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STAGES OF UKRAINIAN FISCAL POLICY FORMATION

Abstract. The article is about the study of the features of the national fiscal policy formation since the days of Tsarist Russia. It has been considered the economic theories that influenced the process. It has been systematized the stages of fiscal policy development in Ukraine. It has been grounded the major taxes and tax collections during the period of New Economic Policy. It has been overviewed the scientists approaches to policy developing related to fiscal actions by the state. It has been proved that the modern economy of any state can be effective only with the regulators application by the government institutions. It has been argued that the introduction of the adjustment process has the effect in case of the application of tax instruments, which in turn provides the investment process, foreign economic activity of business entities, the development of intellectual capital and contributes to structural changes in production.

Keywords: fiscal policy, treasury, tax, tax instruments, budget revenues and expenditures.

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ЕТАПИ СТАНОВЛЕННЯ УКРАЇНСЬКОЇ ФІСКАЛЬНОЇ ПОЛІТИКИ

Анотація. Стаття присвячена дослідженню особливостей становлення вітчизняної фіскальної політики починаючи з часів царської Росії. Розглянуто економічні теорії, що вплинули на такий процес. Систематизовано етапи розвитку фіскальної політики на теренах України. Обґрунтовано перелік основних податків та податкових зборів у період Нової економічної політики. Узагальнено підходи вчених до розбудови політики, пов'язаної з фіскальними діями держави. Доведено, що сучасна економіка будь-якої держави може бути ефективною тільки при застосуванні регуляторів з боку державних інституцій. Аргументовано, що запровадження процесів регулювання має ефект при застосуванні податкових інструментів, що у свою чергу активізує інвестиційні процеси, зовнішньоекономічну діяльність господарюючих суб'єктів, розвиток інтелектуального капіталу та сприяє структурним змінам у виробництві.

Ключові слова: фіскальна політика, фіск, податки, податкові інструменти, дохідна та видаткова частина бюджету.

Формул: 0; рис.: 1; табл.: 3; бібл.: 14.

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ЭТАПЫ СТАНОВЛЕНИЯ УКРАИНСКОЙ ФИСКАЛЬНОЙ ПОЛИТИКИ

Аннотация. Статья посвящена исследованию особенностей становления отечественной фискальной политики начиная со времен царской России. Рассмотрены экономические теории, которые повлияли на этот процесс. Систематизированы этапы развития фискальной политики на территории Украины. Обосновано перечен основных налогов и налоговых сборов в период Новой экономической политики. Обобщены подходы ученых к развитию политики, связанной с фискальными действиями государства. Доказано, что современная

экономика любого государства может быть эффективной только при применении регуляторов со стороны государственных институтов. Аргументировано, что применение процессов регулирования имеет эффект при использовании налоговых инструментов, что, в свою очередь активизирует инвестиционные процессы, внешнеэкономическую деятельность субъектов хозяйственной деятельности, развитие интеллектуального капитала и способствует структурным изменениям в производстве.

Ключевые слова: фискальная политика, фиск, налоги, налоговые инструменты, доходная и расходная часть бюджета.

Формул: 0; рис.: 1; табл.: 3; библиограф.: 14.

Introduction. The prosperity phenomenon of any country can be explained by the ability to build an effective fiscal policy. The state should be confident in the possibility of involvement the sufficient amount of financial resources due to various sources to finance the needs of society. So there is a need to form a mechanism that would allow the government agencies to create conditions for business entities to enhance business processes and hence, due to tax payments, to fill the required amount of treasury revenue and to direct the costs of the budget expenditures to social sector financing. That refers to the budget funds accumulation and spending management, which is the most problematic element of the effective functioning state institutions model.

The analysis of research and problem definition. The theory of fiscal policy was widely studied in the scholarly papers by D. Ricardo, A. Smith, W. Petty, A. Wagner, Jh. Kainz, A. Marshall, P. Saumelson, B. Seligman and others.

The domestic economists such as V. Andrushchenko, Yu. Ivanov, A. Krysovaty, V. Melnyk, V. Oparin, N. Prokopenko, V. Fedosov, N. Tanklevska, L. Shablysta have paid a lot of attention to the study of the theoretical, methodological and practical problems of the taxation system. They have been considered the range of issues about the search of the effective tax regulators. The issue of the regulatory role of the budgetary system dedicated in papers by T. Boholib, O. Vasylyk, A. Kirilenko, Yu. Pasichnyk, I. Chugunov, I. Churkina and others.

Apart from these there are many controversial issues concerning the construction of an effective financial policy which request its urgent solution. For this there is a need to clarify the foundations of the policy formation from the time of the state origin.

The aim of the article is to study the stages of transformation of fiscal policy to build an effective model of fiscal policy, that is a prerequisite for financial stability in the country. It contributes to the formation of the basic principles of economic development, improves the competitiveness of the state at entry into the EU.

Research Methodology. The methodological basis of research supports a set of methods of scientific knowledge and general principles based on fundamental positions and writings of economists concern to problems of fiscal policy forming. During the writing of this paper were used methods: a scientific abstraction, analysis and synthesis (the study of theoretical principles of the fiscal policy formation in Ukraine upwards the Russian Empire); tabular and graphical analysis (for schematic and visual display the theoretical research results); abstract logical (for substantiation the stages of fiscal policy development, drawing conclusions).

The results of the research. In multiple countries revenue and expenditure adjustment has its own characteristics which create the fiscal policy. In multiple countries their fiscal policy is substantially different in structure of revenue part (taxes, methods of collection, the rates, tax base, tax incentives) and expenditure part (subsidies, grants, transfers, their amounts in the expenditure structure for certain tasks, rate of social services financing according to the budgets level), in the fiscal powers of certain authorities. The formation of such policy inherent with tax and budget systems. However, the principles of these systems creation and the state functioning regulation are general in nature and are based on generally known principles [1, p.13-14; 3, p.13-15].

Along with this, let's make more detailed look at economic theories that has influenced the formation of fiscal policy in the XX century (Fig. 1).

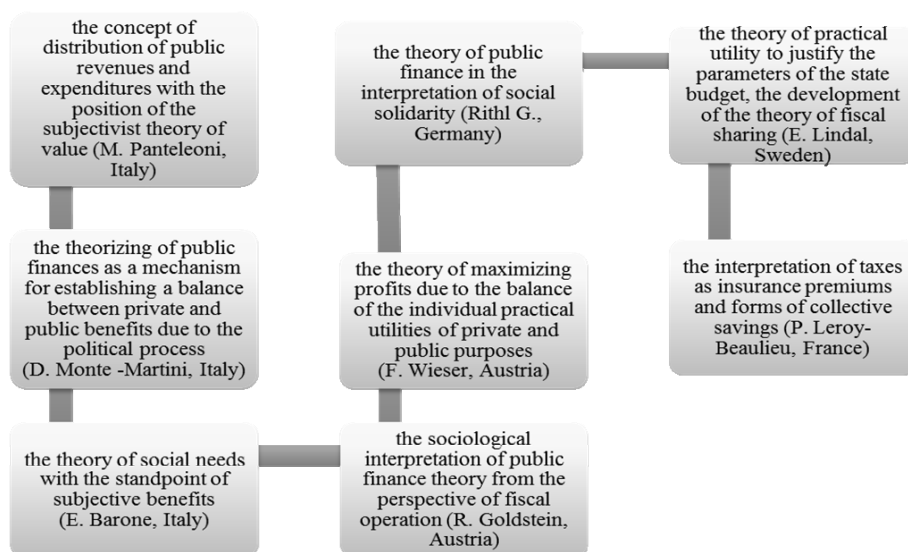


Fig.1. Economic theories that influenced the formation of fiscal policy in the XX century. *
Summarized by the author based sources [2, p. 43-44]

It should also be noted that fiscal policy development approaches formed before the Soviet era had a significant impact on the creation of a model of fiscal policy in independent Ukraine. Such approaches can be divided into components (table. 1).

Table 1

Stages of Ukrainian fiscal policy

Stage	Years period	The essence of the period
First	before 1917	Ukraine was ruled by the Russian Empire
Second	1917–1921	During this period Ukraine was in one way or another depending on, or was enslaved by another state.
Third	1922–1990	Ukraine was part of the Union of SSR when there had been a subordination of the state budget and all local budgets of Ukraine to budget system of the Soviet Union.
Fourth	1990–1995	Restoration of sovereignty of Ukraine, state's formation and consolidation as the subject of budgetary law. In these circumstances took place the formation of the basic principles of the state, creating its attributes, new content of the state functions with the independence status.
Fifth	1995–2001	The adoption of the Law of Ukraine "On amendments and additions to the Law Ukrainian SSR "On budget system of Ukrainian SSR". Based on the Act passed the update of fiscal relations and started reforming the foundations and principles of the budget system.
Sixth	2002-2010	Reference period and the introduction of the new framework for the reform and development of the national budget system after action of the Budget Code of Ukraine. It has been created the basis for the organization of the budget process, taking into account the implementation of economic reforms, introducing the new forms and methods of state regulation of social and economic processes and developing more advanced and transparent intergovernmental relations, aimed at promoting, strengthening some areas and the economy in general. The formation of the budget system at this stage is in accordance with the provisions of law and the Budget Code of Ukraine and with the requirements and standards of the EU budget legislation. *
Seventh	2010 – up to this days	The introduction of the Tax Code of Ukraine. For the first time in Ukraine were conducted the rules of law association in unit legal act, which regulated relations in the field of taxation. In particular, it determines the list of taxes and fees which are imposed in Ukraine and the procedure for administration; range of taxpayers, their rights and responsibilities; competence of the regulatory authorities, powers and duties of its officers in the performance of tax control; responsibility for violation of tax laws **

* Systematized based sources [4, c. 8-9]

** Add by author

As noted in table 1, to 1917 Ukraine was part of the Russian Empire and the formation of fiscal policy (income and expenditure) had been considered in close connection with the financial policy of the State [5].

It is worth to mind Speransky financial reform, the introduction of which was based on the "Plan of Finance" dated 1810. He argued that for the establishment of the Russian Empire as financially stable country it was necessary "to establish the principle of rational use of funds; to carry out the public expenditure according to the principle "on revenue"; to increase revenue by improving the tax system; to assign a status of law to the state budget; to provide the transparency in the approval and implementation of the budget" [6]. Apparently, his achievements have not lost relevance in modern times in the period of our country independence.

In table 2 it has been presented the generalized approach to fiscal policy formation by Speransky.

Table 2

Generalized approach to fiscal policy formation by Speransky

The budget revenues formation shall includes:	The budget expenditures formation shall includes:
<p>Total revenues - revenues that are for general public expenditure, such as the poll tax;</p> <p>private revenues - revenues, which correspond to specific types of expenditures;</p> <p>normal revenues - revenues, which are not suspended due to force majeure, their use belongs to the permanent state needs;</p> <p>emergency revenues - revenues that are for a certain period in case of need (Speranskiy attributed the particular issue of unsecured bills as extraordinary tax).</p>	<p>Necessary expenditures related to the implementation of the security functions of the state; postponement of which could cause the state financial system disadvantage and without them the government was unable to implement appropriate authority;</p> <p>useful expenses that do not belong to the category of necessary, are used for rewards and development of certain sectors of the economy, the benefits are obvious; without which public administration could do not stop in their operation, without which there may be a temporary increase complexity and management costs;</p> <p>excessive spending, which was attributed on luxury items spending and other benefits, which the utility was questionable and possible only if there was additional sources of income.</p>

Source: compiled from data [6].

Afanasyev M.P. says that during that period the expenditure system was first formed at the state and local budgets [7, p. 17-21].

Noteworthy, in author's opinion, from an economic and financial point of view it is quite interesting the introduction of the New Economic Policy (NEP) in the Soviet Union. Military communism brought the then-Soviet Union country to economic and social poverty both the economy and population. To remedy the situation, the then government in 1920 (in the USSR since 1936) had decided to introduce the NEP. The state treasury filling was provided by three main taxes: agricultural one, industrial one and income one. It should be noted that along with constant taxes in that period the temporary taxes were introduced and annulled a lot and often. Synthesizing the heritage of these transformations it can be distinguished the main taxes of New Economic Policy, which are presented in the table. 3.

In the Soviet Union the fiscal policy based on strict centralization between budget levels that was regulated by the State Budget of the USSR. As for Ukraine, then in this country was also the only state budget, which was regulated by the Law USSR "On budget system of Ukrainian SSR" and had two levels: national and local.

When Ukraine got independent, it has been starting to create the national fiscal policy, which was based on the institutional and neoinstitutional approaches to solve such issue. The building a budget system is one of the components of fiscal policy. Thus, "... the introduction of institutional approach for budget system research is essential and includes determinations of institute attributes for budget management, institutional environment, which provides its operation, transaction costs with the use of public choice theory" [9, p. 57].

Table 3

Major taxes and tax collections of the New Economic Policy *

The period of implementation	Taxes or fees
VUCEC Resolution from 03.04.1922, which was existed until the year of 1924	general civil tax.
VUCEC Resolution from 03.09.1921	tax (for the hungry population) for transportation of passengers and freight by rail and by water - 10% of value.
in the years of 1922 – 1923	labor and animal drawn service tax, which since the days of war communism was transferred to the monetary level.
VUCEC Resolution from 30.08.1922	homestead cash tax outside the town settlements to meet local needs.
in the year of 1924	single agricultural tax was introduced instead of labor and animal drawn service tax.
Since 1923, the tax impeded the possibility of accumulation of private capital	rental tax, inheritance tax, gift tax.
Introduced in 1927 and abolished in 1934.	supertax
Since 1922 (VUCEC and Council of People's Commissars Resolutions from 05.04, 15.05, 07.06, 30.08, 25.10, 15.11, 10.12.1922)	introduced an extensive system of indirect taxes in the form of excise taxes (adapted the excise structure of Tsarist)
in the year of 1925	for "bread wine" tax (40-degree vodka)
in the year of 1928	excise duty on salt was abolished

* Summarized based sources [8]

Neoinstitutional approaches in the development of intergovernmental relations are covered in papers by such scientists as I. Chugunov, L. Lysyak, I. Zapatrina, A. Myarkovsky [10-13].

According to the neoinstitutional theory the budget institution is the core of the state institutions, which includes the revenues budget institution which includes taxes and non-tax payments institutions. Also it includes expenditures budget institution, including the institute of public procurement, the transfers institution and others. While some scientists refer institutions of property, governance, trust, law to basic ones and write that they "... penetrate the entire budgetary system and they are the basis, the foundation of the state budget policy" [14, p. 369, 379].

Thus, the institutional asset and neoinstitutional theory can significantly enhance theoretical and practical developments for fiscal policy improving, particularly in terms of European integration.

Currently there are many proposals to regulate the economy through fiscal mechanisms in the financial science. The only thing that unites them is the attempt to build a fiscal policy to create an economically prosperous society, perhaps due to the use of the symbiosis of scientific theories that were discussed above in this paper. Mainly in developed countries these issues solution are based on the work of scientists concern to the adjustment of economic processes due to tax mechanisms.

Conclusions. Summarizing, we note that in retrospective analysis making attention was focused on the mechanisms and instruments of fiscal policy formation (revenue and expenditure parts).

In case of joining the EU Ukraine should integrate into a new space, which includes modification of political, economic, social and environmental development. An important step in solving problems that arise in the implementation of the above appointed the vector direction of the state should be considered as the ability to form a model of effective fiscal policy. According to the result of the fiscal policy evolution a key determinant for such models is revenues and expenditures system adjustment which is based on scientific principles.

Fiscal policy is an important part of adjustment of social and economic development of society. For positive result should be provided the implementation of measures that will support more effective filling the revenue part of the treasury and rational use of budgetary funds.

Basically introducing the adjustment for balanced budget in turn intensifies the investment processes, foreign economic activity of business entities, development of intellectual capital and, hence, the structural changes in production and improvement the satisfying the requirements in social services take place.

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