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## **TAXATION AND ITS EFFECT UPON THE EFFICIENCY OF A FIRM'S OPERATIONS**

The legal basis for the tax system of Ukraine are the Constitution of Ukraine, the Tax Code of Ukraine, the Customs Code of Ukraine, the Laws of Ukraine, etc.

The Tax Code of Ukraine is the most important law that provides the basic principles of taxes functioning in Ukraine. It defines an exclusive list of taxes and duties collected in Ukraine, procedure of tax administration, rights and duties of tax payers and tax office, procedure of tax audit, penalties in case of tax law violation. The Tax Code determines the tax object and tax base. The tax object includes property, goods, income, etc. The tax base is specific value, physical or other characteristics of the tax object. In addition, the Tax Code of Ukraine defines the exclusive list of taxes and fees levied in Ukraine. They are two large groups: state taxes and local taxes. State taxes include:

- a corporate income tax (deducted from corporate profits),
- a personal income tax (deducted from personal income),
- a value added tax (an indirect tax deducted from value added to produced goods in process of production and distribution),
- an excise tax (an indirect tax which refers to special group of goods),
- an ecological tax (a tax levied on activities which are considered to be harmful to the environment), etc.

Local taxes and fees include:

- a property tax (charged from an owner of real estate),
- a unified tax (developed for small businesses to pay a unified tax instead of a lot of other taxes),
- a parking fee etc.

The Tax Code (Article 39) describes the transfer pricing (between related companies located in different countries). The code stipulates that in

such cases pricing applied in the same way as between unrelated companies (arm's length rule).

The Law of Ukraine «The Collection and Administration of a Consolidated Social Tax» determines the Consolidated Social Tax. According to the law this tax is used for providing different social services, including pensions. Since 2015, the rate of this tax has been 22%. This law also determines the maximum salary which has to be taxed by Consolidated Social Tax. This is 15 minimum salaries determined by law at the beginning of a year.

Every company pays various taxes to the budget. The most important are *corporate income tax*, *value added tax*, *personal income tax*, *consolidated social tax* considered below.

*Corporate income tax* deducted from the profit of a company. The procedure of tax calculation is following: a taxpayer adjusts the profit shown in the financial statements according to the adjustment rules written in the tax code and multiplies the adjusted profit into the rate of 18%. If the amount of annual income does not exceed the amount of 20 million UAH, the company has right not to make adjustments of the accounting profit.

There are the following positive aspects of the corporate income tax:

1. Usage of accounting profit as base for calculating tax profit. Since 2014, the tax calculated in parallel with the calculation of accounting profit, which caused additional work for responsible personnel of the company.
2. Simplification of filling in a tax declaration.
3. Reduction of the number of employees of the company responsible for completing tax declaration.

However, there are some negative points of the corporate income tax calculation and administration:

1. Tax authorities are not ready to audit application of accounting standards. They normally use fiscal approach trying to increase accounting profit.
2. Complicated transfer pricing policy described in the Tax Code: complicated rules for comparability of business transactions; expensive access to information databases (Amadeus, Ruslana); complexity of preparation of transfer pricing documentation; long audit duration period (18 months).

*The value added tax* calculated in the following way. A company buys resources from the supplier and pays VAT. The company uses these resources in production process and produces goods sold to consumers. The consumer pays an amount that also includes VAT. The company must pay to the budget the amount that is the difference between the VAT paid by the consumer (tax liability) and the VAT paid by the company to the supplier (tax credit). The company must issue an electronic tax invoice and register one in the Unified Register of Tax Invoice. The company may not pay the tax if the tax credit exceeds the tax liability e.g. in the case when the company exports only.

It is necessary to highlight that in recent years the system of administration of the value added tax has become very complicated. The complexities of the functioning of the value added tax are as follows:

1. Lack of authority's vision for regulating many issues described in Tax Code.
2. Some of the penalties provided for by the Tax Code regarding value added tax appear to be unjustified.
3. The electronic system for administering tax invoices is unstable and sometimes very slow.

Other principal tax is *personal income tax* paid from salaries. A person who is tax resident in Ukraine is required to pay personal income tax from his worldwide income, which also called unlimited liability. For example tax rate for employment income is 18%. In some cases rate of the tax depends on status of the taxpayer.

*Consolidated Social tax* is a financial obligation that imposed on taxpayers to obtain revenue required for pension insurance and state health insurance. The general rate of social tax is normally 22%.

Therefore, Ukraine is in the process of continual development of the tax laws. The main law defining the tax principles is the Tax Code of Ukraine, issued in 2010. Also, only in 2010, the Law of Ukraine "On the collection and registration of a single social contribution" was adopted. After that, many amendments introduced to the Tax Code of Ukraine. At present, we are observing constant changes in the legal framework for taxation of operations. All taxes paid by a company have significant influence on financial situation of a company. The amount of the tax cost for businesses matters for efficiency, investment and growth.

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## **APPLICATION DES TECHNOLOGIES WEB À LA CRÉATION DE LA REPRÉSENTATION DE L'ENTREPRISE ET À LA PROMOTION D'ENTITÉ ÉCONOMIQUE**

La transition rapide des entreprises vers Internet entraîne la nécessité d'utiliser des outils spécifiques qui attirent activement l'attention des consommateurs sur les ressources électroniques des organisations, des entreprises ou des institutions. Nombreux producteurs nationaux, même disposant de produits compétitifs, ne peuvent pas se déclarer suffisamment dans les communautés Web, ni créer leur propre image de marque et celle de leurs produits, ni former et maintenir des groupes cibles de consommateurs fidèles et d'autres partenaires économiques.

Les problèmes liés à l'utilisation des technologies Web ont été étudiés dans les travaux de V. Baikov, K. Vertaim, I. Litovchenko, V. Pylypchuk, N. Illyashenko, G. Mozgova, Yu. Shipulin et d'autres. Dans leur développements théoriques les principaux outils et technologies du Web