

Veremchuk D.V.

Ukrainian Academy of Banking of the National Bank of Ukraine, Ukraine

Boyarko I.M.

Ukrainian Academy of Banking of the National Bank of Ukraine, Ukraine

Deyneka O.V.

Ukrainian Academy of Banking of the National Bank of Ukraine, Ukraine

Taxation trends in Ukraine in conditions of the integration into the European Union

The last decades of the XX century and the beginning of the XXI century are dominated by the processes of international economic integration in the development of the world economy. They determine the priorities of the modern stage of internationalization of economic life by shaping the global competition and influencing the interests of countries, regions and the world in general. The development of any country depends on a favorable economic environment, collaboration of economic structures, international and state institutions in the modern system of the world economy. Therefore it is necessary for every country to focus on its gradual integration into the world economy, including the possibility of participation in regional associations.

The integration processes in Western Europe are taken into account while considering the development strategies of most European countries and those countries who seek to join the EU, thus helping harmonize the regulation of socio-economic processes. Such an effective tool of state regulation as tax policy is especially important, as only during its successful implementation it is possible to ensure the creation of the common market for goods, services, capital, technologies and labor. Considering the fact that Ukraine has chosen the strategic course of integration into the European Union (EU) and in order to develop tax policies which are adequate to the present stage of the Ukrainian economy, it is necessary to study the general trends in the formation of tax systems in the EU member states, the

connection between certain aspects of a country's economic development and characteristics of its tax policy.

It is important to study the experience of tax systems in the EU member-states because of the joint principles of tax system formation, common goals, theoretical background and high professional level of tax practices in the European Union. The experience of the EU members in the field of taxation is time-proved and highly efficient [1].

In the international practice the tax system and the level of taxes in a certain country are described by the index of a tax burden. This is the ratio of the sum of paid taxes (including obligatory contributions for social insurance) to the GDP [4; 5]. During 1998-2008 the tax burden in Ukraine was not stable. For the period from 1998 to 2004 the annual decline of the level of taxation was observed (tax burden diminished by 9,7 percent and in 2004 it was 26,1 %). But beginning from 2004 a considerable share of taxes in Ukraine's GDP gradually approached the average for the EU, and in 2008 it even exceeded it by 0,3 percent.

In relation to the structure of the tax burden in Ukraine it is necessary to note the following. The revenues from direct taxes in Ukraine provide 10,8 % of GDP. That is 3,9 more than in EU-12, and 1,1 percent more than in EU-27. The level of indirect taxes in Ukraine is 11,4 % of GDP – lower than in the EU. The general amount of contributions for social insurance in Ukraine is 12,3% of GDP, which is more than in EU-27 [2].

Ukraine has created the tax system, which according to its structure is similar to the tax system in the EU, but has significant drawbacks and hampers the development of businesses and consumer demand. The tax policy of Ukraine urgently needs systematic reforms in order to ease the tax burden, change the structure of tax revenues, improvement the tax climate, optimize the fiscal and regulative functions of taxes, etc. It is also necessary to take into account the dynamic transformations taking place in the new members of the European Union, which are the main competitors of Ukraine on the world markets of goods and capitals. The considerable deformations of all spheres of socio-economic life in Ukraine make it important to achieve a new

level of macroeconomic development as a precondition of joining the EU and reaping the benefits of this integration.

The comparative analysis of the tax policy in the EU and Ukraine gives an understanding of the necessity to improve the tax policy of Ukraine in order to contribute to the social and economic development of this country. The harmonization of taxation according to the strategy of the European integration will definitely require an extensive scientific research, the discovery and introduction of the new instruments for the regulation of the economy with the help of tax policies [3]. One should carefully study the experience of all EU member states as this can provide arguments both in favor and against certain policies corresponding to the social, political and economic conditions of Ukraine relating to the reforms of its tax system.

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