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Improving the Simplified Taxation System

Small business as an institutional sector of the economy has long been a dominant one in a number and extent of production in the leading countries of the world. Small businesses provide the flexibility and stability of the economic system making it closer to the needs of individual consumers. At the same time, small businesses perform an important social role providing jobs and sources of income for large segments of the population. Certain conditions are being created in Ukraine now for the development of small business. Laws are being simplified and partnership relations with the Ministry of revenues and fees are being created.

The Ministry of revenues of Ukraine has set a goal to ensure stability and predictability of the tax and customs policy for small and medium businesses. They have improved working conditions for business people on a simplified system of taxation. As a result, we see that it proves its value in growth of entrepreneurial initiative, and in terms of revenues.

There are a lot of innovations that make simplified taxation system easy to use for people. A reduction in tax rates for two additional groups of single tax with the revenues of about 20 mln. and without any limitation in the number of employees has been introduced. Transition to the simplified taxation system in electronic form has been made. The period for the tax to be paid has been extended from a month to a year for the most popular second group of entrepreneurs (56% of all of the business people). Taxpayers are given the opportunity to change the group or the tax. There is a possibility of running the income and outcome book only in electronic form. Entrepreneurs do not need the special tax authorities to register themselves. Instead of a single tax payer certificate they need only an extract from the relevant register which will be posted on the Ministry of revenues site. Electronic service inspection has been also introduced. Annual report for individuals has been simplified.

Simplified tax system has proved its value in terms of growth of entrepreneurial initiative, and in terms of revenue. There are nearly 1.5 million business entities acting according to a simplified system. More than 62 thousand entrepreneurs have become new single tax payers (2013 statistics). Individuals - entrepreneurs working on a single tax increased their taxes in 2013 by 37% up to 4.6 billion UAH. Legal entities - by 46.2 %, up to 1.65 billion UAH.

Therefore, the Ministry of income and fees is always ready and open to constructive dialogue with payers. According to the strategy for the next five years, the work of the Ministry is directed at improving tax and customs services, the development of partnerships with citizens and businesses, intensification of international trade through better management, the fight against corruption and the shadow economy, and the introduction of modern IT functions.