (in nominal terms). The simplified system of taxation became also important for employment. Overall, 1.7 m entrepreneurs using simplified taxation scheme employ officially around 2 m employees.

Table 5: Number of payers under simplified scheme of taxation, as of January 1, 2009

	Number of taxpayers (ths. persons)	Number of employees (ths. persons)
Legal entities - unified tax payers	143.5	911.3
Physical persons - unified tax payers	1137.1	706.2
Total unified tax payers	1280.3	1617.5
Physical persons – fixed tax payers	429.5	80.8
TOTAL	1709.8	1989.3

Source: State Committee of Ukraine on Regulatory Policy and Entrepreneurship

To sum up, the simplified taxation scheme made a strong contribution for the development of small business in Ukraine. This view is shared by most entrepreneurs themselves, which represent a clear political force with strong possibilities for lobbying and also strong weapons in their hands. This political reality has to be taken into account when formulation recommendations regarding the current system.

Conclusion 1: From an entrepreneurial perspective, the simplified taxation of individual entrepreneurs is a key factor for SME development and thus positive from an economic point of view.

3.2 Fiscal perspective

While the entrepreneurial perspective is very important for the assessment of the economic benefits of the simplified taxation of individual entrepreneurs, it needs to be complemented by a fiscal perspective. The fiscal point of view reveals that the simplified taxation of individual entrepreneurs entails several serious problems: There are a number of incentives to migrate both legally and illegally from the regular tax/payroll tax system, which results in tax base erosion and a loss in tax revenue.

The following two sections give concrete examples for a number of shortcomings of the current system:

(i) Fake invoices for money laundering

The following example shall illustrate our case: Individual entrepreneur A sends an invoice to company B which works under the general taxation system. The consequences in terms of taxation are as follows:

- For entrepreneur A, there is no influence on the tax burden, because of fix taxation (Assumption: turnover limit not surpassed).
- For company B, the invoice can be deducted as a cost item, which lowers its profit tax burden (Corporate Income Tax, CIT).

Thus, if we consider the whole transaction (involving A + B), the invoice lowers the overall tax burden. The consequence of this is clear: There is a strong incentive for A and B to find an “arrangement”. This could take the concrete form where A "sells" to B an invoice, for which no services were provided. Indeed, this practice seems widespread, as many business people confirm. This is even so widespread, that a market price for this “service” is available: apparently 3% to 7% of the invoice amount. This means that after 100% has been paid officially from B to A according to the invoice, 93-97% is paid back to B in cash.

Of course, it does not need to be stressed that this practice is illegal. However, how to control it and punish the guilty parties? The costs for the tax administration to control such abuses are very, probably prohibitively high. Thus, this must be considered a fundamental weakness in the construction of this system, with the consequence of a huge loss in foregone tax revenues for the authorities.

(ii) Break down of big companies into several individual entrepreneurs

As the tax compliance costs are much lower for companies working under simplified taxation, some SME under general taxation scheme decided to split in order to meet special requirements. The results are reduction of tax savings. The process of splitting was very common in the beginning of the new millennium. However, starting 2004 there was partially a reversal trend, when companies were uniting all divisions including small entrepreneurs into one big company. Such reversal of trend was explained by a growing market, improved access to financing at home and abroad (both through banks and IPOs) for large companies and other economic factors.

The following example could be used for the illustration of tax savings in case of transferring to simplified taxation scheme:[8]

Take a company on general taxation working in consulting (therefore, low input costs). The company employs 50 employees. It has turnover at UAH 5 m, costs at UAH 4 m. As a result, its EPT payment is supposed to be UAH 250,000.

In order to save money on taxes, the company decided to break onto 10 individual entrepreneurs. Each entrepreneur has 5 employees and turnover at UAH 0.5 m. The annual unified tax to be paid is UAH 8,400 (out of which the monthly unified tax for the individual entrepreneur is UAH 200, and UAH 100 is paid monthly for each employee). Together they pay UAH 84,000, which is almost three times lower than under general taxation.

[8] The example is rather illustrative and does not totally reflect the real situation.

Table 6: Numerical Example

Parameters	***Company on general taxation***	***10 individual entrepreneurs (for each)***
Number of employees	50	10*5=50
Annual turnover, UAH	5,000,000	10*500,000 = 5,000,000
Annual cost (including wage costs), UAH	4,000,000	10*400,000 = 4,000,000
Profit before tax, UAH	1,000,000	1,000,000
Taxes, UAH	EPT: 250,000	Unified tax: 10* 8,400 = 84,000
Net profit, UAH	750,000	916,000

Source: Own display

Large potential tax saving create substantial incentive for break fragmentation. Besides, companies might decide to hire small entrepreneur than increase number of staff in order to save payroll.

Therefore, the current regulation on the simplified taxation results in:

- Horizontal inequality in the system (individual entrepreneur is treated differently in taxation, than someone doing the same job in a company for the same salary);
- Vertical inequality (people under simplified taxation are likely to receive higher net salaries that employees under regular system);
- Inefficiency: This break-down for tax purposes only might run contrary to economy-of-scale arguments and lower productivity.

Conclusion 2: From a fiscal perspective, the simplified taxation of individual entrepreneurs involves severe loopholes and possibilities for tax evasion and tax base erosion (PIT, CIT, VAT, payroll taxes). Thus, the system has to be considered as a major problem of the fiscal system.

4. Proposals for reforming the current system

4.1 Strategic considerations

Table 7 presents the main advantages and disadvantages for maintaining, abolishing, or reforming the system in a structured form. We believe that a reform of the system (option 3) should be the priority option for Ukraine, since abolishing the system is neither economically sensible nor politically feasible.

Table 7: Strategic reform options

Reform options	*Pros*	*Cons*	*Decision*
Option 1: Maintain the current system			**NO**
	Operation of small business under stable rules of game	Not reasonable from a fiscal point of view partially due to fraudulent behaviour of many taxpayers	
Option 2: Abolish the current system			**NO**
	Lower fraud and, as a result, potentially higher fiscal revenues	Lower incentives for entrepreneurship activity	
		Possible increase in fraction of shadow economy	
		Higher unemployment	
		Decline in the fraction of middle class	
Option 3: Reform current system of simplified taxation			**YES**
	Lower opportunities for fraud and, as a result, potentially higher fiscal revenues	Lower incentives for some types of entrepreneurship activities, though the impact will be limited	

Source: Own display

4.2 Policy recommendations

Table 8 summarizes our policy recommendations regarding simplified taxation. The measures are structured in several directions: fields of activities, turnover and tax level, participation in social security system, control, etc. In the table we have included several issues under discussion, which the government should in our view not introduce in the Tax Code.

Table 8: Concrete reform measures

Measures	*Pros*	*Cons*	*Decision*
1. Limit the field of activities for individual entrepreneurs			
a. Exclude from the system starting 2011: - marketing and advertisement, - consulting, - financial and insurance services, - entertainment, - gambling, - owners of markets and trading centers, - manufactures and retail trade of excise goods, - real estate *<u>Explanation:</u> These are the types of activities, which are characterized by the highest fraud. Besides, some of them should not be subject to simplified accounting and reporting by their nature.*	Lower fraud Higher potential fiscal revenues		YES
b. Exclude from the system IT services starting 2014 *Therefore, transition period of 3 years is proposed: IT services could work under simplified taxation between 2011 and 2013, and then starting 2014 they should switch to general taxation.* *<u>Explanation:</u> IT services are only now starting developing in Ukraine. The transition period will allow them to develop more and prepare to work under general taxation regulation.*	Exclusion of some fraud Potential for higher fiscal revenues	Most IT services developing software are outsourced. The change will reduce significantly the incentives for developing IT services in Ukraine Higher prices / costs of IT services	YES
c. Exclude from the system B2B services not envisaged in point 1.a. (the exception could be done for research services) starting 2014	Exclusion of some fraud Potential for higher fiscal revenues	Higher prices / costs of consulting activities	YES

Therefore, transition period of 3 years is proposed: other B2B services could work under simplified taxation between 2011 and 2013, and then starting 2014 they should switch to general taxation. *<u>Explanation:</u> This is done to support SMEs (especially small companies), which at the moment outsource entrepreneurs – physical persons to provide them services. These are primarily accounting, bookkeeping, lawyers, IT services, cleaning, etc. They are doing this as they do not have large enough business to have staff bookkeepers, lawyers, and other specialists or to higher another company. If such B2B services will be excluded from using simplified taxation right away, then small companies will face increase in prices for respective services, as they will have to higher other small companies for providing them. The transition period of 3 years will help these companies to prepare for the change.*			
d. Starting 2014, individuals providing B2B services could: - organize small companies for providing the services, - register as professionals paying PIT and social security contributions However, in such case they should be eligible for paying fixed contributions at least at minimum level. ***THEREFORE:*** Simplified taxation will be applicable to all B2C services, production of non-excisable goods, retail trade *(including Internet stores)*. For 3 years IT services and some B2B services (not envisaged in point 1.a.) will be eligible for simplified taxation scheme. Afterwards, they should switch to general taxation.	Exclusion of some fraud Potential for higher fiscal revenues	Reduced incentives for development of such services Increase in shadow payments Some will run out the business Higher costs of business, necessity to hire bookkeeper	YES
2. Make invoices from individual entrepreneurs non-tax deductible for			

companies under general taxation			
Explanation: not necessary as starting 2014 all B2B services will be provided under general taxation.	Higher potential fiscal revenues Lower potential fraud	Lower incentives for entrepreneurs activity	NO
3. Maximum turnover			
a. Maximum turnover level should remain the same	Stable rules of the game	The turnover level seems to be justified according to today's reality Inclusion of higher turnover group, who will otherwise pay taxes on general taxation or apply for simplified taxation for legal entities	YES
b. Indexation of maximum turnover	Automatic adjustment of the tax level	No gradual phasing out Difficulties in planning Implementation problems	NO
4. Tax level			
a. Increase in tax level	Potential for higher fiscal revenues	Some private entrepreneurs will decide to leave business	YES
b. The unified tax for physical persons should be a local tax. 100% is transferred to the local budgets. Social security contributions should be paid on the top	Potential for higher fiscal revenues Potential for higher revenues of Pension Fund	Higher tax burden	YES
c. Indexation of tax level	Automatic adjustment of the tax level	Difficulties in planning	NO
5. Number of employees			
a. Set maximum number of employees at 5			YES
6. Tax holidays			
a. Tax holidays for certain individuals under simplified taxation		Increase in potential fraud Decline in fiscal revenues Market distortions	NO
7. Social security contributions			
a. Entrepreneurs physical persons - on the simplified should pay at least minimum pension insurance contribution	Potentially higher revenues of the Pension Fund Pension provision of such people in the future	Lower profits of such individuals	YES
b. Entrepreneurs physical persons - on the simplified should pay social security	Potentially higher revenues of the	Lower profits of such individuals	YES

contributions for their employees at standard rates	Pension Fund Pension provision of employees in the future		
8. Registering as payers of unified tax			
a. Probation period for participating in Simplified taxation – 1 year of operation under general taxation (article from the draft Tax code)	Potentially higher fiscal revenues Potentially lower fraud	Lower entrepreneurs activity Hampers small start-ups	NO
9. Control and monitoring			
a. Retail trade as well as persons providing other B2C services should have cash machines and provide customers with checks	Improved monitoring of turnover Decline in potential fraud Higher potential revenues Better basis/support for improving own accounting	Slightly higher costs of doing business	YES
10. Market duty			
a. Retain the market duty for irregular small trade (primarily farming) on the markets			YES

Source: Own display

Annex 1: On simplified taxation for small companies

Small business is eligible for using the simplified taxation scheme if its annual turnover is less than UAH 1 m. The maximum number of employees is set at 50 persons. For small business there are two basic tax rates: A company pays the unified tax either at 6% of turnover plus VAT, or only at 10% of turnover. The tax collections are shared between the local budgets, the Pension Fund and other state social security funds.

The simplified scheme of taxation does not apply for:

- trust companies, insurance companies, banks, other financial institutions;
- small business with more than 25% of shares owned by members and founders of large and middle-size companies.

Annex 2: Definition of main terms used

1) **Fixed tax** for physical persons includes:
- Payroll tax;
- Duties for construction, reconstruction, maintenance of roads of common use in Ukraine;
- Social insurance contributions;
- Fee to the Fund of invalids' protection.

2) **Unified tax** for physical persons includes:
- VAT;
- PIT;
- Land tax;
- Duty of the special use of resources;
- Social insurance contributions;
- Duties for construction, reconstruction, maintenance of roads of common use in Ukraine;
- Compulsory pension insurance contribution;
- Fee to the Fund of invalids' protection.

3) **Unified tax** for legal entities includes:
- VAT (except of case, when entity of the entrepreneurship activity pays tax at the level of 6%);
- EPT;
- Land tax;
- Duty of the special use of resources;
- Social insurance contributions;
- Duties for construction, reconstruction, maintenance of roads of common use in Ukraine;
- Compulsory pension insurance contribution;
- Fee to the Fund of invalids' protection;
- Payments of patent according to the Law "On the patenting of some types of entrepreneurship activity".

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