

INFLUENCE OF THE SHADOW ECONOMY ON GENERAL BUDGET IN UKRAINE

Ryabushka L.B., assistant professor

*Ukrainian Academy of Banking of The National Bank of Ukraine
(Sumy, Ukraine)*

Increasing shadow economy leads to negative consequences and containment of social and economic development that result to reducing of the state programs in the Ukraine. Therefore, the issue of repayment funds from the legalization of the shadow economy and detection lost government revenues in the structure of the State Budget is important. Analysis and systematization of scientific views on the interpretation of the term "shadow economy" has allowed to formulate the author statement which, in our opinion, is the most exhaustive. The shadow economy is an economic activity of businesses and individuals that direct to generate revenues and meet human needs. It is characterized by uncontrollable processes of production, distribution, exchange and consumption and doesn't take into account in official statistics. Such structuring components as forms (criminal, not legal, illegal, informal, not official), types (internal and external, intentional and unintentional, individual and collective), shapes (second, gray, black), groups (one-time, seasonal, permanent) belong to the structural elements of the shadow economy. The factors of influence of the shadow economy on government revenues are grounded in the investigation: economic (financial crisis, the high level of taxation), social (low standard of living, high unemployment), legal (low level of equipment of law enforcement agencies, the low level of legal culture, weak training of workers of law enforcement institutions), institutional (corrupt public services of various government structures, the use of state property organizational structures for receiving informal private income by government officials and managers). And there are factors that influence on the shadow economy: subjective (falling-off of production or crisis in defining sectors of economics, shortcomings in the current models of competition), objective (existence of socially active group of people who violate the legislation in order to obtain certain economic benefits). Actually, in the context of the research we showed the influence of the level of shadow economy on the formation of government revenue of the State Budget in Ukraine. The influence of the level of shadow economy on government revenue of the State Budget can be assed by the use of economic-mathematical methods of correlation and regression analysis. Overall, there was the gradual growth of government revenues of the State Budget from 92.5 billion to 398.3 billion and the level of shadow economy- from 28% to 34% of GDP for the period 2004-2011. The sharp increase of the level of shadow economy led to a decrease of tax revenues, capital taxes, social contribution and other revenues in 2009-2010. This tendency is showed the deviation of enterprises from paying tax to the State Budget. The results of the analysis showed that a gradual increase of the level of shadow economy led to a gradual increase of government revenue of the State Budget in general and in the context of its

components. But with a significant growth of the shadow economy they observed a sharp decrease of shadow economy of the State Budget. The increase of the shadow economy led to a decrease of revenues by reducing non tax revenues, corporate income tax, tax on income, capital tax and social contribution. As a result it is necessary to calculate the amount of lost government revenues of the State Budget taking into account the level of shadow economy by the following formula:

$$T_i = \sum_{t=1}^n (T_{it} \times I_t \times \phi_{it}), \quad (1)$$

where T_i – lost government revenues of the State Budget; T_{it} – real government revenue of the State Budget in context of its components (tax revenue, corporate income tax, tax on income, value added type tax, capital tax and social contribution); I_t – the level of shadow economy in the t-th year; ϕ_{it} – coefficient of the influence of the level of shadow economy on government revenue of the State Budget in the context of the components (coefficient of the influence of the level of shadow economy on revenues evaluated on the basis of correlation and regression analysis).

The influence of the level of shadow economy on tax revenues is 0.11, on the value added type tax is 0.05, on corporate income tax is 0.57, on tax on income is 0.71, on tax revenues is 0.57, on capital tax is 0.54, on social contribution is 0.58. According to the calculations in general the lost government revenue of the State Budget is 151.84 billion, including tax revenue – 56.31 billion. (corporate income tax – 55.41 billion, value added type tax – 9.63 billion., tax on income – 73.32 billion), non tax revenues – 83.51 billion, capital tax – 5.86 billion., social contribution – 6.16 for the period 2003-2011's. There is a forecast of lost government revenue of the State Budget based on the basis extrapolation for 2012-2014 years. They forecast the growth of lost tax revenue, corporate income tax, tax on income, value added type tax, capital tax and social contribution. The growth rate of lost government revenue of the State Budget will be 35.63% at the end of 2014 year. The results of the forecasting emphasize expert evaluation of deterioration of financial stability, sequestration of real government revenues of the State Budget for the next three years due to the recession of the economy of Ukraine and to the increasing of the level of shadowing. The necessity of strengthening measures against the shadow economy is proved in the following directions in Ukraine: strengthening the financial security and monitoring money laundering, development and implementation of the annual programs of struggle with shadow economy, combating with violations, increasing the transparency of government, improving the legislation with the purpose of decreasing of the level of shadow economy.

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