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THE VALUE-ADDED TAX: PROBLEMS AND DIRECTIONS FOR IMPROVING ACCOUNTING, ANALYSIS AND CONTROL

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Abstract. Modern economic development of Ukraine and its regions to a large extent determined by the state of tax policy. Tax reforms, implemented in recent years, have fully reflected the importance and impact taxes on the development of socio-economic processes in Ukraine.

The value-added (VAT) for many years remains one main tax to fill State budget in Ukraine. Studies have shown that it would be reasonable and appropriate to recognize the date of occurrence of tax liabilities and VAT credit in the moment of actual receipt of goods and material values, and not by the date of the "first event", but by the receipt operation or advance payments will not result in a tax liability and a tax credit for the corresponding VAT but.

The article highlights the essence, meaning and task of accounting settlements with the budget in terms of administration of the added tax cost. The article defines the problems of accounting for VAT calculations of Ukrainian enterprises value under the conditions of application of IFRS 15 "Revenue from contracts with buyers" and the Tax Code of Ukraine, as well as possible directions of its improvement in the context of recent changes and additions to the current legislation.

The resulting criteria for the optimality of the VAT administration and accounting system serve as a basis for implementing changes to the current VAT administration models in the countries where this tax is not a key source of budget revenue yet, and for the countries that strive to increase the stability and volume of VAT revenues.

The features of the development of the national tax system to accelerate the process of Ukraine's integration into the world community are analysed. The necessity of adaptation of the national tax legislation to the EU requirements as a process of development and adoption of normative legal acts and creation of conditions for their proper implementation and application in order to gradually achieve full compliance of Ukrainian law with European law is substantiated.

Keywords: Accounting, tax invoice, tax liability, tax credit, VAT, tax base, tax rates.

Introduction.

Taxes are one of the main sources of state budget revenues, as in Ukraine, as well as in any other developed country under market conditions. Economically, the tax system is a powerful mechanism for the country's development. State taxation is a source of revenues accumulated in the budget.

Timely and correct management accounting and tax accounting, calculation tax liability, the definition of the tax credit is entrusted to the accountants of Ukrainian enterprises. Only by complying with the norms of the current legislation, enterprises will be able to avoid fines from the side control bodies, and the state - to get the filling budget based on VAT calculations.

An effective taxation system is an essential guarantee of state economic development. Its role is explained not only by the fact that taxation is the primary source of budget revenues but also by the severe consequences of the excessive tax burden on the economy. To support economic growth, governments need stable funding sources for all government programs in health, education, infrastructure, etc.



VAT is the most problematic of all point taxes view of accounting and positions of administration. Disadvantages of VAT administration lead to the loss of budgets of various levels of significant income, which is negative affects the government's ability to finance important areas socio-economic development of the state.

In addition, there are still questions regarding the determination of the tax liability and tax credit dates in tax legislation and accounting, which lead to audits of VAT taxpayers parties of controlling bodies, and also influence business activity. This actualizes the need to seek minimization of risks on the part of the payers tax, setting out a unified approach during accounting display of VAT and methods of its calculation, analysis and control.

Theoretical and practical aspects of value added tax accounting are considered in the works of domestic and foreign scientists, namely: Butynets F., Zadorozhnyi Z., Kireitsev H., Kuzhelnyi M., Sopko V., Oksenyuk O., Ryabets I., Sokotenyuk S., Sidelnikova L., Krysovaty A., K. Drury, McConnell, B. Needles, P. Samuelson, P. Friedman, Ch.T. Horngren, etc. That is why the topic of accounting, analysis and control of tax calculations is relevant added value is dictated, first of all, by the fact that it is carried out in a timely manner helps solve accounting and tax issues settlements, prevention of financial sanctions in the future.

The purpose of the article is to determine the problems of accounting for enterprises in Ukraine for value added tax in the conditions of application of IFRS 15 "Revenue from contracts with buyers" and the Tax Code of Ukraine, as well as establishing possible directions for its improvement in the context of recent changes and additions to the current legislation.

Presenting main material. In the conditions of reforming the national economy, the tax on added cost is the main indirect tax. Its economic meaning is to taxation of added value, and the payer of it, like all other indirect taxes, there are consumers of taxable goods (works, services). VAT is an indirect tax, because the tax is paid to the government by the seller (the business) and not by the person who ultimately bears the economic burden of the tax (the consumer).

The implementation and application of international financial reporting standards by business entities in Ukraine requires consideration and accounting of a number of factors that have led to this process; defining the scope of standards; a regulatory framework for the methodology of financial reporting and the procedure for its submission; existing problematic issues of application of IFRS in Ukraine and directions of their solution; finding out the positive results of the implementation of IFRS [1].

Taxes are the oldest form of relations between society and the state. The appearance of mandatory payments was caused precisely the emergence of the state due to the need for financial support and the state's performance of its functions. Initially taxes were paid in kind, and later taxes began to be paid in cash.

Questions regarding the payment of tax payments, improvement of the taxation system, provision of various kind of benefits has always been important for functioning enterprises. In addition, in today's conditions, the tax burden for enterprises is quite significant due to the complexity of the economic and political situation in country and this issue becomes even more important [2].



However, business, as the most influential group of taxpayers, is already excited by those processes that occur during the implementation of the tax reform. In addition to the prospects of increased fiscal pressure on conscientious taxpayers and deterioration of investment attractiveness of Ukraine, the set of principles provided for by domestic tax legislation is violated. First of all, we are talking about the principle of stability, which prohibits changes to any elements of taxes and fees later than six months before the beginning of the new budget period in which they will operate new rules and rates [3].

Tax Code of Ukraine [4] and Instructions on the accounting of added tax cost [5] are the main legislative and regulatory acts which regulate the calculation and payment of VAT, reflected in accounting. According to international standards of financial reporting (IFRS) from January 1, 2019 must report, in including enterprises of national significance [6], which belong to large enterprises [7].

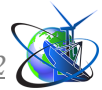
Thus, the analysis of value-added taxation is crucial in assessing developed European countries. The researchers prove this taxation system is effective, despite some minor drawbacks. Further improvement of the taxation system aims to simplify the procedures for VAT accrual and refund through the declaration system.

VAT Revenue Ratio in Western Europe was studied separately to measure the tax base through the value-added tax. This ratio makes it possible to analyse the difference between the actual accumulated VAT and VAT revenue levied at the standard rate of total final consumption. This difference between real and potential revenues is explained by the policy of excluding certain goods and services from VAT, taxing them at a reduced rate or underpayment VAT due to tax evasion. The forecast of the studied indicator in 2020-2021 is based on the trend analysis.

Several standard features of the VAT administration mechanism in the European Union exist. First, it is possible to only register as a VAT payer if the turnover for the previous reporting period is, at most, the amount determined in the country. Then such a payer is classified as a small enterprise. They do not have to charge VAT to their customers. The primary condition is to indicate the non-collection of VAT in the invoice. The limit turnover that allows not to register as a VAT payer is: in Austria - 35,000 euros; in Germany - if the turnover for the previous reporting period does not exceed 22,000 euros, and if it is not expected to exceed 50,000 euros in the current reporting period; in Luxembourg - if the total turnover including VAT during the calendar year did not exceed 35,000 euros; The Netherlands - 20,000 euros; Belgium - 25,000 euros; France - 85,000 euros; Switzerland - 93414 euros (N26, 2022; Klatt, 2021; Business.gov.nl. Government information for entrepreneur, n.d.; Maunder, 2022; Locher, 2021b) [8].

The most controversial aspect from the point of view of domestic business is the need of the state to dynamize the growth of tax revenues to budgets of various levels, which is a clear expression of the prospects for increasing the tax burden on taxpayers [3].

Today, the organization of VAT accounting, analysis and control is one of the most difficult and complex stages of the audit of tax and financial statements of enterprises, which makes it advisable to select and apply appropriate effective methods, among which there are no universal ones. Violations in VAT accounting



VAT from tax invoices (by counterparty) that have not yet been registered in the Unified Register of Tax Invoices. And the balance of subaccount 643/2 "Unconfirmed VAT liability" will show that there is supply of goods (services) in the reporting period for which tax invoices have not yet been drawn up or registered.

It is worth noting that in scientific research [11] there is an opinion that today in practice two parallel models of VAT accounting are used in practice, which relate to financial accounting of VAT and tax VAT calculations (Fig. 2).

It is believed that there is a need for maximum convergence of financial and tax accounting data VAT. We believe that the division of accounting into its subsystems (management, financial, tax, statistical) is conditional. All incoming information flows are summarised by the elements of the accounting method and provide subsystems of enterprise management and the formation of output information for different groups of users. Accounting as the main method for determining settlements with the state, payments and deductions payments and deductions to the budget should be unified.

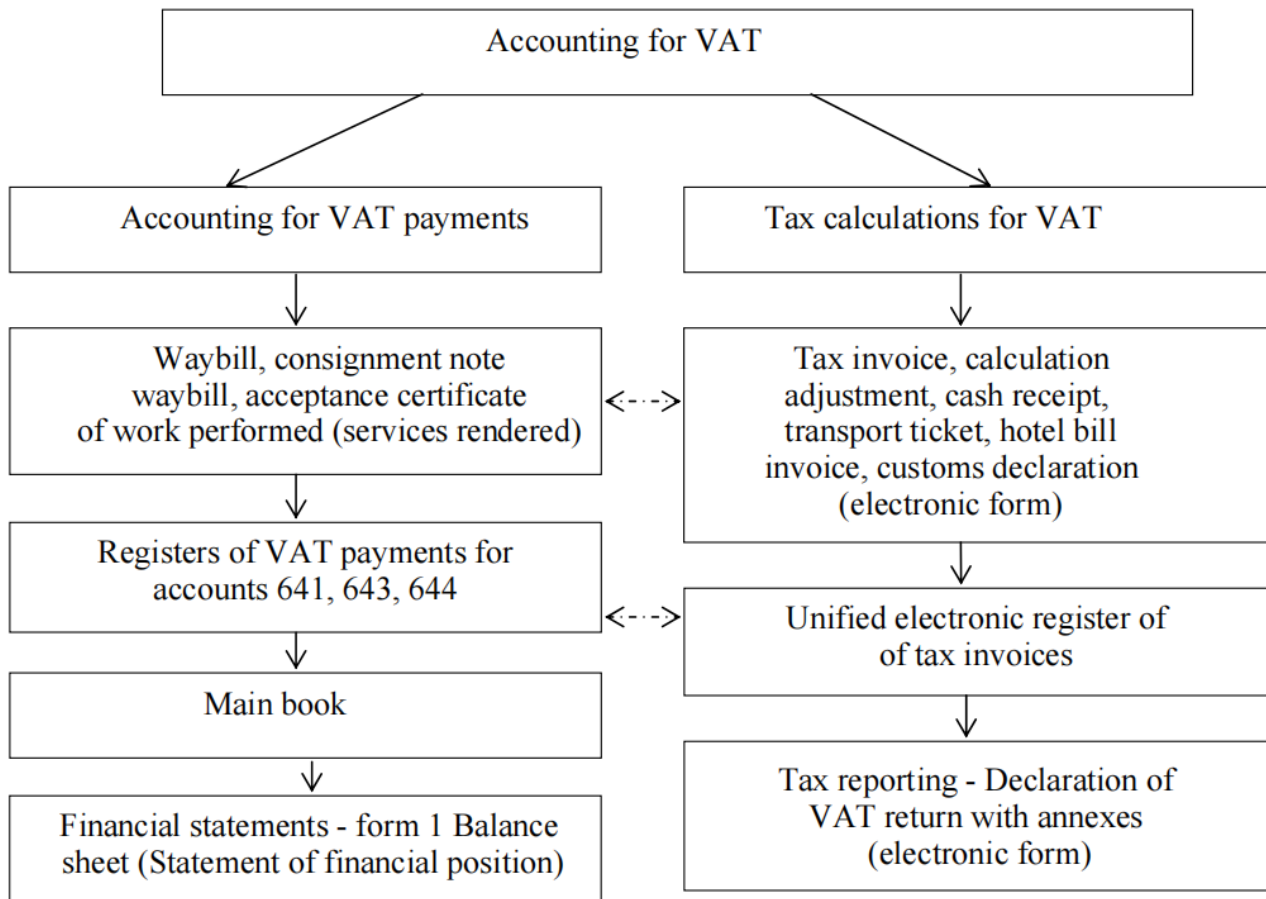


Figure 2 - Scheme of the parallel model of financial and tax accounting for VAT
 Source: [11]

The main reason for the differences between the tax liabilities and tax credits in the financial statements is the timing of their occurrence. However, using subaccounts 643 and 644, the situation can be analysed as above. Material confirms the importance of the VAT accounting system. Therefore, among the main tasks of accounting for VAT payments are as follows:



- correct and timely generation of tax invoices;
- analysis of registered and unregistered tax invoices in the URTI;
- objective reflection of "substitutes" for tax invoices in the VAT settlement system;
- accurate and truthful reflection of taxable VAT transactions in the system of accounts;
- timely preparation of synthetic and analytical accounting registers and tax reporting.

Conclusions.

Constant changes in Ukrainian legislation determine the need to find ways to avoid fines in the course of tax and accounting accounting. Changes to the financial reporting procedure require a unified approach to the preparation of accounting and tax reports based on primary documents. This will allow companies to accrue and pay VAT to the budget in a timely manner and in full.

The study shows a critical assessment of the current system of VAT accounting, which makes it possible to identify a number of problems that primarily do not meet the interests of business entities. It has been determined that there are controversial issues regarding the objectivity of maintaining transit accounts 643 and 644. The issues are becoming more acute due to the existing shadow schemes in the calculation, adjustment and refund mechanism of VAT. Various factors influence the organisation of VAT accounting. First of all, it is frequent changes in tax legislation, which are both positive and negative. Most of them relate to analytical accounting, which is related to the specifics of accounting for certain business transactions. Therefore, the purpose of further research should be a clear justification of the methodology for accounting for VAT settlements and the settlement of certain issues at the legislative level.

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