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THE ECONOMIC EFFICIENCY AND MANAGEMENT OF LEASING IN UKRAINE

Galyna Peresadko, Svitlana Lukash

*State Higher Educational Institution "Ukrainian academy of banking of National Bank of Ukraine", Ukraine,
galina-peresadko@mail.ru*

Sumy branch of the National Joint-Stock Company "Ukragroleasing", Ukraine

The necessity of the state regulation and stimulation of development of leasing relations in agriculture is considered and the analysis of state policy of development of leasing is conducted.

Not so that time passed a long ago, when a structure „Agrotechservice" operated. It provided the clear vertical line of delivery and repair of technique: from the capital of Ukraine - to remotest district centers. One of the most actual issue of modern development of agrarian production is renewal of material and technical potential. The deep changes of terms of economic activity in a country stipulate the search of untraditional methods of update of basic tools of enterprises of all patterns of property. An economic crisis which overcame all industries of agroindustrial complex was especially perceptibly reflected on condition of agricultural machinery. Problems of the technical retooling of agroindustrial production of Ukraine and basic progressive trends of market of agricultural technique of leading foreign countries are considered by foreign scientific researches, in particular V.V.Ivanishin, V.S.Shebanin, Y.C.Bilousco, P.A.Denisenco, V.O.Pitulco, A.M.Golovco and other. It testifies that the level of actuality of the given problem is extremely high. Loading on a technique considerably grew in the last few years. All out-of-date technique requires the considerable money investments for support of its relatively working condition. Accordingly, quality of works executable by it is low, as result there are considerable losses of harvest and demurrages in work through conducting of repair and adjusting works.

The process demands cardinal changes concerning the standards of property rights, the principles and methods of overall management, the implementation of more effective methods of controlling economic processes, methods of increasing the effectiveness of producers, their profitability and competitiveness. During the last years more and more perspective path becomes leasing as effective method of promotion state development. Future prospects of this investment form for the economy of our country are very attractive. In contrast to traditional of investment payment and production realization in this case a leaser has a possibility to use expensive machinery of investment goods owner without spending his own circulating assets. Leasing gives a possibility to leaseholder to pay leasing fees after earning of profit made from exploitation of leasehold and they are usually untaxed. At the same time they can be in the form of liquid assets. And also the risk to lose lessor in the case of client insolvency is reduced. Machinery bought on terms of financial leasing is not set to leaseholder balance, it does not increase the assets of leaseholder and also it is not includes into account payable. It is profitable for agricultural manufactures at first. The advantages of buying machinery of financial leasing terms is comparing with other structures: less sum of payment; less necessity in credit resources; less sum of deposit that is necessary for receiving of credit; receiving of the biggest profits for 5 years of machinery exploitation; less total expenses for machinery exploitation; less total expenses for machinery purchase; bigger possibility of own circulating assets usage. Agriculture is one of the most complicated spheres of economic activity and transition to market-driven model has required a relatively long period of time. According to economy and ecological crisis in Ukrainian agriculture orientation to using of power- and ecologically-keeping technologies (such as biogas production from industrial agricultural wastes, universal power units and modular-block machine structures and flexible mechanization systems development in order to enhance the productivity of the new generation agricultural machinery efficiency presented of resource-power values) has become the paramount task of leasing relations development.

Absolutely, an exit from a critical situation, that was folded in the agrarian sector of economy, must be decided at state level. However lately the special actuality is acquired the problem of non-acceptance and ununderstanding by the state of value of leasing for an economy.

Unfortunately, there is a situation in Ukraine, when for leasing of production equipment, a tax environment is not enough favourable. Thus the unwillingness to create adequate tax terms for development of leasing are argued to those, that the state budget of Ukraine can lose the profits. Simultaneously highly developed countries and countries of former socialistic camp are employing a tax policy which is adequate for development of leasing, and chose technical and technological development by the strategy. So they are confirmed, that leasing is the important constituent of update of basic tools on their enterprises in practice.

In the system of measures of state influence on leasing tax policy acts key position. A depreciation tax policy is the effective factor of assistance of development of leasing in case that it has an investment-reference character. Russian Federation is the prime example of this. In accordance with the legislation of it any side of agreement of leasing can apply mechanism of the accelerated depreciation for basic tools, which are the article of the financial leasing. As a result of realization of the investment-oriented policy of tax depreciation Russia was able substantially to multiply the volumes of leasing market. At the beginning of 2006 the annual volume of leasing agreements concluded in Russia made 8,5 mlrd.dol.USA (for comparison in Ukraine only 253 mln.dol.USA). As a result of swift development of leasing Russia in 2006 after the index of volume of market leasing took 11 place in a world and 7 place in Europe. Thus such high index of growth took place, foremost, due to the investment-oriented policy of tax depreciation of the articles of leasing.

Intercommunication between the method of financing of capital investments and future tax terms, which are turned out at this financing, it is obvious. It is important to understand such intercommunication, correctly to take into account the possible changes of tax terms of investor at the calculation of the deferred incomes and payments on a project.

A category "Cash flow" is widely used in a financial management - CF (Cash Flow). The calculation of Cash flow assumes determination of amount of monies, which an enterprise can boss at own discretion, and those money tools the use of which is limited by the legislation. The last affect the index of economic earnings of enterprise. In practice such tools can appear as a result of tax deductions, which are got to the enterprises, which carry out investments. Additional taxation, that arises up at the capital investments, is similarly taken into account in the size of money thread, naturally bringing an index down of income from investments.

The future tax terms of the leasing financing of capital investments are taken into account in the sizes of Cash flow caused by leasing and credit payments.

Lease Cash Flow (LCF) is determined by leasing payments actually - R, by tax deductions - S and tax payments - S, which are conform to the leasing financing:

$$LCF = P + S - C$$

Credit Cash Flow (CCF) is determined by payments of fundamental amount of debt - V, by the size of percents on the unliquidated part of credit, that are counted and paid, - R, by tax deductions - S and tax payments - C, which are conform to the credit financing:

$$CCF = V + R + S - C$$

Reduction of sum of the paid to tax for income through the decline of base of taxation, probably, most considerable tax deduction for an enterprise, that carries out investments. For the account of tax deductions in the size of money thread a financial management enters conception "tax shield". The sum of economy on tax payments (tax shield) is the difference of sums of the paid taxes, that arises up by a reason of the difference of bases of taxations at the same rate of tax. Tax shield of investments equivalent to the investment charges increased on the rate of income tax investor.

$$S_{inv} = X \cdot T - (X - INV) \cdot T = INV \cdot T$$

where: S_{inv} - tax shield of investments ;

X - base of taxation;

T - rate of income tax enterprises;

INV - sum of investments .

If we take approach represented higher, we will note tax deductions and payments, which take place at leasing. If leasing participants carry out the capital investment by leasing, they get three basic types of investment tax deductions:

- Tax shield of rent, that is got by lessor. In the system of taxation leasing payments join in cost of produce (services) diminishing the base of taxation of lessor. A size is determined as the sum of leasing payments, increased on the rate of income tax.

$$Sp \text{ (tax shield of rent)} = P \cdot T$$

- Percent tax shield of leaseholder, which takes credit on acquisition of equipment. It is determined as a sum of percents on credit on acquisition, increased on the rate of income tax.
- Depreciation tax shield of leaseholder as a proprietor of the article of leasing. As a depreciation decree join in an produce (services) cost, the base of taxation of leaseholder diminishes on their size.

$$Sa \text{ (tax shield of depreciation)} = A \cdot T$$

Accordingly, the economic effect of leasing will depend on: at first, sizes of taxation of directly leasing payments; secondly, rates of the taxes paid from the incomes of leaseholder. The rates of taxes directly affect the size of all tax shields and tax deductions of leaseholder. Thirdly, presence of sufficient income in order to take advantage of tax shields. Not having an income, enterprises do not have the base of taxation. To the unprofitable enterprises unavailing that tax deductions are given by the state on leasing. It seems that leasing effective in such economic terms which provide highly profitable production and considerable incomes in a financial sphere. Fourthly, amount of bet of percents on credit-side. The economic effect of leasing grows with the increase of interest rate of credit, on condition of greater rate of income tax lizingodavtsya.

The main condition of the comparison of leasing and credit with reservation of seteris haribus (other things being equal) is accordance of the credit and leasing financing .

Accordance of two different, but compared variants of financing is set by introduction of coefficient for comparison - L. In comparison, that is conducted, this coefficient must display the size of credit debt, that is commutable by the leasing obligation, that is base for comparison of the credit and leasing financing of capital investments.

$$LCF(t) = L \cdot CCF(t) \Rightarrow \frac{LCF(t)}{CCF(t)} = L$$

Economic efficiency of agricultural production, efficiency and seasonality of receipt VP straight depends on its ecological, level of cooperation of technical and biological public development. Therefore, in our opinion, it is necessary separately also to examine the leasing relations in agriculture in an ecological aspect, that is selection ecologically of the oriented leasing as one of the most perspective direction of deepening of development of leasing relations in Ukraine.

From data of market research of leasing in Ukraine during 2004 -2007 years, conducted by the experts of project of the International financial corporation «Development of leasing in Ukraine», during a few last years the popularity of leasing as an alternative financial instrument grew substantially: so, during 2006-2007 years the amount of leasing companies was multiplied on 38%. A few factors were capacity for: growth of the personal interest in leasing from the side of foreign banks, which entered to the Ukrainian market last year; growth of knowledge in relation to leasing among wide public and civil servants; mushroom growth of financial markets of Ukraine, and also the best access to the credit resources.

Examining leasing as one of forms of agribusiness, we will define principles of leasing relations, among which it is possible to select: requiring payment, reverse, economy, innovation, property responsibility, purposefulness and specification, honesty of relations, equality of rights of sides, right of redemption of property of leaseholder. Consequently, leasing has triple nature: from one side - personifies the commodity relations, which will be realized for the certain interval of time; from other - it is the long-term investments in a material form with the purpose of receipt of commercial profit by the subjects of leasing business, coming forward in the form of investments. Thus leasing keeps essence of credit operation. Innovative nature of leasing consists in that its use allows to send the resources to expansion of production and introduction of front-rank technologies. Besides by leasing it is possible aught and to bring a degree down of monopolism of producers of agricultural technique due to the use of other sources of receipt of technique: import, second market, market of the used technique and in. Also that except for all the other is advantage of leasing in industry of APC, it does not eliminate, and foresees other forms of the state adjusting, as tax and credit deductions. A combined effect or effect of increase of benefits is achieved as a result.

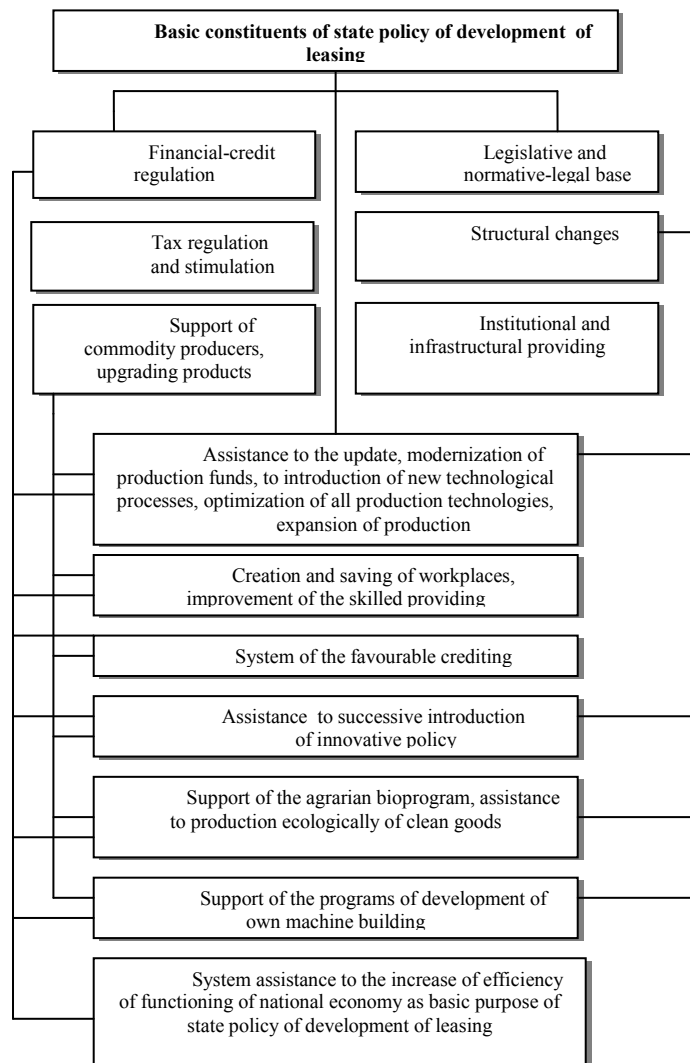


Figure 1. Organizational chart of forming of state policy of development of leasing

Introduction of the intergovernmental leasing of countries will allow not only to use the highly technological machines and equipments of the states-participants of AIS which are created on the basis of cooperation and also to promote the technological update of production funds and increase of release of competitive products. For the Ukrainian producers of agricultural technique conception notion „competitive products” has too important value.

In such situation the cooperation with domestic enterprises as producers of stuffs technicians enables, from one side, considerably to decrease the cost of technique, that opens up it more for a domestic agrarian; from other side, the work-load of domestic machine-building enterprises is provided, promoting their profitability and levitating quality of their work on more high level, creating the additional workings places. Besides it is necessary legislative settlement of adjustment of domestic to the percent of stuff parts at common production of technique, that will be instrumental in activation of process of international corporatization. According to the legislation for today this percent makes 50 %, however more expedient, at our opinion, it would be to decrease it in the first year of collaboration and gradually for a few years to approach it to the mark 50. So, advantages of international co-operation are obvious.

Processes of deep institutional transformations, becoming and development of new structures of market economy are characteristic for most enterprises of Ukraine. The tendencies of diversification and integration as the most perspective directions of change of economic structures show up for today. Parallel with the process of corporatization diversification will be a strengthening and insurance factor at the same time. Expansion of spectrum of services which are got to the users will be instrumental in fixing of target and real audiences, penetration and going into new markets, achieving the same the combined effect of the mutual strengthening in different types of activity, as a result of what is mortgaged basis for the cost cutting and

increase of consumer cost of products. On a modern stage in the conditions of hard competition for a leasing company becomes already insufficient to limit the activity only to financial operations after acquisition-transmission of technique and returning of payments, and also it is necessary maximally to approach the process of production, guarantee and postguarantee service. Specificity of geopolitical position of our country and growing necessity in expansion of foreign economic activity serve as preconditions for participation of Ukraine in the field of the international leasing, forming of general mortgage funds, to use the consortial crediting. Renewal of communications with the partners of countries of the former Soviet union is actual for today, so as common economic ties considerably simplifies the process of integration.

Also work in direction of receipt of long-term credits due to introduction of bank to the sector is priority direction. At first, for the domestic producers of technique, which in the conditions of hard competition considerably lost the channels of sale of the products, they get an alternative variant as a mediator which finances the purchase of technique subject to the conditions financial leasing. Adding the sum that is foreseen for these aims in a budget, domestic machine builders get enough optimistic hopes on expansion of market of sale. Secondly, access to the expensive foreign technique is opened. Thus in a complex with the mechanism of partial indemnification of banking percent rate for the use by the bank credit got on acquisition of the article of leasing, a maximal effect will be achieved. In the conditions of sharpening of competition at the market of bank services of conducting by the commercial banks of leasing operations will become the effective method of expansion of sphere of bank business.

Consequently. common and concerted actions of the state, agricultural commodity producers, bank institutions and producers of agricultural technique, forming of budgets with an account the tax - credit privileges and financing of leasing will allow to form in Ukraine the effective system financially credit providing of agriculture as important factor of growth of agrarian economy, to build an effective environment at the market of financial services.

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